

Investing 2016



**BUCKEYE ASSOCIATION
OF SCHOOL
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FundInvestorSM

Research and recommendations for the serious fund investor

Where to Invest in 2016 and Beyond

It was a pretty good year for the economy but a subpar year for investing. Most fund categories were in the red or just slightly in the black in 2015. Falling oil prices, a rising dollar, and our first interest-rate hike since 2006 made for a volatile mix. On top of that, there's some worry that a recession is not far around the corner.

After a long bull market, it isn't a shock to see markets back up a bit. After all, the S&P 500 has tripled from its 2009 low point. On the other hand, commodities and emerging markets have been much less rewarding in recent years, and that's not a coincidence. Slower-than-expected growth in China hurt commodities prices because they're closely tied to that country's economy. In addition, Saudi Arabia's crude production boost, combined with increased fracking in the United States, pushed oil prices to remarkably low levels.

So you'll find that energy and emerging markets played a big role in your 2015 fund returns. Funds that avoided both looked great while those that had meaningful exposure to either of them generally suffered dismal performance. That includes equity funds as well as high-yield bond funds.

And now the Federal Reserve is raising rates. But that doesn't spell doom. Fed chairwoman Janet Yellen has signaled that the plan is to hike very gently. We

are starting from very low levels, so a couple of interest-rate increases doesn't mean the Fed is slamming the brakes on the economy. Should the economy trend downward, even the gradual rate-hike plan could be put on hold.

Where to Invest

Finding attractive investments today is something of a challenge because higher-risk assets have generally gotten cheaper while lower-risk assets have not. But you almost certainly don't want to sell conservative investments across the board while buying risky ones. This isn't Las Vegas. So, I'll start with ideas on the low-risk side and work my way up to more-aggressive, opportunistic ideas.

Conservative Ideas

The best time to buy insurance is when it doesn't appear to be needed. With oil prices plummeting, inflation-protected securities are now a pretty good deal by most measures.

If you have a large part of your portfolio in fixed income, then some inflation insurance is a good idea. Ideally, you should own your Treasury Inflation-Protected Securities fund in a tax-sheltered account because you have to pay taxes on any uptick in the TIPS' values.

There are three strong options here. **Vanguard Short-Term Inflation-Protected Securities Index** VTIPX is my favorite because it doesn't come with much interest-rate risk. You can also go with **Vanguard Inflation-Protected Securities** VIPSX or **Harbor Real Return** HARRX. Harbor Real Return is run by PIMCO's Mihir Worah using a wide array of inflation-linked bonds outside the U.S. as well as derivatives.

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Russel Kinnel, Director of Manager Research and Editor

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My Favorites for 2016

Name	Ticker	Category	Morningstar Analyst Rating	Expense Ratio %	Manager Tenure, Yrs (Longest)	Top Manager Ownership Level	Upside Capture Ratio 10 Yr	Downside Capture Ratio 10-Yr
American Century Value	TWVLX	Large Value	Silver	0.97	22.3	\$100k–\$500k	89	90
American Funds New World*	NEWFX	Diversified Emerging Mkts	Gold	1.03	16.5	>\$1M	96	85
Artisan Global Value	ARTGX	World Stock	Silver	1.32	8.0	>\$1M		
Artisan Value	ARTLX	Large Value	Bronze	0.98	9.8	>\$1M		
Dodge & Cox Global Stock	DODWX	World Stock	Gold	0.65	7.6	>\$1M		
Fidelity High Income	SPHIX	High-Yield Bond	Gold	0.72	15.5	>\$1M	116	71
Fidelity Low-Priced Stock	FLPSX	Mid-Cap Value	Silver	0.79	26.0	>\$1M	106	102
Harbor Real Return	HARRX	Inflation-Protected Bond	Silver	0.57	8.0	0		
Harding Loevner Emerging Markets	HLEMX	Diversified Emerging Mkts	Silver	1.45	17.1	\$50k–\$100k	111	106
Matthews Asia Dividend	MAPIX	Diversified Pacific/Asia	Silver	1.05	4.8	\$100k–\$500k		
Sound Shore	SSHFX	Large Value	Silver	0.92	30.6	>\$1M	101	105
T. Rowe Price High Yield ¹	PRHYX	High-Yield Bond	Gold	0.74	19.5	0		
Vanguard Capital Value	VCVLX	Mid-Cap Blend	Bronze	0.47	7.5	\$100k–\$500k	129	145
Vanguard High-Yield Corporate	VWEHX	High-Yield Bond	Silver	0.23	7.8	\$500k–\$1M		
Vanguard Inflation-Protected Secs	VIPSX	Inflation-Protected Bond	Gold	0.20	4.3	0		
Vanguard Shrt-Term Infl-Prot Sec Idx	VTIPX	Inflation-Protected Bond		0.20	3.2	0		

*Load fund. Data through 11/30/2015. ¹Mark Vaselkiv has between \$500,000 and \$1 million invested in T. Rowe Price Institutional High Yield TRHYX.

Lower-Risk Investments**Value Without Much Energy or Materials**

Value funds have been hit across the board, but those with meaningful energy and basic-materials stakes have been hit hardest. That's a little scary as it is tough to call the bottom, especially with growth in China slowing. So, in the less-risky bucket I'll add value funds that don't have much in those areas.

Artisan Global Value ARTGX

This recently reopened fund is one of the better ways to take advantage of bargains in the value sphere. Managers David Samra and Dan O'Keefe look for turn-arounds with healthy balance sheets. They seek companies with high returns on capital that are trading at discounts to their private market value. Today, they have only 3% in energy but a huge 40% financials weighting. That's a bold move, but they did a great job of avoiding banks in 2008 because they were wary of leverage, among other things. The fund had its first year of underperformance in 2015, and that led to some outflows, so they reopened the fund in the fall.

Dodge & Cox Global Stock DODWX

Dodge & Cox Global Stock is a more conventional take on value investing. Its managers are patient value investors buying stocks when they suffer from bouts of unpopularity and waiting for them to rebound. The fund's 7% energy weighting and 2% materials weighting are about in line with the category and benchmark, as are most of its sector weightings. It is a little more adventurous in emerging markets where it owns a 14% weighting versus 5% for the peer group. That has held it back lately. On the plus side, it has some of the lowest fees in the category.

Sound Shore SSHFX

This fund shows that focused portfolios don't have to be high-risk. Management only owns 40 stocks, but it limits stock weightings to no more than 3.5%. It also avoids deep-value stocks, which tend to be higher risk/higher reward. Rather, it favors stocks that have shown some signs of recovery and have strong competitive positions. The end result is a fairly consistent portfolio and performance. Its desire for companies with competitive positions has led it away from materials and energy and into financials, tech, and

healthcare. Personnel also has been consistent. Harry Burn III and Gibbs Kane Jr. have been running the fund since 1985, and comanager John DeGulis was named manager in 2003 but has been with the firm since 1996.

Fidelity Low-Priced Stock FLPSX

Joel Tillinghast just keeps on producing great results. It's a huge wide-ranging fund, but one that has beaten its benchmark over the long haul with less risk than the benchmark. Tillinghast looks for modest valuations at firms with competitive advantages. He invests quite a bit overseas, too. The fund's 39% foreign equity weighting puts it a hair below our cutoff for world stock. The fund's energy and materials weightings are below the benchmark and peer group, but Tillinghast's biggest sector bet is on consumer cyclicals, where he has 28% of equities.

American Century Value TWVLX

Phil Davidson and team have a 19% energy weighting and a minuscule materials weighting, but I'm including it in the lower-risk bin unlike the other value funds with big energy and materials bets. Davidson looks for companies with defensible franchises whose shares are in the cheapest third of the S&P 500. His fondness for yield also leads him to some of the oil majors.

Exxon Mobil XOM, **Chevron CVX**, and **Occidental Petroleum OXY** are among its top holdings. Because those companies operate across the oil-supply chain, they tend to be less vulnerable to declining oil prices. In fact, the fund has held up reasonably well. So, it's not as contrarian a play as those below but remains an appealing core value fund.

Higher-Risk Investments

[Value With Energy or Materials](#)

Feeling really contrarian? How about a good value fund with an overweighting in energy or materials?

Artisan Value ARTLX

This slumping fund has 12% in materials and 13% in energy. Needless to say, recent returns are lousy. Still, the team's longer track record at other funds shows this is a decent bet for a rebound. The team looks for cheap stocks but wants solid business models. Unfor-

tunately, the cheap have gotten cheaper, as the likes of **Apache APA**, **Goldcorp G**, and **Devon Energy DVN** have been crushed. But that also means they could produce big gains with just a little good news. I would note, though, that we lowered the fund to Bronze from Silver because of Scott Satterwhite's planned retirement in 2016.

Vanguard Capital Value VCVLX

This is one of Vanguard's boldest funds. Peter Higgins and David Palmer of Wellington manage separate sleeves of the fund. We know from Higgins' time running this and another fund solo that he is a very aggressive value investor who likes both deep-value names and tech stocks. Palmer was added to moderate Higgins' side, but it is still a pretty bold fund. Today, it has 9% in materials and 14% in energy. Higgins' long-term record is strong, though, so it's not a bad bet if you keep it as a small holding.

High Yield

High-yield fund managers talk about two markets. There's the hard-hit energy segment, where defaults are growing and yields are in the 12%–13% range. Then there's the rest, where yields are in the 5%–8% range and the bumps have been few. That's why a category that only lost 5% in 2015 has generated the drama and teeth-gnashing usually associated with much greater losses.

That presents investors with opportunity and danger, as even a modest rebound could be a tremendous boon for high-yield funds. In fact, we are hearing more bond managers are looking at energy issuers now that yields are much higher. At this point, I might dip a toe in, but I wouldn't buy with both fists because I'm a cautious investor.

If you want to be really cautious, there's **Vanguard High-Yield Corporate VWEHX**. The fund straddles the line between investment-grade and high-yield. Thus, you get less downside and less upside than most high-yield funds, but low costs ensure you do pretty well in the end.

A notch higher in yield but lower in credit quality are **Fidelity High Income** SPHIX and **T. Rowe Price High Yield** PRHYX. Both are well-run funds with seasoned portfolio managers.

At Fidelity High Income, Fred Hoff has built a strong record since 2000 that covers two major credit meltdowns. He had light exposure to automakers in 2007 and more recently has had limited energy exposure. He has occasionally built cash for defensive purposes, though it was only 3% at the end of October 2015.

Mark Vaselkiv has run T. Rowe Price High Yield since 1996, and he's done a fine job of diving into good value plays at the right time. For example, he added financials after the 2008 crisis. He has beaten peers and the benchmark over the trailing 10 years and since he took over in 1996.

Emerging Markets

What's wrong with emerging markets? The short answer is China. China's growth slowed faster than most expected. That pulled the rug out from under commodity prices. That was bad news for China and many other emerging-markets commodities producers. But Brazil had its own turmoil beyond falling commodity prices, and quite a few emerging markets look fragile today.

Emerging markets have been getting cheaper and cheaper, but now it takes a little nerve to get in because so many are under the gun. But it might be worth it. GMO's current seven-year forecast is for negative returns in stocks and bonds across the globe except for emerging-markets stocks and bonds, which are forecast to have returns of 4.1% and 2.2% annualized, respectively. If it is right, then there will also be a big cost to being out of emerging markets.

Harding Loevner Emerging Markets HLEMX

This fund is a nice steady performer. It has outperformed in six of the past seven years. Management's emphasis on high-quality companies with strong margins gives it some defensive characteristics. Comanager Rusty Johnson has been at the helm since the fund was launched in 1998, and comanager Craig Shaw has been on board for five years.

American Funds New World NEWFX

This is a great option for those who want to invest conservatively. American mixes emerging-markets companies with developed-markets companies that derive a big chunk of their business from emerging markets. It makes the fund tamer than its peers, and that's not a bad thing given how volatile emerging markets are. I also like the skill and depth of the team and the low costs here.

Matthews Asia Dividend MAPIX

You don't get all of emerging markets covered here, but Matthews' expertise in Asia makes it worthwhile. The fund's dividend focus serves as a nice reality check in an area that sometimes can have more hype than substance. Managers Yu Zhang and Robert Horrocks have solid records here and at other Matthews funds.

More Ideas

Morningstar senior analyst Laura Lалlos shares some great ideas for small-cap funds in Research on Page 8. In the Contrarian on Page 10, I have our annual Buy the Unloved ideas for you.

We are facing another tricky market environment that seems to offer equal parts peril and opportunity. I hope some of these ideas can help you adjust your portfolio so that you are well-positioned for the coming years. ■■

Data through December 31, 2015 FINRA members: For internal or institutional use only.

Artisan Global Value Investor

Ticker ARTGX **Yield** 0.3% **Total Assets** \$1,576 mil **Mstar Category** World Stock

Benchmark 1: MSCI ACWI NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 01-05-16

Silver

Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price - Negative

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

★ Gold ★ Silver ★ Bronze Neutral Negative

Pillar Spectrum

+ Positive - Negative ● Neutral

Performance 12-31-15

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	2.56	2.98	-13.51	11.12	1.50
2012	9.17	-2.80	7.62	4.18	18.98
2013	8.77	3.46	7.20	8.69	31.12
2014	1.30	4.31	-3.58	2.56	4.50
2015	0.52	0.45	-7.60	4.11	-2.87

Trailing

	Total	+/- Bmark	+/- Bmark	%Rank	Growth of
	Return%	1	2	Cat	\$10,000
3 Mo	4.11	-0.92	0.86	53	10,411
6 Mo	-3.80	1.10	5.52	33	9,620
1 Yr	-2.87	-0.51	2.79	68	9,713
3 Yr Avg	10.00	2.31	8.50	24	13,309
5 Yr Avg	9.95	3.86	8.89	5	16,071
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	8.75	21	1.14	45
5 Yr (estimated)	9.09	4	0.78	41
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 6% of assets

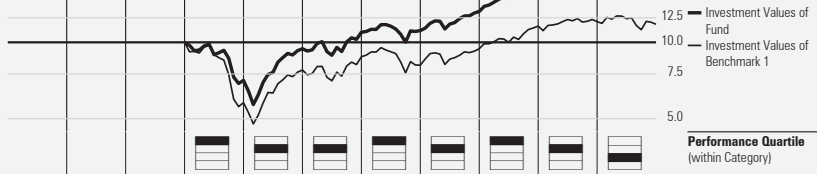
Morningstar's Take by Greg Carlson 01-05-16

The recently reopened Artisan Global Value finally had an off year, but its substantial virtues remain intact. Thus, it continues to earn a Morningstar Analyst Rating of Silver. The fund finished 2015 in the world stock Morningstar Category's 68th percentile and 2.9% behind its MSCI ACWI benchmark as picks such as U.S. software maker Oracle ORCL, Royal Bank of Scotland RBS, U.K. grocer Tesco TSCO, and telecom chipmaker Qualcomm QCOM all posted double-digit losses for the year. It's not surprising that the fund's returns cooled off; it had never trailed its typical peer in a calendar year since its 2007 inception, a period that encompassed years with strong gains, modest losses, and a more substantial downturn.

The managers had trouble finding attractively valued companies in recent years, thus cash had risen to double digits. That changed in 2015's third-quarter downturn, when they began to find more compelling ideas and cash dipped below 8% of assets. This shift, coupled with modest net redemptions, prompted the managers to reopen the fund in October 2015 to new investors for the first time since 2013. (That move didn't result in net inflows to the fund in either October or November.) The

Historical Profile

Return High
Risk Below Avg
Rating ★★★★★
Highest



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	12-15	History
—	—	—	9.63	6.76	8.81	10.16	10.14	11.97	15.34	15.51	14.24	NAV
—	—	—	-29.26	33.37	16.18	1.50	18.98	31.12	4.50	-2.87	-2.87	Total Return %
—	—	—	12.94	-1.26	3.51	8.84	2.85	8.32	0.34	-0.51	-0.51	+/- Bmark 1
—	—	—	16.27	-8.08	5.02	15.20	2.15	15.83	8.37	2.79	2.79	+/- Bmark 2
—	—	—	0.55	3.01	0.85	0.00	0.61	0.72	0.51	0.33	0.33	Income Return %
—	—	—	-29.81	30.36	15.33	1.50	18.36	30.40	3.99	-3.20	-3.20	Capital Return %
—	—	—	6	46	26	9	27	16	29	68	68	Total Rtn % Rank Cat
—	—	—	0.05	0.20	0.08	0.00	0.06	0.09	0.08	0.05	0.05	Income \$
—	—	—	0.00	0.00	0.00	0.17	0.03	0.26	0.44	0.80	0.80	Capital Gains \$
—	—	—	3.53	1.50	1.96	1.72	1.51	1.37	1.30	1.28	1.28	Expense Ratio %
—	—	—	1.39	1.11	0.71	0.56	0.50	0.45	0.59	0.46	0.46	Income Ratio %
—	—	—	42	57	35	32	22	31	25	19	19	Turnover Rate %
—	—	—	17	31	43	91	239	1,064	1,303	—	—	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-2.87	—	—	—
3 Yr	10.00	+Avg	-Avg	★★★★
5 Yr	9.95	High	-Avg	★★★★★
10 Yr	—	—	—	—
Incept	6.78	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	8.4	-4.0
Beta	0.75	0.96
R-Squared	77	94
Standard Deviation	10.54	—
Mean	10.00	—
Sharpe Ratio	0.95	—

Portfolio Analysis 09-30-15

Total Stocks: 47

Share change since 06-30-15	Sector	Country	% Assets
⊖ Oracle Corporation	Technology	United States	4.83
⊖ Bank of New York Mellon C	Finan Svcs	United States	4.22
⊖ Royal Bank of Scotland Gr	Finan Svcs	United Kingdom	4.01
⊖ Arch Capital Group Ltd	Finan Svcs	United States	3.99
⊖ Citigroup Inc.	Finan Svcs	United States	3.62
⊖ Microsoft Corp	Technology	United States	3.49
⊕ Johnson & Johnson	Hlth Care	United States	3.30
⊖ Medtronic PLC	Hlth Care	United States	3.15
⊕ Samsung Electronics Co Lt	Technology	South Korea	3.09
⊕ Tesco PLC	Cnsmr Def	United Kingdom	3.09
⊖ Chubb Corp	Finan Svcs	United States	3.03
⊖ Cisco Systems Inc	Technology	United States	3.02
⊖ Qualcomm Inc	Technology	United States	2.96
⊖ Marsh & McLennan Companie	Finan Svcs	United States	2.82
⊕ ABB Ltd	Industr	Switzerland	2.71
⊕ UBS Group AG	Finan Svcs	Switzerland	2.61
⊖ ISS A/S	Industr	Denmark	2.54
⊖ American Express Co	Finan Svcs	United States	2.16
⊖ ING Groep N.V.	Finan Svcs	Netherlands	2.12
⊖ Progressive Corp	Finan Svcs	United States	1.97

Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large	Giant	58.8	Cyclical	43.67	1.14
Mid	Large	28.9	BasicMat	0.00	0.00
Small	Mid	11.7	CnsmrCyc	3.21	0.27
Micro	Small	0.7	FinanSvcs	40.46	2.15
	Micro	0.0	Real Est	0.00	0.00
	Avg \$mil:	44,637	Sensitive	38.89	1.09
			CommSvcs	2.07	0.42
			Energy	3.07	0.50
			Industr	8.39	0.82
			Technlgy	25.36	1.78
			Defensive	17.45	0.67
			CnsmrDef	8.79	0.86
			Hlthcare	8.66	0.68
			Utilities	0.00	0.00

Value Measures

	Rel Category
Price/Earnings	14.25 0.80
Price/Book	1.46 0.64
Price/Sales	1.36 0.88
Price/Cash Flow	7.70 0.88
Dividend Yield %	2.33 0.88

Growth Measures

	% Rel Category
Long-Term Erngs	10.78 0.99
Book Value	3.22 0.83
Sales	0.08 0.12
Cash Flow	-6.60 -4.64
Historical Erngs	2.23 0.68

Composition - Net

	% Stock
Cash	8.0
Bonds	0.0
Stocks	92.0
Other	0.0
Foreign (% of Stock)	42.6

Regional Exposure

	% Stock
UK/W. Europe	32 N. America 59
Japan	0 Latn America 2
Asia X Japan	7 Other 0

Country Exposure

	% Stock
United States	57
South Korea	5
UK	14
Denmark	5
Switzerland	8

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Data through December 31, 2015. FINRA members: For internal or institutional use only.

Dodge & Cox Global Stock

Ticker DODWX **Yield** 1.7% **Total Assets** \$5,902 mil **Mstar Category** World Stock

Benchmark 1: MSCI ACWI NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 12-07-15



Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊕ Positive
- Price ⊕ Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

⊕ Positive ⊖ Negative ○ Neutral

Performance 12-31-15

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	4.27	-0.43	-20.56	7.44	-11.39
2012	13.80	-6.52	8.69	4.74	21.11
2013	7.45	3.83	8.37	10.14	33.17
2014	3.75	4.79	-0.32	-1.30	6.95
2015	1.44	0.75	-13.07	3.50	-8.05

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	3.50	-1.53	0.26	68	10,350
6 Mo	-10.02	-5.12	-0.70	92	8,998
1 Yr	-8.05	-5.69	-2.38	90	9,195
3 Yr Avg	9.41	1.72	7.91	35	13,097
5 Yr Avg	7.04	0.95	5.98	45	14,054
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank	Cat
3 Yr (estimated)	8.11	29	1.18	47	
5 Yr (estimated)	5.94	39	1.03	56	
10 Yr (estimated)	—	—	—	—	—

Potential Capital Gain Exposure: 6% of assets

Morningstar's Take by Gregg Wolper 12-07-15

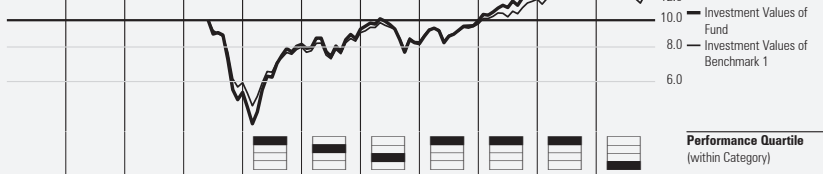
Dodge & Cox Global Stock's long-term focus helps explain its disappointing 2015 showing, but it's also why the fund remains a sound choice.

This fund's managers buy companies that are out of favor, but have strong long-range prospects, and then hold on to them. (The fund's far-below-average turnover rate of 17% in 2014 was typical.) They don't mind if sector or country weightings are out of sync with those of indexes or peers, but to reduce the risks inherent in a contrarian strategy, they usually limit individual holdings to about 3% of assets.

That approach generally has worked well for this fund and its older, similarly run siblings. Since its May 2008 inception, it has beaten the world-stock Morningstar Category average and the MSCI ACWI Index. But that includes a bottom-quartile return this year. The main culprit has been the fund's outsized exposure to emerging-markets companies, which have suffered as sentiment toward emerging markets has soured. Some individual holdings have specific problems, too. Petrobras PBR has been enmeshed in a nasty corruption scandal, and Standard Chartered STAN (based in Britain but with

Historical Profile

Return Average
Risk Above Avg
Rating ★★★
Neutral



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	12-15	History
NAV	—	—	—	5.34	7.91	8.90	7.68	8.99	11.48	11.83	10.46	NAV
Total Return %	—	—	—	—	49.18	13.51	-11.39	21.11	33.17	6.95	-8.05	Total Return %
+/- Bmark 1	—	—	—	—	14.56	0.84	-4.05	4.98	10.37	2.79	-5.68	+/- Bmark 1
+/- Bmark 2	—	—	—	—	7.74	2.36	2.31	4.28	17.88	10.82	-2.38	+/- Bmark 2
Income Return %	—	—	—	—	1.05	0.99	1.67	1.90	1.81	1.34	1.57	Income Return %
Capital Return %	—	—	—	—	48.14	12.52	-13.07	19.21	31.36	5.61	-9.62	Capital Return %
Total Rtn % Rank Cat	—	—	—	—	12	44	73	14	12	14	90	Total Rtn % Rank Cat
Income \$	—	—	—	0.04	0.06	0.08	0.15	0.15	0.16	0.15	0.19	Income \$
Capital Gains \$	—	—	—	0.00	0.00	0.00	0.05	0.17	0.32	0.30	0.23	Capital Gains \$
Expense Ratio %	—	—	—	0.87	0.74	0.69	0.66	0.65	0.65	0.65	0.64	Expense Ratio %
Income Ratio %	—	—	—	1.39	1.09	1.19	1.94	1.93	1.58	1.42	1.98	Income Ratio %
Turnover Rate %	—	—	—	10	20	14	19	12	24	17	—	Turnover Rate %
Net Assets \$mil	—	—	—	467	914	1,817	1,875	2,695	3,924	5,895	—	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-8.05	—	—	—
3 Yr	9.41	Avg	+ Avg	★★★
5 Yr	7.04	Avg	+ Avg	★★★
10 Yr	—	—	—	—
Incept	3.27	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	7.7	0.9
Beta	0.94	1.11
R-Squared	84	93
Standard Deviation	12.59	—
Mean	9.41	—
Sharpe Ratio	0.77	—

Portfolio Analysis 09-30-15

Share change since 06-30-15	Sector	Country	% Assets
⊕ Hewlett-Packard Co	Technology	United States	3.05
⊖ Time Warner Cable Inc	Comm Svcs	United States	2.99
⊕ Google	Technology	United States	2.67
⊕ Samsung Electronics Co Lt	Technology	South Korea	2.54
Bank of America Corporati	Finan Svcs	United States	2.50
⊕ Sanofi	Hlth Care	France	2.50
⊕ Naspers Ltd Class N	Technology	South Africa	2.34
⊖ Roche Holding AG	Hlth Care	Switzerland	2.34
⊕ Express Scripts Holding C	Hlth Care	United States	2.20
⊕ Time Warner Inc	Cnsmr Cyc	United States	2.15
⊖ Microsoft Corp	Technology	United States	2.06
⊖ Charles Schwab Corp	Finan Svcs	United States	1.84
⊕ Cisco Systems Inc	Technology	United States	1.84
⊖ Schlumberger Ltd	Energy	United States	1.75
⊖ UnitedHealth Group Inc	Hlth Care	United States	1.74
⊕ Barclays PLC	Finan Svcs	United Kingdom	1.73
EMC Corp	Technology	United States	1.69
Honda Motor Co Ltd	Cnsmr Cyc	Japan	1.68
⊕ Cigna Corp	Hlth Care	United States	1.63
Credit-Suisse Group	Finan Svcs	Switzerland	1.57

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large	48.6	⊖ Cyclical	35.74	0.93
Mid	40.6	⊕ BasicMat	2.36	0.50
Small	10.8	⊕ CnsmrCyc	10.29	0.87
Micro	0.1	⊕ FinanSvcs	21.41	1.14
Avg \$mil: 46,107	0.0	⊕ Real Est	1.68	0.55
		⊕ Sensitive	44.84	1.26
		⊕ CommSvcs	11.47	2.34
		⊕ Energy	6.95	1.13
		⊕ Industri	3.72	0.36
		⊕ Technlgy	22.70	1.59
		⊖ Defensive	19.43	0.75
		⊕ CnsmrDef	4.48	0.44
		⊕ Hlthcare	14.95	1.18
		⊕ Utilities	0.00	0.00

Regional Exposure

	% Stock
UK/W. Europe	25
N. America	54
Japan	3
Latin America	3
Asia X Japan	11
Other	5

Country Exposure

	% Stock
United States	54
France	4
Switzerland	8
South Africa	3
UK	6

Data through December 31, 2015 FINRA members: For internal or institutional use only.

T. Rowe Price Blue Chip Growth

Ticker: TRBCX Yield: 0.0% Total Assets: \$31,007 mil Mstar Category: Large Growth

Benchmark 1: Russell 1000 Growth TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 12-11-15

Silver

Morningstar Pillars

- Process: Positive
- Performance: Positive
- People: Positive
- Parent: Positive
- Price: Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 12-31-15

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	5.74	0.72	-13.52	10.20	15.50
2012	18.76	-5.45	6.34	-0.83	18.41
2013	8.15	3.69	11.94	12.78	41.57
2014	-1.10	4.16	1.73	4.27	9.28
2015	5.96	0.49	-4.98	9.86	11.15

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank Cat	Growth of \$10,000
3 Mo	9.86	2.54	2.82	3	10,986
6 Mo	4.38	2.74	4.23	5	10,438
1 Yr	11.15	5.48	9.76	3	11,115
3 Yr Avg	19.80	2.97	4.68	3	17,195
5 Yr Avg	15.63	2.10	3.06	1	20,666
10 Yr Avg	9.33	0.80	2.03	8	24,408
15 Yr Avg	5.94	1.61	4.33	14	23,770

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	19.05	1	0.63	14
5 Yr (estimated)	15.15	1	0.41	13
10 Yr (estimated)	9.06	4	0.25	9

Potential Capital Gain Exposure: 41% of assets

Morningstar's Take by Katie Rushkewicz Reichart, CFA 12-11-15

T. Rowe Price Blue Chip Growth has excelled during manager Larry Puglia's 22-year tenure, supporting its Morningstar Analyst Rating of Silver.

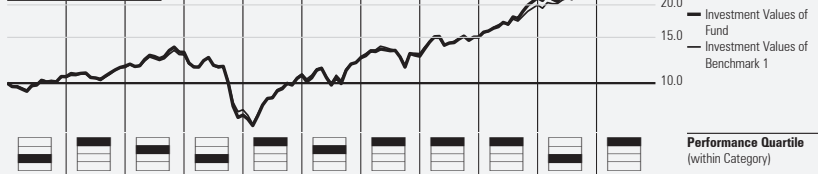
Beyond benefiting from an experienced manager, the fund draws on T. Rowe's analyst team for stock ideas, which has proved quite capable at finding successful large-growth names. The fund has consistently produced strong returns relative to its large-growth Morningstar Category peers and the Russell 1000 Growth Index, even in recent years when it's been difficult for many active-equity managers to beat passive index funds.

Puglia looks for companies with sustainable earnings, free cash flow growth, and management teams that will drive further growth. While the fund's active share (its differentiation from the benchmark) isn't exceptionally high, the fund makes enough bets to meaningfully distinguish itself from a performance standpoint. In recent years, that's included a significant stake in healthcare stocks, which has boosted results.

Despite owning a top-20 position in Valeant Pharmaceuticals VRX as of September 2015, which subsequently stumbled upon concerns about aggressive

Historical Profile

Return: High
Risk: Above Avg
Rating: ★★★★★
Highest



Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	History
NAV	32.68	35.73	40.23	23.01	32.77	38.13	38.65	45.63	64.60	67.27	72.38	NAV
Total Return %	5.95	9.73	13.02	-42.62	42.57	16.42	1.50	18.41	41.57	9.28	11.15	Total Return %
+/- Bmark 1	0.68	0.65	1.21	-4.19	5.36	-0.29	-1.14	3.16	8.09	-3.77	5.48	+/- Bmark 1
+/- Bmark 2	1.03	-6.07	7.53	-5.63	16.10	1.35	-0.61	2.41	9.19	-4.41	9.76	+/- Bmark 2
Income Return %	0.26	0.40	0.42	0.17	0.15	0.06	0.13	0.35	0.00	0.00	0.00	Income Return %
Capital Return %	5.69	9.33	12.60	-42.80	42.42	16.36	1.37	18.07	41.57	9.27	11.15	Capital Return %
Total Rtn % Rank Cat	53	25	48	69	20	39	17	18	7	60	3	Total Rtn % Rank Cat
Income \$	0.08	0.13	0.15	0.07	0.04	0.02	0.05	0.14	0.00	0.00	0.00	Income \$
Capital Gains \$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.26	2.36	Capital Gains \$
Expense Ratio %	0.85	0.81	0.77	0.80	0.81	0.77	0.77	0.76	0.74	0.72	0.70	Expense Ratio %
Income Ratio %	0.28	0.36	0.42	0.22	0.15	0.08	0.12	0.32	0.03	-0.02	0.03	Income Ratio %
Turnover Rate %	44	39	32	54	60	47	44	25	35	33	—	Turnover Rate %
Net Assets \$mil	7,998	8,811	11,296	6,727	9,461	10,970	10,597	13,692	20,230	23,276	—	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return%	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	11.15			
3 Yr	19.80	High	+Avg	★★★★★
5 Yr	15.63	High	+Avg	★★★★★
10 Yr	9.33	High	+Avg	★★★★★
Incept	10.41			

Other Measures

	Standard Index	Best Fit Index
Alpha	3.8	1.6
Beta	1.02	1.02
R-Squared	79	92
Standard Deviation	12.29	
Mean	19.80	
Sharpe Ratio	1.54	

Portfolio Analysis 09-30-15

Total Stocks: 125
Share change since 06-30-15

Stock	Sector	YTD Ret %	% Assets
Amazon.com Inc	Cnsmr Cyc	117.78	6.30
Alphabet Inc Class C Capi	Technology	—	3.77
Priceline Group Inc	Cnsmr Cyc	11.82	3.49
Facebook Inc Class A	Technology	34.15	3.29
Danaher Corp	Industrl	9.00	3.14
Visa Inc Class A	Finan Svcs	19.07	2.91
MasterCard Inc Class A	Finan Svcs	13.74	2.71
Alphabet Inc Class A	Technology	46.60	2.44
Allergan PLC	Hlth Care	—	2.33
McKesson Corp	Hlth Care	-4.49	2.31
Alexion Pharmaceuticals I	Hlth Care	3.09	2.20
Celgene Corp	Hlth Care	7.06	2.05
Microsoft Corp	Technology	22.22	2.01
Gilead Sciences Inc	Hlth Care	8.72	1.92
Aleant Inc	Technology	-2.80	1.78
Valeant Pharmaceuticals I	Hlth Care	—	1.77
Starbucks Corp	Cnsmr Cyc	47.98	1.74
Salesforce.com Inc	Technology	32.19	1.58
American Tower Corp	Comm Svcs	-0.09	1.55
UnitedHealth Group Inc	Hlth Care	18.23	1.54

Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large	Giant	46.1	Cyclical	38.06	1.29
Mid	Large	46.5	BasicMat	1.47	0.48
Small	Mid	7.4	CnsmrCyc	26.02	1.36
Micro	Small	0.0	FinanSvcs	10.57	2.02
	Micro	0.0	Real Est	0.00	0.00
	Avg \$mil:	64,145	Sensitive	33.62	0.80
			CommSvcs	3.17	0.62

Value Measures	Rel Category				
Price/Earnings	22.88	1.02	Energy	0.54	1.02
Price/Book	4.09	1.06	Industrl	10.66	0.86
Price/Sales	1.91	0.82	Technly	19.25	0.81
Price/Cash Flow	14.94	1.09	Defensive	28.32	0.99
Dividend Yield %	0.80	0.64	CnsmrDef	1.96	0.18
			Hlthcare	26.36	1.48
			Utilities	0.00	0.00

Composition - Net

	%
Cash	0.3
Stocks	99.7
Bonds	0.0
Other	0.0
Foreign	7.9
(% of Stock)	

Profitability

	%
Return on Equity	19.85
Return on Assets	8.72
Net Margin	13.95

Address: T. Rowe Price Blue Chip Growth Fund, Inc
Baltimore MD 21202
800-638-5660
www.troweprice.com
Inception: 06-30-93
Advisor: T. Rowe Price Associates, Inc.
Subadvisor: None

Minimum Purchase: \$2500 Add: \$100 IRA: \$1000
Min Auto Inv Plan: \$2500 Add: \$100
Sales Fees: No-load
Management Fee: 0.30% mx./0.26% mn., 0.15%A
Actual Fees: Mgt:0.57% Dist:0.00%
Expense Projections: 3Yr:\$230 5Yr:\$401 10Yr:\$894
Income Distribution: Annually

Great Small-Cap Funds

Morningstar Research | Laura Lallos

With small-cap benchmarks lagging larger-cap counterparts, is now a good time to invest in small-cap funds? There is no easy answer—for example, conventional wisdom says that rising interest rates are hard on smaller companies, but then again, the economic growth that often accompanies such increases could be a tailwind. But for most stock investors, it is always a good time to have some small-cap diversification.

Still wary? We compiled a list of small-cap Morningstar Medalists that have had lower downside capture ratios relative to the S&P 500 than the **Vanguard Small-Cap Index** VSMAX has had. Six of the seven funds below had lower downside captures over not only the past three years but also the five- and 10-year periods. The exception is **Mairs & Power Small Cap** MSCFX, which doesn't have a five-year record yet but is likely to continue to be relatively temperate.

Conestoga Small Cap CCASX

This fund's managers take a relatively conservative approach to the small-growth universe. They are patient, seeking investments with the potential to appreciate by at least 100% over three to five years, and they tend to hang on to their picks for about that long. They prefer companies with strong franchises and at least a 15% return on equity, as well as a debt/total capitalization ratio of less than 40%. They invest with conviction, holding between 40 and 50 names, have much leeway to deviate from the Russell 2000 Growth Index's sector weightings, and also try to stay fully invested at all times. The result is one of the strongest 10-year risk-adjusted records in the small-growth Morningstar Category. Below-average expenses and a small asset base add to the fund's attraction.

Mairs & Power Small Cap MSCFX

This young fund doesn't have a five-year record yet, but it follows Mairs & Power's long-established strategy of buying and holding financially sound businesses with sustainable competitive advantages that can deliver consistently above-average returns on equity. The resulting high-quality portfolio has shown moderate volatility so far—and is the same strategy that enabled the firm's all-cap flagship **Mairs & Power Growth** MPGFX to outperform most of its category peers in 2008's bear market. This fund's lead manager, Andrew Adams, has been a significant small-cap resource for the Growth fund and is now comanager there. Like its older sibling, this fund emphasizes businesses headquartered nearby in the upper Midwest, where the managers believe they have a research advantage. The fund is backed by a firm that has been an exemplary steward of shareholder capital and is committed to closing this strategy before it gets too large.









Neuberger Berman Genesis NBGNX

Veterans Judy Vale and Bob D'Alelio implement a long-term, fundamentally driven strategy. They look for small-cap stocks, preferably not too cyclical, that dominate a competitive niche and feature solid balance sheets, strong cash flows, and reasonable valuations, and often hold on to favorites for many years. While the fund sometimes lags when lower-quality stocks lead, its 15-year returns rank in the top 2% of the small-growth category as of December 2015, and it has been one of the least volatile funds. A caveat: With more than \$10 billion in assets, this is among the largest funds in the category, even after suffering \$5 billion in net outflows in recent years. The managers argue that the fund's quality bias and low turnover allow them to handle size and outflows relatively easily.

Perkins Small Cap Value JSCVX

This recently reopened fund has reliably provided downside protection despite some team turnover. The approach focuses first on how much a stock could potentially lose, and the portfolio routinely sports a lower debt/capital ratio and higher returns on invested capital than the Russell 2000 Value Index. That's helped the fund hold up relatively well in

Small-Cap Downside Capture

Name	Ticker	Morningstar Category	Morningstar Analyst Rating	Total Assets (\$ Mil)	3-Yr Downside Capture Ratio*	5-Yr Downside Capture Ratio*	10-Yr Downside Capture Ratio*
Conestoga Small Cap	CCASX	Small Growth	 Silver	637	85.51	93.96	96.52
Mairs & Power Small Cap	MSCFX	Small Blend	 Silver	191	93.34		
Neuberger Berman Genesis	NBGNX	Small Growth	 Bronze	10,245	97.04	92.56	89.48
Perkins Small Cap Value	JSCVX	Small Value	 Silver	1,434	93.50	105.38	90.58
T. Rowe Price Div Sm Cap Growth	PRDSX	Small Growth	 Silver	2,068	81.12	110.97	111.63
T. Rowe Price Small-Cap Value	PRSVX	Small Blend	 Bronze	7,773	104.36	109.83	107.55
Wasatch Core Growth	WGROX	Small Growth	 Silver	1,222	87.76	84.46	110.00
Vanguard Small-Cap Index	VSMAX	Small Blend	 Gold	56,001	106.95	124.31	123.56

*Ratios calculated vs. S&P 500. Data as of November 2015.

rough patches, including the third quarters of 2014 and 2015, when strong stock-picking, rather than a large cash stake, drove results. The fund's strong long-term risk-adjusted record within the small-value category dates back to its 1987 founding under Bob Perkins, who has stepped back but remains involved. The 2013 departure of comanager Todd Perkins was unexpected, but comanager Justin Tugman remained onboard and was joined by financials analyst Tom Reynolds.

T. Rowe Price Diversified Small Cap Growth PRDSX

This fund has racked up an excellent record since Sudhir Nanda took the helm in October 2006, beating most of its small-growth peers on both a total-return and risk-adjusted basis. The fund has been a consistent performer, too, landing in the category's top half in each calendar year during Nanda's tenure. Nanda relies heavily on quantitative stock-picking models but has kept a lid on volatility by relying less on momentum than many quants do, instead focusing on valuation and earnings quality. The portfolio holds about 300 stocks, with positions capped at 1% of assets. The fund's quant models don't take companies' debt into account, so the portfolio's debt/capital ratio is sometimes above the category norm, and the fund could be hurt if interest rates rise. However, Nanda's disciplined strategy and record of strong stock selection, coupled with the fund's well below-average fees, bode well.

T. Rowe Price Small-Cap Value PRSVX

This fund has generated good long-term risk-adjusted performance with a portfolio diversified across

more than 300 names—which not only minimizes stock-specific risk but has also kept a large asset base manageable. David Wagner, who had served as associate portfolio manager since 2005, took over for longtime manager Preston Athey in July 2014 after working alongside him for nine months to ensure a smooth transition. He follows the same risk-conscious strategy, buying stocks trading at low absolute or relative valuations and hanging on as their gains compound. This buy-and-hold approach pushes up the fund's valuation metrics, nudging it into the small-blend category. However, management avoids holding too many stocks that graduate to mid-caps.

Wasatch Core Growth WGROX

Wasatch is known for building compact portfolios of stocks with defensible economic advantages and consistent economic returns across market cycles, and this fund has delivered competitive results within the small-growth category with generally low Morningstar Risk ratings. Stock-picking drives portfolio construction, so assets can cluster in sectors where managers J.B. Taylor and Paul Lambert find opportunities: The fund has large helpings of industrial and financial stocks relative to its small-growth peers and a significant underweighting in health care. Its average valuation measures are generally in line with the category average, but its quality metrics—such as return on assets—are usually stronger than peers', and risk-adjusted performance is its selling point. The fund hasn't always outperformed in down markets—it was out of step in 2008—but it was well in the black in 2011's tough market. ■■■

Contact Laura Lallo at laura.lallos@morningstar.com

Buy the Unloved

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

It's time for our annual "Buy the Unloved" report. This is a strategy that we have tracked for more than 20 years, and it has proved to be surprisingly resilient. It's really a pretty basic contrarian strategy driven by mutual fund flows. The idea is to look at calendar-year mutual fund flows by category and go the opposite direction.

The strategy says you buy funds in the three most-redeemed categories and sell funds from the three most heavily purchased, then hold on for three or five years. Both time periods work well. Essentially, you use flows to point you to the most undervalued investment classes. Going back to 1994, the unloved have beaten the loved in all but one three-year period. On average, the unloved have beaten the loved by 377 basis points annualized.

At this point, we don't have data through December, so I've used figures through November. I will post an update to the *FundInvestor* website as soon as we have final year-end figures. The figures include open-end funds and exchange-traded funds.

The unloved categories for 2015 are pretty similar to last year's: large blend, large value, and large growth. That was a good signal last year as large caps beat small caps, and large growth was particularly strong. In 2015, people were still fleeing U.S. large caps despite a healthy economy and a great bull market. I shared some large-value ideas in the cover story, so here are some large-blend and large-growth ideas. **Vanguard Total Stock Market** VTSAX is one of the best low-cost options, and it can simplify investing given how widely dispersed the portfolio is. If you are looking for a more contrarian active strategy, consider **Oakmark** OAKMX and **AMG Yacktman** YACKX. Both have excellent stock-pickers with the potential for tremendous outperformance. **T. Rowe Price Dividend Growth** PRDGX plays the role of Goldilocks

here with a still active but milder strategy of investing in companies with solid growth prospects and healthy balance sheets that are capable of boosting dividend payouts.

For large-growth funds, I always plug Primecap funds, but you know that, so here are three non-Primecap funds worth a look. **T. Rowe Price Blue Chip Growth** TRBCX is a real gem. Veteran manager Larry Puglia seeks out companies with high returns on capital and sustainable earnings. He's used that strategy to produce pleasingly consistent performance. A more contrarian focused play would be the small **River-Park/Wedgewood** RWGFX run by David Rolfe. Rolfe has a good long-term track record, but his energy holdings have held the fund back lately. If you want a growth fund that can play defense, consider **Jensen Quality Growth** JENSX. The fund buys high-quality companies that tend to hold up well in recessions.

Sell the Loved

On the flip side, foreign large-blend, Europe, and health-care are the most loved categories. Even though the U.S. market continues to beat most foreign markets, investors continue to look overseas. The Europe influx is particularly interesting. Nearly all the inflows came into dollar-hedged European ETFs, because Europe has started a program of quantitative easing at the same time that it was apparent the Federal Reserve's next move would be to hike rates. Thus, investors interested in Europe were worried that a rising dollar would kill any gains in equities. (Very few open-end Europe funds hedge their currency exposure.) So, I suppose this is a signal to bet against the dollar as much it is to bet against Europe.

I consider the "Buy the Unloved" strategy a good guide to contrarian ideas, but I wouldn't suggest overhauling your portfolio based on it. You don't want to veer from the plan. Just use this strategy at the margins and as a healthy reality check to make you reconsider buying the most popular categories and rethink selling a fund from an unpopular area. ■■■

High Payout Ratios Come With Risk

Red Flags | Kevin McDevitt

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

Equity funds with high dividend yields can be enticing to income-seeking investors. But often the higher the yields, the higher the risks, too. Yields that are well above those of the overall market tend not to be as stable. There are a number of reasons for this. First, high yields can be an indication that a company is in distress. Two or three decades ago, stocks yielding more than 5% were common. But with the S&P 500 yielding only about 2% these days, any stock with a yield greater than 7% is probably distressed and likely to cut its dividend.

Second, high dividend payout ratios often accompany high yields. The dividend payout ratio is the percentage of earnings a company distributes to shareholders as dividends. The higher the payout ratio, the greater risk that a company may need to cut its dividend if earnings fall. Plus, companies with high payout ratios tend to have below-average dividend growth. On the other hand, companies with low payout ratios tend to have much more stable dividends. A low payout ratio also gives companies more flexibility to raise dividends.

This is important because dividend growth plays a big role in determining total income over the life of an investment. As a general guideline, the higher a company's, and by extension a fund's, yield, the less quickly it will grow over time. Over the short run, this initial yield matters more than dividend growth. But as the time horizon grows, dividend growth has a greater impact on the overall payout.

Finally, a more timely risk these days is funds with both high average payout and high average debt/capital ratios. A company that has both a high payout ratio and high debt has little flexibility should its earnings fall. In such cases, companies will cut their dividends first since debt payments are mandatory.

This is already being seen in the energy sector, where earnings are being squeezed by low oil and gas prices.

Keep in mind that should a severe recession come along, almost all dividend-oriented funds will own companies that cut their dividends. That was largely unavoidable during the 2008 credit crisis. We explore three funds at the other end of the spectrum below. All three funds are Morningstar Medalists, so we think the risks are worthwhile, but we do want to highlight that there is risk with income.

Vanguard High Dividend Yield Index VHDYX

This fund tracks the FTSE High Dividend Yield Index. Importantly, the index excludes income-oriented REITs and master limited partnerships. But the portfolio still has a high 57% median payout ratio. For perspective, the S&P 500's is just 35%. Plus, a number of its holdings' dividends are potentially distressed given that 32 of the fund's 437 holdings have yields greater than 7%. Communications company **Windstream Holdings** WIN takes the cake with a trailing 12-month yield of 33.95%. Finally, the portfolio's 43.8% average debt/capital is greater than the S&P 500's 40.1%, which itself is higher than it was heading into the credit crisis.

American Century Equity Income TWEIX

This fund doesn't offer a terribly attractive trade-off between yield and payout ratio. Its 57% median payout ratio is one of the group's highest, yet its 2.14% trailing 12-month yield isn't that much greater than the S&P 500's. To be fair, the fund's pre-expense yield, which gives a measure of prospective yield, is higher at 3.61%. Even so, investors could find funds with comparable yields, but lower payout ratios.

Vanguard Equity-Income VEIPX

About one third of this fund's portfolio is composed of stocks in the FTSE High Dividend Yield Index, and the rest of the portfolio uses that index as its benchmark. So, it's not surprising that the fund's metrics look similar to those of sibling Vanguard High Dividend Yield Index. This fund's payout ratio and average debt are a little more attractive thanks to comanager Michael Reckmeyer's emphasis on healthy balance sheets and companies with decent growth prospects. ■■■

Contact Kevin McDevitt at kevin.mcdevitt@morningstar.com

A Shaky End to 2015

Market Overview | Robert Goldsborough

Equity markets around the globe suffered a punishing December, as continued energy-price declines and concerns about China's economy dragged down stocks across many sectors and geographies. In the United States, the Federal Reserve increased interest rates. However, the move didn't have much of an impact on the markets as the Fed had signaled the change for quite a while. Strong U.S. jobs data couldn't overcome more pain from commodities, as oil and commodity prices continued to search for a bottom. U.S. stocks slid more than 1.5% for the month; foreign developed markets were down slightly less.

Emerging markets felt the most pain in December, declining 2.2% for the month. The energy rout was the biggest contributor, although investors' concerns about the Chinese real estate market and further devaluation of the Chinese yuan more than offset some encouraging economic data from the region, including better-than-expected retail sales, industrial production, and housing prices.

The Brent Crude oil spot price fell more than \$9 in December, finishing the year at \$36.46 a barrel. The materials sector fell 4.6%, and the industrials sector slid 2.9%. Several defensive sectors actually rallied in December, including the staples sector, which was up 2.4%, and the bondlike utilities sector, which rose 2.0%. **Franklin Utilities** FKUTX, with a Morningstar Analyst Rating of Gold, lagged its Morningstar Category, returning 0.7% for the month.

Amid commodity-price weakness, Russian stocks were not surprisingly among December's worst country performers, falling 10.1%.

The U.S. bond market was down in December, with bond yields up meaningfully for all but the shortest of maturities. ■■

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Benchmark Performance

Total Return % Through 12-31-15	1Mo	YTD	ANNUALIZED		
			3Yr	5Yr	10Yr
Large Growth	-1.7	3.6	15.3	11.7	7.3
Large Blend	-2.0	-1.1	13.2	10.7	6.4
Large Value	-2.5	-4.0	11.6	9.7	5.6
Mid-Cap Growth	-2.8	-0.9	12.8	9.6	7.2
Mid-Cap Blend	-3.5	-4.7	11.4	9.1	6.5
Mid-Cap Value	-4.0	-5.4	11.5	9.1	6.6
Small Growth	-4.3	-2.4	12.2	9.4	7.1
Small Blend	-5.0	-5.4	10.3	8.2	6.3
Small Value	-5.3	-6.7	9.4	7.7	6.0
Aggressive Allocation	-2.1	-2.8	7.9	6.7	4.7
Conservative Allocation	-1.4	-2.3	3.2	4.3	4.1
Moderate Allocation	-1.8	-1.9	7.0	6.5	5.2
Communications	-1.1	0.8	8.6	7.1	4.4
Financial	-3.4	-0.9	12.1	8.5	2.1
Global Real Estate	0.3	-0.9	4.2	6.1	3.9
Health	0.6	8.0	26.8	21.2	12.0
Natural Resources	-8.0	-22.2	-8.6	-6.8	-0.3
Equity Precious Metals	0.4	-23.3	-29.4	-23.9	-4.5
Real Estate	1.4	2.4	10.1	11.1	6.6
Technology	-2.1	5.2	17.0	10.7	8.3
Utilities	-0.1	-9.9	7.6	7.9	6.5
S&P 500	-1.7	1.3	15.0	12.5	7.3
S&P MidCap 400	-4.2	-2.2	12.8	10.7	8.2
Russell 2000	-5.0	-4.5	11.6	9.2	6.8
Diversified Pacific/Asia	-0.2	1.4	5.2	3.2	3.9
Diversified Emerging Mkts	-2.5	-13.8	-5.7	-4.4	3.2
Europe Stock	-1.9	1.7	6.2	4.8	4.5
Foreign Large Blend	-1.9	-1.6	3.7	2.6	2.8
Foreign Large Growth	-1.6	1.0	4.9	3.8	3.9
Foreign Large Value	-2.1	-3.1	3.0	2.2	1.8
Foreign Small/Mid Growth	0.0	7.1	8.8	6.2	5.7
Foreign Small/Mid Value	-0.5	2.3	6.4	3.6	4.0
World Stock	-2.0	-1.7	8.3	6.5	5.0
MSCI World	-1.8	-0.9	9.6	7.6	5.0
MSCI Emerging Markets	-3.8	-16.2	-8.1	-5.6	2.8
MSCI EAFE	-2.3	-1.0	4.1	3.3	2.8
MSCI Europe	-2.6	-2.8	4.5	3.9	3.4
MSCI Latin America	-4.7	-32.9	-21.6	-16.9	-1.6
MSCI Pacific	0.9	3.0	5.8	3.2	2.4
High Yield Bond	-2.3	-4.0	1.3	4.1	5.6
Inflation-Protected Bond	-0.9	-2.4	-2.8	1.6	3.0
Intermediate-Term Bond	-0.6	-0.3	1.2	3.2	4.2
Muni National Long	0.8	3.1	2.9	5.7	4.2
World Bond	-0.5	-4.0	-1.5	1.3	3.9
BarCap US Agg Bond TR USD	-0.2	0.5	1.4	3.1	4.3
BofAML US HY Master II TR	-2.6	-4.6	1.6	4.8	6.8
BarCap Municipal TR USD	0.7	3.3	3.2	5.3	4.7

T. Rowe Price Blue Chip Growth Enjoyed a Strong 2015

Leaders & Laggards | Robert Goldsborough

Ten Best-Performing Funds

Fund Name	YTD Cat Rank %
ASTON/Montag & Caldwell B	1
Brown Capital Mgmt Small Clipper	1
Fidelity Overseas	1
Fidelity Small Cap Stock	1
Oppenheimer Global Opport	1
T. Rowe Price Capital App	1
T. Rowe Price Global Tech	1
T. Rowe Price Media & Tel	1
Vanguard Inter-Term Inv	1

Ten Worst-Performing Funds

Fund Name	YTD Cat Rank %
Longleaf Partners	100
Royce Special Equity Mult	99
ASTON/TAMRO Small Cap N	98
Delafield Fund	98
Dodge & Cox International	98
GoodHaven	98
Loomis Sayles Investment	98
RiverPark/Wedgewood Retai	98
Sequoia	98
FPA Capital	97

Leaders

T. Rowe Price Blue Chip Growth TRBCX

This fund has continued to thrive. Longtime manager Larry Puglia led the fund to an 11.2% return in 2015, which bested 97% of its large-growth peers. Among Puglia's biggest gainers were longtime holding and top position **Amazon.com** AMZN, **Netflix** NFLX, **Alphabet** GOOGL, **Starbucks** SBUX, and **Facebook** FB. That was more than enough to offset a top-20 position in **Valeant Pharmaceuticals** VRX.

PIMCO Income PONAX

This fund's 1.8% return in 2015 topped 95% of funds in the multisector-bond Morningstar Category. The fund, which has a Morningstar Analyst Rating of Silver, is capably run by Dan Ivascyn and his co-manager, Alfred Murata. They have delivered strong longer-term returns and meaningful income without returning capital. In 2015, a long U.S. dollar bias, particularly relative to the euro and the yen, helped performance, as did emerging-markets debt and securitized credit, particularly in nonagency mortgage-backed securities.

American Funds New World NEWFX

This conservatively managed fund outperformed 95% of emerging-markets funds, but it still lost nearly 6%. The fund's managers outperformed peers through strong stock selection in 2015, including in firms such as China-based online travel firm **Ctrip.com** CTRP, Danish pharmaceutical firm Novo Nordisk **NONOF**, Alphabet **GOOGL**, and South African Internet firm Naspers **NPN**. In addition to emerging markets, the fund long has invested in developed-country stocks, which helps to damp volatility.

Laggards

Aston/TAMRO Small Cap ATASX

This fund trailed 98% of its small-growth peers in 2015, producing a nearly 11% loss in the process. Its biggest losers in 2015 included **Iconix Brand Group** ICON, **United Natural Foods** UNFI, **Clovis Oncology** CLVS, **Interactive Intelligence** ININ, and **Cepheid** CPHD, all of which lost more than 30%. Despite the fund's recent weakness, it retains an Analyst Rating of Silver; the fund has posted terrific performance since its inception and has a history of bouncing back from short-term slumps. As such, this fund still looks like a solid small-cap option.

Dodge & Cox International Stock DODFX

A year after top-decile performance in the foreign large-blend category helped its managers capture the Morningstar International-Stock Fund Manager of the Year award for 2014, this fund lost more than 11% in 2015 and lagged 98% of its peers. The fund's meaningful emerging-markets stake relative to its category contributed to its underperformance in 2015, as did some particularly weak large holdings, including **Petrobras** PBR.A (down 55% in 2015), **Standard Chartered** STAN (down 34%), **Hewlett-Packard** HPO (down 31.5%), **Royal Dutch Shell** RDS.A (down 26%), and **Tyco** TYC (down 25.5%). Now closed, the fund has a strong long-term track record, as well as a low expense ratio and relatively light trading costs. It also has higher-than-average volatility.

Loomis Sayles Bond Retail LSBRX

This fund trailed 93% of its multisector-bond peers in 2015, shedding 7%. Its underperformance was the result of a meaningful stake in non-U.S.-dollar-denominated debt as the U.S. dollar strengthened, as well as out-of-benchmark allocations in high-yield industrials and convertibles. With a contrarian approach and a bargain-hunting, corporate-heavy strategy, this fund can require patience and can deliver a bumpy ride. However, it has an experienced, well-resourced team and has produced a topnotch long-term record, making it a strong choice in its category. **III**

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Fund Manager Changes

Fidelity Small Cap Discovery FSCRX Impact: Neutral Date: 03/14/2016

Chuck Myers will take a six-month leave of absence. Derek Jansen will fill in while he is gone. Jansen runs Fidelity Small Cap Value FCPVX, where he worked with Myers before replacing him there. **Our Take:** For a low-turnover fund, we don't see much risk in Myers taking six months off. We will watch closely, though, to be sure he comes back on time. Usually managers come back after leaves of absence and pick up right where they left off, but occasionally they decide not to come back.

Janus High-Yield JAHYX and Janus Flexible Bond JAFIX Impact: Negative Date: 03/31/2016

Gibson Smith is leaving Janus. Comanager Darrell Waters will take over as lead manager. **Our Take:** We have placed the funds under review as this is a big blow to two appealing funds. Smith built up Janus' bond effort over the past 12 years and was vital to the team.

MainStay ICAP International ICEUX Impact: Negative Date: 09/30/2016

Lead manager Jerry Senser will retire at the end of September 2016. The firm named Tom Cole co-chief investment officer and said Matthew Swanson will step down to focus on U.S. strategies. **Our Take:** Senser has led ICAP since Rob Lyons' death in 2007. We've lowered our rating to **Neutral** from **Bronze**.

Matthews Pacific Tiger MAPTX Impact: Negative Date: 09/09/2015

Comanager In-Bok Song left to work as an analyst at Thornburg. This follows Richard Gao's departure in July 2015. **Our Take:** Although Song was not the lead, her departure along with Gao's led us to lower the fund's rating to **Silver**. As the rating implies, we still think the fund is in good hands. Sharat Shroff has experience and a track record at Matthews that inspires confidence. The fund recently reopened because of outflows seen at most Asia funds.

Thornburg International Value Impact: Negative Date: 12/31/2016

Wendy Trevisani gave up her comanager duties on the fund in April 2014 and left the firm in early 2015. Bill Fries will give up his comanager position on this fund at the end of 2016. Lei Wang is staying put, and he now has 10 years of experience as a comanager here as well as two decades of investment experience overall. Di Zhou, who became a comanager on this fund on Dec. 8, 2015, has spent 13 years in the investment field, including 14 months as an associate manager here. **Our Take:** Two thirds of the three-person team that owns this fund's long-term record will be gone at the end of 2016, so we have lowered our Morningstar Analyst Rating to Neutral.

Vanguard Energy VGENX Impact: Negative Date: 06/01/2016

Lead manager Karl Bandtel of Wellington Management will retire. Vanguard named Greg LeBlanc, also of Wellington, comanager of the fund and said he will become the lead manager when Bandtel retires. **Our Take:** Bandtel has a strong track record, so he will be missed. The fund is Under Review.

Vanguard Windsor II VWNFX Impact: Negative Date: 01/01/2016

Longtime lead manager James Barrow will retire. Comanagers Jeff Fahrenbruch and David Ganuchau will replace him. The two have been comanagers since 2013, and eight years ago Vanguard had said they would eventually succeed Barrow. Barrow will continue to manage Vanguard Selected Value VASVX. **Our Take:** We knew Barrow would retire in the relatively near future, so this is not a surprise. Still, Barrow's outstanding record makes this a real loss. His replacements are seasoned but do not have long track records of their own. We have lowered our rating to **Bronze** from **Silver**.

Wasatch Small Cap Growth WAAEX Impact: Neutral Date: 02/01/2016

Jeff Cardon will step down as lead portfolio manager of this fund and CEO of Wasatch Advisors. He will remain a comanager on the fund. J.B. Taylor will take over Cardon's role as both CEO and lead manager on the fund at that time. **Our Take:** This looks like a gradual evolution. We are maintaining our **Gold** rating but will watch closely to see how involved Cardon is. On the plus side, Taylor has a strong record, too.

Fund News

Third Avenue Bond Fund in Liquidity Crunch

Third Avenue took the extraordinary step of preventing redemptions or purchases in its Focused Credit Fund. The firm said it was unable to meet growing redemptions because it held some illiquid low-quality energy bonds. The fund lost 30% in 2015 as its emphasis on low-quality energy bonds hurt it badly. That figure compares with a much more modest 4% loss for the typical high-yield fund in 2015.

The news put high-yield funds under pressure, but we don't expect that many other high-yield funds will face such a severe liquidity crunch. The Third Avenue fund had much greater issue concentration, much more in unrated bonds, and much more in very low-quality bonds than is typical for a high-yield fund. A prolonged oil-price slump will put pressure on all high-yield funds, but we don't see any of the bigger mainstream high-yield funds as being in the same boat.

Third Avenue's move did have some immediate fallout:

- The SEC stepped in to review the situation, and it insisted that Third Avenue continue to quote a daily net asset value on its fund. (Third Avenue had stopped quoting a NAV as part of its plan to gradually liquidate the portfolio.)
- Third Avenue parted ways with CEO David Barse, who played a key role in launching the fund.
- Morningstar downgraded Third Avenue's Parent rating to Negative from Neutral.
- Morningstar downgraded **Third Avenue Real Estate Value TAREX** to Silver from Gold.
- Morningstar downgraded **Fairholme Focused Fund FOCIX** to Neutral from Bronze because of concerns about the concentration of the portfolio. The fund is not under any redemption pressure at the moment, however, and actually had strong returns in 2015.

The Year in Bond Funds

Senior analyst Sarah Bush filed this report on bond funds in 2015: After a banner year for the investment-grade U.S. bond market in 2014, 2015 yielded decidedly anemic results. The Barclays U.S. Aggregate Bond Index gained just 0.55% in 2015. That flat return obscured a fair amount of volatility in the broader bond markets, however, and many Morningstar Categories fared far worse. Notably, the high-yield bond category, down 4.1% for the year, was on pace to suffer its first annual loss since 2008.

Here, we look at the biggest bond fund stories of 2015:

Fed Watch

All eyes were on the Fed in 2015 as it approached its first planned rate hike since 2006. The Fed finally delivered after its Dec. 16 meeting, raising its target federal-funds rate by 25 basis points.

The Fed only directly controls short-term rates, however, and history suggests that what happens to the rest of the bond market in the wake of a fed-funds shift depends on a number of other factors. Since the end of 2014, other short-term rates have risen noticeably in line with market expectations of a rate hike, but long-term bond yields are close to where they started the year. As a result, while funds in the rate-sensitive intermediate-term government category have seen only meager returns in 2015, most of its funds finished the year in the black.

Energy-Driven Rout in the High-Yield Markets

How a manager approached the energy sectors turned out to be a big driver of success or weakness over the course of the year. **Franklin High Income** FHAIX, **American Funds American High-Income** AHITX, and **Western Asset High Yield** WAHYX all faced substantial losses, thanks in part to struggles in their energy and commodity-related holdings. Meanwhile, outside of those hard-hit sectors, losses were far more moderate. Indeed, the funds that fared the best focused on higher-quality fare and/or sidestepped the hardest-hit sectors. **Vanguard High-Yield Corporate** VVEHX, long one of the category's most conservative funds with its focus on the higher-rated tiers of the junk market, held up relatively well.

Another winner, somewhat surprisingly, was **Fidelity Capital & Income** FAGIX. Although the fund has historically been one of the high-yield category's most aggressive entrants, it avoided the worst through the help of manager Mark Notkin's decision to lighten up on the lowest-rated credits and to run the fund with a significant underweighting to energy.

A Strong Dollar Dominates

The other way for bond funds to lose money in 2015 was via the currency markets. The U.S. dollar logged big gains against both developed-markets—including the euro and Canadian dollar—and emerging-markets currencies. Brazil's government debt was downgraded to junk status amid continued fiscal woes, and the Brazilian real was one of the world's worst-performing currencies.

So, while funds fully hedged back to the U.S. dollar, such as **PIMCO Foreign Bond (USD-Hedged)** PFORX, held in relatively well, those with large foreign-currency exposures suffered. Indeed, one of the worst-performing funds in the category was the unhedged version of **PIMCO Foreign Bond (Unhedged)** PFUIX. Funds with large exposures to emerging-markets currencies also had a particularly rough year: **Legg Mason Brandywine Global Opportunities Bond** GOBIX, which featured a sizable allocation, including to the Mexican peso, tumbled 8.6% in 2015.

A Hard Benchmark to Beat

For the second year running, the Barclays U.S. Aggregate Bond Index proved a worthy adversary. The broad fixed-income benchmark's 0.55% gain landed it well ahead of the 0.2% return for the median fund in the intermediate-term bond category.

The winners among that group in 2015 included **DoubleLine Total Return Bond** DBLTX and **TCW Total Return Bond** TGLMX, both of which have large stakes in agency and nonagency mortgages. Meanwhile, the team behind **Western Asset Core Bond** WATFX and **Western Asset Core Plus Bond** WACPX acquitted itself well with carefully timed adjustments to duration and yield-curve positioning; a modest allocation to nonagency mortgages also helped. ■■

Transitioning From Growth to Retirement Income

Portfolio Matters | Christine Benz

Norm, a 65-year-old corporate finance professional, says he has already started “the wind-down toward retirement.” While he spent most of his career as an executive, he switched to a lower-paying position in client services for a small firm a few years back.

He says his current job is less stressful, but he’s still looking forward to retirement within the next few years.

His wife, Peggy, a 61-year-old math teacher, won’t be far behind him. The pair would like to enjoy retirement together. Peggy looks forward to being able to spend more time gardening, and Norm plans to continue to work part-time, “mostly to keep active.”

Their pensions will supply part of their retirement income as will Norm’s Social Security benefits and income from his part-time job. The couple will also be relying on their \$1.2 million portfolio for a portion of their income, and that’s what drove their request for a makeover. Their portfolio features a number of Morningstar’s favorite funds, including **Oakmark International OAKIX** and **Fidelity Small Cap Discovery FSCRX**, but they wonder whether their impending retirements necessitate a new portfolio mix. “We need to know how to convert our investments into those that produce more income,” Norm wrote.

Before Portfolio

Holding	Market Value	Weight
Peggy’s 403(b): American Funds AMCAP AMCPX	\$113,867	10.23%
Peggy’s 403(b): American Funds Capital World Bond CWBFX	\$46,447	4.17%
Peggy’s 403(b): American Funds Capital World Growth&Inc CWGIX	\$83,562	7.51%
Peggy’s 403(b): American Funds Income Fund of America AMECX	\$25,036	2.25%
Peggy’s 403(b): American Funds InterTerm Bond Fund AIBAX	\$21,020	1.89%
Peggy’s Traditional IRA: Fidelity Puritan FPURX	\$96,272	8.65%
Peggy’s Traditional IRA: Fidelity Select Medical Equipment FSMEX	\$41,825	3.76%
Peggy’s Roth IRA: Janus Global Life Sciences JAGLX	\$16,620	1.49%
Peggy’s Roth IRA: Janus Global Technology JAGTX	\$32,406	2.91%
Peggy’s Roth IRA: Janus Flexible Bond Fund JAFIX	\$21,198	1.90%
Peggy’s Roth IRA: Cash	\$135	0.01%
Norm’s 401(k): BBH Core Select BBTEX	\$37,439	3.36%
Norm’s 401(k): Cash	\$2,310	0.21%
Norm’s 401(k): Fidelity GNMA FGMNX	\$46,771	4.20%
Norm’s 401(k): Fidelity Mega Cap Stock FGRTX	\$10,405	0.93%
Norm’s 401(k): Fidelity Select Pharmaceuticals FPHAX	\$27,710	2.49%
Norm’s 401(k): Fidelity Small Cap Discovery FSCRX	\$8,707	0.78%
Norm’s 401(k): Fidelity Floating Rate FFRHX	\$9,798	0.88%
Norm’s 401(k): Fidelity New Markets Income FNMIX	\$31,654	2.84%
Norm’s 401(k): iShares Gold Trust IAU	\$13,409	1.20%
Norm’s 401(k): Oakmark International OAKIX	\$33,202	2.98%
Norm’s 401(k): RiverPark Long/Short Opportunity RLSFX	\$32,085	2.88%
Norm’s 401(k): American Balanced ABALX	\$11,201	1.01%
Norm’s Traditional IRA: TIAA-CREF Social Choice Equity TICRX	\$39,835	3.58%
Norm’s Traditional IRA: TIAA-CREF Traditional Annuity	\$225,008	20.21%
Norm’s Roth IRA: Janus Balanced JBALX	\$47,929	4.31%
Norm’s Roth IRA: Janus Triton JATTX	\$22,985	2.06%
Norm’s Roth IRA: Perkins Mid Cap Value JMCVX	\$14,361	1.29%
	\$1,113,197	100.00%

The Before Portfolio

Norm and Peggy hold their assets in a few separate silos. Both have company retirement plans—Peggy’s a 403(b) (a defined-contribution plan for educators and certain not-for-profit workers) and Norm’s a 401(k). In addition, they each have IRA assets, both Traditional and Roth. Their taxable portfolio—not included here—is a small portion of their overall portfolio.

Norm and Peggy’s stock/bond portfolio is about two thirds stocks, with the rest in bonds and cash. In addition, Norm’s IRA portfolio includes a \$225,000 position in TIAA-CREF Traditional, an annuity. When I count the annuity as part of Norm and Peggy’s cash/fixed-income allocation, their portfolio mix shifts to about 55% stock with the remainder in cash, bonds, and the annuity. Peggy’s portion of the portfolio is more aggressively positioned than Norm’s, with more than 70% in stocks.

While their aggregate portfolio’s asset allocation is reasonable, especially because pensions and Social Security will supply a healthy percentage of this couple’s in-retirement cash flows, their portfolio’s intra-asset-class positioning is idiosyncratic.

After Portfolio

Holding	Market Value	Weight
Peggy's 403(b): American Funds Capital World Bond CWBFX	\$25,000	2.25%
Peggy's 403(b): American Funds Capital World Growth&Inc CWGIX	\$120,000	10.78%
Peggy's 403(b): American Funds Income Fund of America AMECX	\$75,000	6.74%
Peggy's 403(b): American Funds AMCAP AMCPX	\$69,932	6.28%
Peggy's Traditional IRA: Fidelity Short-Term Bond FSHBX	\$38,097	3.42%
Peggy's Traditional IRA: Fidelity Total Bond FTBFX	\$75,000	6.74%
Peggy's Traditional IRA: Fidelity Strategic Real Return FSRRX	\$25,000	2.25%
Peggy's Roth IRA: Fidelity Spartan Total Market Index Adv FSTVX	\$50,000	4.49%
Peggy's Roth IRA: Fidelity Spartan Global ex-US Index Adv FSGDX	\$20,359	1.83%
Norm's 401(k): BBH Core Select BBTEX	\$65,000	5.84%
Norm's 401(k): Fidelity Total Bond FTBFX	\$75,000	6.74%
Norm's 401(k): Fidelity Small Cap Discovery FSCRX	\$35,000	3.14%
Norm's 401(k): Fidelity Floating Rate FFRHX	\$14,691	1.32%
Norm's 401(k): Fidelity New Markets Income FNMIX	\$25,000	2.25%
Norm's 401(k): Oakmark International OAKIX	\$50,000	4.49%
Norm's Traditional IRA: TIAA-CREF Social Choice Equity TICRX	\$39,835	3.58%
Norm's Traditional IRA: TIAA-CREF Traditional Annuity	\$225,008	20.21%
Norm's Roth IRA: Fidelity Spartan Total Market Index FSTVX	\$55,275	4.97%
Norm's Roth IRA: Fidelity Spartan Global ex-US Index FSGDX	\$30,000	2.69%
	\$1,113,197	100.00%

Their total portfolio is listing toward the growth side of the Morningstar Style Box, with 43% of assets landing there. Healthcare stocks are a big overweighting.

The After Portfolio

Norm and Peggy estimate that they'll need about \$10,500 per month to maintain their current standard of living in retirement, and various fixed sources of income will step in to supply a healthy share of that cash flow. Peggy will earn roughly \$3,000 a month from her pension, while Norm's pension will kick in another \$1,500 per month. Norm's Social Security will contribute another \$2,600 per month in cash flow, provided he waits until his full retirement age to file for benefits. Thus, the two pensions and Social Security will supply roughly \$7,100 of their desired monthly income in retirement. Norm's annuity will supply an additional component of income when he annuitizes, and his part-time job will kick in an additional income component as long as he continues working.

They'll need to draw their additional cash requirements from their portfolio, so my aim for the "after"

portfolio was to reduce its risk level without forsaking growth. My "after" portfolio brings more balance to their equity stake by boosting their position in high-quality, dividend-paying equities. The "after" portfolio also includes more stand-alone, plain-vanilla bond positions, because part of the fixed-income exposure in their "before" portfolio is embedded in balanced and other multiasset funds. Maintaining distinct bond and stock positions will allow them to use rebalancing to shake out additional cash.

Because I'm anticipating that Peggy will roll her 403(b) into her Traditional IRA upon retirement, I positioned the two accounts as one from an asset-allocation standpoint. Thus, I focused her American Funds 403(b) largely on equity and allocation funds—which tend to be better options in the firm's lineup—while down-playing bonds. Meanwhile, I boosted bonds in her Traditional IRA, employing standout core bond funds from Fidelity as well as **Fidelity Strategic Real Return FSRRX**, an all-in-one inflation hedge. I looked to her Roth IRA to deliver straight-ahead equity exposure, both domestic and foreign, because her time horizon for that piece of the portfolio will be longer.

Norm's 401(k), meanwhile, includes a number of fine holdings, all of them actively managed. Because many of the 401(k) options are closed to new investors, it's not a given that Norm would roll over his 401(k) into an IRA upon retirement. I retained many of Norm's original 401(k) holdings in my "after" portfolio, but I jettisoned some of the most specialized, including **Fidelity Mega Cap Stock FGRTX** and **Fidelity Select Pharmaceuticals FPHAX**. My most significant change in the 401(k) was to replace **Fidelity GNMA FGMNX**—a fine holding in its own right—with **Fidelity Total Bond FTBFX**, which provides better-diversified core fixed-income exposure.

Because so much of Norm's 401(k) is idiosyncratic, I aimed to smooth out its risks by employing index funds in his IRA. As with Peggy's Roth, broad-market index funds, both U.S. and foreign, deliver well-diversified equity exposure at a very low cost. ■■

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Top-Performing Medalists of 2015

Tracking Morningstar Analyst Ratings | Russel Kinnel

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

It was a wild and rather rough year for investing. But some funds fared quite well. Let's take a look at the Morningstar Medalists that had returns in the top two percentiles of their respective categories for 2015. Our Morningstar Analyst Ratings are geared toward the long term, but they certainly do not preclude medalists from having an outstanding year every now and then, and when they do, it's worth understanding why. All told, nine medalists in the Morningstar 500 had returns that landed in the top 2% of their peers. Five medalists had bottom 2% performance, and you can see my take on them on mfi.morningstar.com.

Brown Capital Management Small Company BCSIX returned 8.8% to finish in the top percentile of small-growth funds. The Gold fund reeled off some huge gainers in healthcare and technology. **Cantel Medical** CMN, **Tyler Technologies** TYL, and **Manhattan Associates** MANH gained more than 40% in 2015.

Fidelity Overseas FOSFX returned 8.3% for a top-percentile finish in the foreign large-blend Morningstar Category. We upgraded the fund to Bronze in January 2015 because we had been impressed by Vincent Montemaggiore's Buffett-esque approach to value. Over four years at the fund he has nearly tripled the returns of the MSCI ACWI ex USA Index, thanks to an array of steady names with Morningstar Economic Moat Ratings of wide, such as **Anheuser-Busch Inbev** ABI and **Sanofi** SAN. That kind of outperformance won't last, but the fund's \$5 billion asset base gives Montemaggiore room to grow.

Gold-rated **T. Rowe Price Capital Appreciation** PRWCX probably can't keep up its amazing run, but you've got to hand it to David Giroux. In 2015, the fund gained 5.4% to finish in the top percentile of its category. He hit on a wide array of winners, including **Fiserv** FISV and **AutoZone** AZO, in 2015.

Vanguard Intermediate-Term Investment-Grade VFICX returned 1.5%—tops in the corporate-bond category. The Silver-rated fund consistently takes on less credit and interest-rate risk than its peers, and that was a good thing in 2015.

Gold-rated **Vanguard Wellesley Income** VWINX was the rare conservative-allocation fund to stay in positive territory thanks to its cautious credit positioning. Many funds in the category have high-yield debt in order to boost their payout, but this fund's rock-bottom fees allow for a competitive yield while steering clear of junk.

Morgan Stanley Institutional Growth MSEGX posted a robust 11.5% return to finish in the top 3% in 2015. Growth managers have summarized 2015 as being all about FANGs, and this Gold-rated fund had all four stocks in that acronym: **Facebook** FB, **Amazon.com** AMZN, **Netflix** NFLX, and **Google** GOOG (now **Alphabet**). Of course, any fund with all four is quite aggressive.

Silver-rated **Conestoga Small Cap** CCASX returned 8% to land in the top 2% following a dreadful 2014 in which it finished in the bottom 4% of its category. That's a reminder of the value of sticking with a good fund that's had a bad year. The fund has 40% of assets in tech stocks, and it had a wide array of winners in that sector.

Bronze-rated **Clipper** CFIMX is another fund on the rebound, though it is rebounding from a much longer slump. The fund gained 6.4% to land in the top 1% of the large-blend peer group. Insurer **Markel** MKL and Amazon led the way for this fund. This is another win for those influenced by Warren Buffett.

Fidelity Small Cap Stock FSLCX just posted its second strong year following four bad years. Manager Lionel Harris emphasizes high-quality measures such as robust margins, stable businesses, and minimal debt. That has helped the Bronze-rated fund to play defense of late, though it did have one huge winner in **Coca-Cola Bottling** COKE, which doubled in 2015. ■■

Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	74.37	38.03	77.72	38.91	74.98	35.54
Taxable Bond	69.98	42.50	59.34	37.09	39.13	17.99
International Stock	64.72	41.26	63.16	38.78	62.02	43.03
Municipal Bond	64.52	40.32	41.41	15.52	64.75	26.09
Balanced	88.99	53.53	86.91	51.81	83.76	68.79

Data through Dec. 31, 2015. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

Top-Performing Medalists

Fidelity Overseas FOSFX



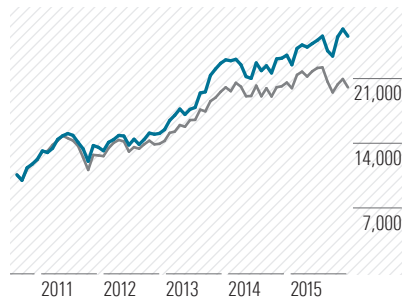
Fund Return %	Category Return %
43.42	28.78
★★★★★	🥉 Bronze
Process	➕ Positive
Performance	➕ Positive
People	○ Neutral
Parent	➕ Positive
Price	➕ Positive

T. Rowe Price Capital Appreciation PRWCX



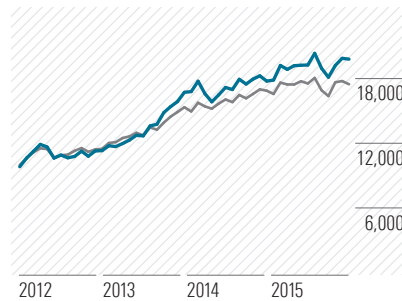
Fund Return %	Category Return %
127.02	57.39
★★★★★	🏆 Gold
Process	➕ Positive
Performance	➕ Positive
People	➕ Positive
Parent	➕ Positive
Price	➕ Positive

Brown Capital Mgmt Small Co Inv BCSIX



Fund Return %	Category Return %
155.22	99.91
★★★★★	🏆 Gold
Process	➕ Positive
Performance	➕ Positive
People	➕ Positive
Parent	➕ Positive
Price	○ Neutral

Morgan Stanley Inst Growth A MSEGX



Fund Return %	Category Return %
97.14	73.85
★★★★★	🏆 Gold
Process	➕ Positive
Performance	➕ Positive
People	➕ Positive
Parent	○ Neutral
Price	➕ Positive

Vanguard Wellesley Income Inv VWINX



Fund Return %	Category Return %
125.20	67.70
★★★★★	🏆 Gold
Process	➕ Positive
Performance	➕ Positive
People	➕ Positive
Parent	➕ Positive
Price	➕ Positive

Vanguard Inter-Term Invmt-Grade Inv VFICX



Fund Return %	Category Return %
68.15	66.35
★★★★★	🥈 Silver
Process	○ Neutral
Performance	○ Neutral
People	➕ Positive
Parent	➕ Positive
Price	➕ Positive

High Yield Faces Challenges but Isn't in Third Avenue's Shoes

Income Strategist | Sarah Bush

Third Avenue Management shuttered its Third Avenue Focused Credit fund in early December 2015. That fund was atypical in that it employed a high-risk strategy focused on distressed debt, but the story definitely spooked the market. Losses across the broader high-yield bond Morningstar Category, however, were not severe. The average fund in the category fell 2.4% during December. That said, it was still a rough year overall for the junk market, with the most pain coming from energy and commodity-related sectors, which have been hit hard by a slide in oil and an economic slowdown in China. The average loss for the category was 4.1% for the year, while some funds suffered much more.

How likely is it that other high-yield funds will follow in Third Avenue Focused Credit's footsteps?

Not likely. Most high-yield funds have far less risky portfolios than Third Avenue Focused Credit. That fund's large cadre of distressed names made it one of the riskiest high-yield funds around. The portfolio held a big allocation to the lowest-quality tiers of the junk market and a sizable stake in issues without ratings, and it was concentrated. As of July 2015, close to half of the fund was in bonds rated below B and another 40% in nonrated fare. By contrast, the median allocation to below-B rated debt in the high-yield category is just 12%, and most funds hold little nonrated debt. (Firms often classify equities as nonrated, explaining the large nonrated stake reported by funds such as Silver-rated **Fidelity Capital & Income** FAGIX.) The Third Avenue fund was also unusually concentrated, with a 5% position in its largest name, the troubled **Clear Channel Communications** (now **iHeartMedia** IHRT), and only around 60 positions overall. Most high-yield funds are more diversified and focus on less risky credits.

What are the signs of outsized credit or liquidity risk?

There are several telltale signs, such as large stakes in the lowest-quality bonds, especially if they're concentrated in individual names or sectors. Nonrated bonds make up only a tiny part of the market, while bonds rated CCC or below account for 13% of the Bank of America Merrill US High Yield Master II Index. Those issues can be difficult to sell in stressed markets and are more susceptible to permanent capital losses. Another sign of risk is a yield that well exceeds market norms, as it can denote outsized credit or liquidity risk. Finally, shareholder concentration or volatile flows can leave a fund vulnerable to a large redemption request at a highly inopportune time, raising the risk that a manager will have to sell quickly, driving down prices in the process.

What should a high-yield investor do?

It is important to take a long-term perspective when investing in junk bonds. Given the sector's higher correlation to stocks, investors should view high-yield bonds as long-term tools for income generation but not as safe-haven assets. For those uncomfortable with the sector's risk profile, it is probably best to steer clear. Morningstar's Christine Benz points out that many institutional asset-allocation experts skip high-yield bonds altogether and argue they don't add anything to a portfolio that one can't get from standard stock and bond allocations.

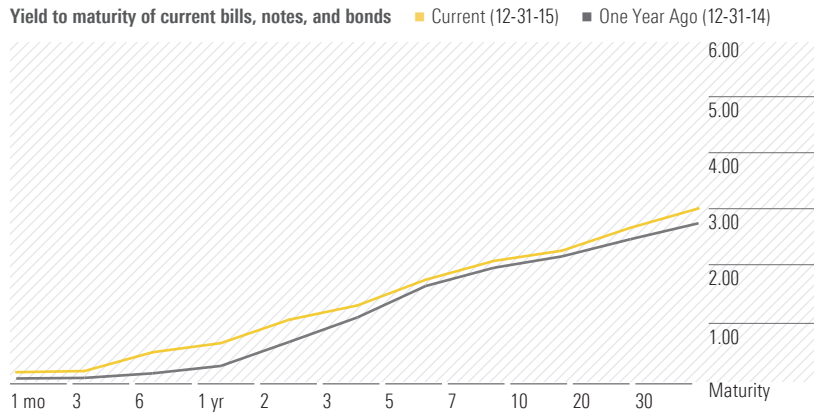
For those who do invest in high yield, what are the key considerations?

Look for well-resourced managers with proven track records who don't reach for yield. When Morningstar analysts evaluate high-yield funds, we favor managers who have demonstrated bond-picking skills through a variety of different market environments. Because success in high yield is driven in large part by security selection and avoiding permanent capital losses following defaults, the size and experience of a firm's analyst staff is also important. ■■■

Contact Sarah Bush at sarah.bush@morningstar.com

Bond-Market Snapshot

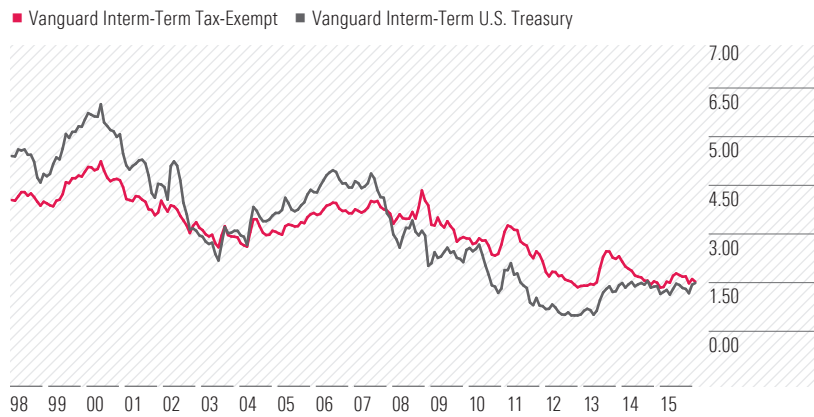
Treasury Yield Curve (%)



Interest-Rate Review

Following the Fed's December interest-rate hike, the yield curve shifted upward with movement most pronounced between the one- and five-year maturities. U.S. Treasury Inflation-Protected Securities fell 0.79% for the month. For all of 2015, municipals were strong performers. The Barclays Municipal Index was up 3.3% for the year, and the long-end of the muni market as measured by the Barclays Muni 22+ Index shone even brighter with a 4.52% gain. On the other hand, emerging markets and taxable high-yield were the weakest spots in 2015. The Bank of America High Yield Master II Index lost 4.64% in 2015, and local-currency emerging-markets debt continued to take a pounding, ending the year at a 17% loss.

Treasury and Municipal-Bond Yields

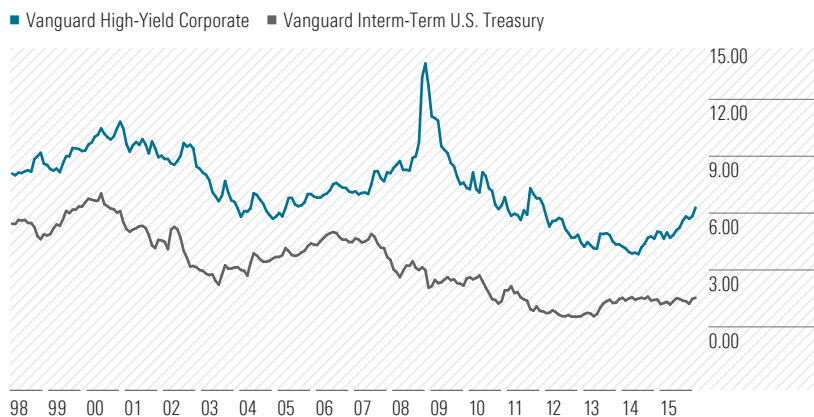


Municipal-Bond Spread Snapshot

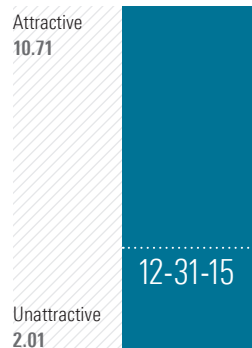


Dec. 31, 2015	-0.04
High	1.73
Low	-1.83
Average	0.09
Last Month (11-30-15)	-0.17
A Year Ago (12-31-14)	-0.10

High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Dec. 31, 2015	4.68
High	10.71
Low	2.01
Average	4.00
Last Month (11-30-15)	4.28
A Year Ago (12-31-14)	3.52

Data as of Dec. 31, 2015. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

A Year's Worth of Ratings Changes

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds. Use the list to get new investment ideas and track the funds you already own.

FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

We've made plenty of rating changes over the course of 2015. In order to make sure you haven't missed any, I've collected all the changes from the year in the table below. Normally, I show the prior month's rating, but this time I will show year-end 2014 ratings alongside the current rating. ■■■

Summary of Changes

Rating Change (Upgrade)	From	To
T. Rowe Price High Yield	Silver	Gold
T. Rowe Price Summit Municipal Intm	Silver	Gold
Vanguard Long-Term Investment-Grade	Bronze	Silver
Vanguard High-Yield Corporate	Bronze	Silver
T. Rowe Price Diversified Sm Cap Growth	Bronze	Silver
T. Rowe Price New Horizons	Bronze	Silver
T. Rowe Price International Discovery	Bronze	Silver
American Beacon Small Cp Val	Neutral	Bronze
Fidelity Diversified International	Neutral	Bronze
Fidelity Overseas	Neutral	Bronze
T. Rowe Price New America Growth	Neutral	Bronze

Rating Change (Under Review)	From	To
Franklin Income	Bronze	Under Review
Janus High-Yield	Bronze	Under Review
Columbia Acorn International Select	Silver	Under Review
Janus Flexible Bond	Silver	Under Review
Janus Balanced	Silver	Under Review

New Ratings	To
Meridian Small Cap Growth	Bronze
Harbor Mid Cap Value	Bronze
Vanguard Global Equity	Bronze
Fidelity Spartan US Bond Idx	Bronze
Fidelity Balanced	Bronze
USAA Tax Exempt Intermediate-Term	Bronze
Vanguard Global Minimum Volatility	Bronze
Vanguard Dividend Appreciation Idx	Gold
T. Rowe Price Tax-Free Shrt-Interm	Gold
T. Rowe Price Tax-Free Income	Gold
Royce Pennsylvania Mutual	Neutral
Eventide Gilead	Neutral
Broadview Opportunity	Silver
Mairs & Power Small Cap	Silver
Vanguard High Dividend Yield Index	Silver

Rating Change (Downgrade)	From	To
GoodHaven	Bronze	Neutral
Appleseed	Bronze	Neutral
Longleaf Partners International	Bronze	Neutral
Osterweis	Bronze	Neutral
First Eagle US Value	Bronze	Neutral
MainStay ICAP International	Bronze	Neutral
Buffalo Small Cap	Bronze	Neutral
American Funds Capital World Bond	Bronze	Neutral
MainStay ICAP Select Equity	Bronze	Neutral
Fairholme Focused Income	Bronze	Neutral
Columbia Acorn USA	Bronze	Neutral
MainStay ICAP Equity	Bronze	Neutral
Buffalo Mid Cap	Bronze	Neutral
Thornburg International Value	Bronze	Neutral
Oppenheimer Global Opportunities	Bronze	Neutral
Manning & Napier World Opportunities	Gold	Bronze
Manning & Napier Pro-Blend Extn Term	Gold	Bronze
Manning & Napier Equity	Gold	Bronze
Manning & Napier Pro-Blend Mod Term	Gold	Bronze
Manning & Napier Pro-Blend Cnsv Term	Gold	Bronze
Vanguard Convertible Securities	Gold	Bronze
Vanguard Energy	Gold	Neutral
Artisan Mid Cap Value	Gold	Silver
Weitz Partners Value	Gold	Silver
Third Avenue Real Estate Value	Gold	Silver
Fidelity Spartan Extended Mkt Index	Gold	Silver
Matthews Pacific Tiger	Gold	Silver
DFA Emerging Markets Value	Silver	Bronze
FPA Capital	Silver	Bronze
PIMCO Emerging Local Bond	Silver	Bronze
Artisan Small Cap Value	Silver	Bronze
PIMCO All Asset All Authority	Silver	Bronze
Royce Premier	Silver	Bronze
Artisan Value	Silver	Bronze
Fidelity Leveraged Company Stock	Silver	Bronze
Loomis Sayles Global Bond	Silver	Bronze
Perkins Mid Cap Value	Silver	Bronze
First Eagle Fund of America	Silver	Bronze
Vanguard Windsor II	Silver	Bronze
Dreyfus Appreciation Investor	Silver	Bronze
Metropolitan West High Yield Bond	Silver	Bronze
T. Rowe Price Spectrum Income	Silver	Bronze
Eaton Vance Floating Rate	Silver	Bronze
Neuberger Berman Socially Rspns	Silver	Bronze
FPA New Income	Silver	Bronze
T. Rowe Price New Income	Silver	Bronze
Matthews China	Silver	Bronze
ASTON/Montag & Caldwell Growth	Silver	Bronze
FPA US Value	Silver	Neutral
T. Rowe Price Short-Term Bond	Silver	Neutral

Data through December 31, 2015 FINRA members: For internal or institutional use only.

Third Avenue Real Estate Value Instl

Ticker TAREX **Yield** 0.7% **Total Assets** \$2,836 mil **Mstar Category** Global Real Estate

Benchmark 1: S&P Global REIT TR USD
Benchmark 2: MSCI ACWI NR USD

Morningstar Analyst Rating 12-18-15



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent - Negative
- Price ○ Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 12-31-15

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	2.63	1.94	-20.97	6.01	-12.35
2012	18.13	0.63	9.12	5.04	36.24
2013	4.26	1.70	5.72	3.85	16.42
2014	5.69	4.53	-2.29	4.80	13.12
2015	3.05	-1.48	-6.29	1.27	-3.65

Trailng

	Total Return%	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	1.27	-3.90	83	10,127
6 Mo	-5.10	-9.98	87	9,490
1 Yr	-3.65	-4.24	88	9,635
3 Yr Avg	8.26	-0.03	1	12,689
5 Yr Avg	8.67	-1.16	2	15,153
10 Yr Avg	5.02	-0.96	19	16,325
15 Yr Avg	9.77	-0.73	27	40,483

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	6.98	1	1.18	35
5 Yr (estimated)	7.45	3	1.12	33
10 Yr (estimated)	3.69	7	1.27	33

Potential Capital Gain Exposure: 14% of assets

Morningstar's Take by Leo Acheson 12-18-15

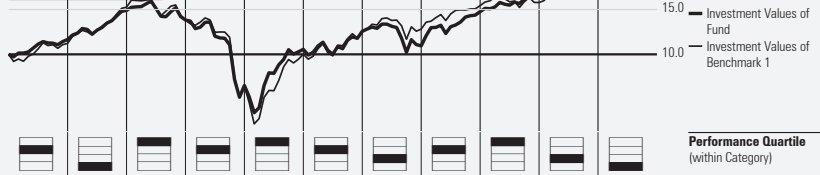
Third Avenue Real Estate Value remains a strong choice, but Morningstar has downgraded its Analyst Rating to Silver because of instability at its parent. On Dec. 10, 2015, Third Avenue shuttered a different fund, Third Avenue Focused Credit, because it held highly illiquid securities and was unable to meet redemption requests without selling its bonds at fire-sale prices. The firm will make distributions to investors during the next year or so as assets are sold at what management deems fairer prices. Running the open-end fund in the manner that put it in that situation raises concerns about the firm's oversight.

Third Avenue subsequently announced it had parted ways with CEO David Barse. An existing management committee of five people has taken over management of the firm.

The Focused Credit fund fiasco represents a major governance failure and has materially damaged Third Avenue's reputation. Moreover, the firm has experienced generally weak results and suffered significant investment-team turnover, with 15 team members leaving since early 2013. (The investment team stands at

Historical Profile

Return High
Risk Low
Rating ★★★★★ Highest



Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	History
NAV	29.36	34.64	27.83	14.95	20.46	23.16	20.30	25.37	28.82	31.47	28.73	NAV
Total Return %	14.37	30.14	-8.33	-44.70	38.67	17.76	-12.35	36.24	16.42	13.12	-3.65	Total Return %
+/- Bmark 1	3.96	-8.65	2.80	0.34	4.98	-5.68	-14.05	12.51	13.62	-9.68	-4.24	+/- Bmark 1
+/- Bmark 2	3.54	9.18	-19.99	-2.50	4.04	5.09	-5.00	20.11	-6.38	8.96	-1.29	+/- Bmark 2
Income Return %	1.65	3.04	1.72	1.53	1.74	4.51	0.00	4.40	1.20	1.76	0.67	Income Return %
Capital Return %	12.72	27.09	-10.05	-46.23	36.93	13.25	-12.35	31.84	15.23	11.36	-4.32	Capital Return %
Total Rtn % Rank Cat	29	82	18	28	19	43	67	26	1	64	88	Total Rtn % Rank Cat
Income \$	0.44	0.89	0.60	0.43	0.26	0.92	0.00	0.89	0.30	0.51	0.21	Income \$
Capital Gains \$	1.03	2.63	3.25	0.00	0.00	0.00	0.00	1.38	0.40	0.63	1.40	Capital Gains \$
Expense Ratio %	1.14	1.11	1.10	1.12	1.18	1.18	1.15	1.09	1.09	1.09	1.10	Expense Ratio %
Income Ratio %	1.15	0.80	1.14	1.22	4.00	2.09	0.26	0.96	0.65	1.82	0.13	Income Ratio %
Turnover Rate %	13	10	19	34	24	26	32	4	13	14	17	Turnover Rate %
Net Assets \$mil	2,910	3,262	2,443	1,093	1,476	1,719	1,409	1,691	2,013	2,904	2,451	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-3.65			
3 Yr	8.26	High	Low	★★★★★
5 Yr	8.67	High	Low	★★★★★
10 Yr	5.02	+ Avg	-Avg	★★★★★
Incept	10.91			

Other Measures

	Standard Index	Best Fit Index
Alpha	2.8	1.6
Beta	0.69	1.44
R-Squared	73	79

Standard Deviation	8.85
Mean	8.26
Sharpe Ratio	0.94

Portfolio Analysis 07-31-15

Total Stocks: 40
Share change since 04-30-15

Stock	Sector	Country	% Assets
Weyerhaeuser Co	Basic Mat	United States	4.82
Forest City Enterprises I	Real Est	United States	4.30
First Industrial Realty T	Real Est	United States	3.65
Macerich Co	Real Est	United States	3.60
Rayonier Inc	Basic Mat	United States	3.40
Westfield Corp	Real Est	Australia	3.38
Newhall Holding Co Llc Cl			3.08
Vornado Realty Trust	Real Est	United States	2.96
Hammerson PLC	Real Est	United Kingdom	2.85
Inmobiliaria Colonial SA	Real Est	Spain	2.83
City Developments Ltd	Cnsmr Cyc	Singapore	2.79
Henderson Land Developmen	Real Est	Hong Kong	2.62
Equity Commonwealth	Real Est	United States	2.54
Zions Bancorp	Finan Svcs	United States	2.42
Lowe's Companies Inc	Cnsmr Cyc	United States	2.35
Brookfield Asset Manageme	Real Est	Canada	2.26
CK Hutchison Holdings Ltd	Real Est	Hong Kong	2.13
Wereldhave NV	Real Est	Netherlands	2.07
Realty Holdings Corp	Real Est	United States	2.02
Post Properties Inc	Real Est	United States	2.00

Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Giant	11.3		Cyclical	97.84	-0.05
Large	24.8		BasicMat	10.21	—
Mid	40.0		CnsmrCyc	9.33	116.63
Small	23.1		FinanSvcs	6.08	—
Micro	0.8		Real Est	72.22	0.73
Avg \$mil:	7,033		Sensitive	0.00	0.00
			CommSvcs	0.00	—
			Energy	0.00	—
			Industrl	0.00	0.00
			Technly	0.00	—
			Defensive	2.16	—
			CnsmrDef	0.00	—
			Hlthcare	2.16	—
			Utilities	0.00	—

Value Measures	Rel Category	%	Regional Exposure	% Stock
Price/Earnings	19.49	0.94	UK/W. Europe	19
Price/Book	1.41	0.96	N. America	55
Price/Sales	2.94	0.57	Japan	0
Price/Cash Flow	10.66	0.74	Latn America	0
Dividend Yield %	2.73	0.73	Asia X Japan	26
			Other	1

Growth Measures	Rel Category	%	Country Exposure	% Stock
Long-Term Emrgs	8.90	1.28	United States	52
Book Value	-1.45	-0.37	Australia	7
Sales	-7.34	-7.92	Hong Kong	14
Cash Flow	2.61	0.22	Singapore	5
Historical Emrgs	13.23	1.37	UK	11

Composition - Net
Cash 14.9 Bonds 0.0 Stocks 83.5 Other 1.5 Foreign (% of Stock) 47.8

Address: Third Avenue Trust
New York NY 10017
800-443-1021
Web Address: www.thirdavenuefunds.com
Inception: 09-17-98
Advisor: Third Avenue Management LLC
Subadvisor: None

Minimum Purchase: \$100000 Add: \$1000IRA: \$100000
Min Auto Inv Plan: \$100000 Add: \$200
Sales Fees: No-load, 1.00%R
Management Fee: 0.90%
Actual Fees: Mgt:0.90% Dist:—
Expense Projections: 3Yr:\$346 5Yr:\$601 10Yr:\$1329
Income Distribution: Annually

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 12-31-15					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Growth		—	3.6	3.6	15.3	11.7	7.3	—	—	—	—	—	—	11.58 (84)	—
Amana Growth Investor AMAGX	Silver	★★★	-0.4	-0.4	11.7	8.8	7.8	84	84	91	92	36	0.5	10.9 (90)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★	4.6	4.6	14.6	11.2	8.0	43	43	64	63	32	0.3	10.82 (92)	-Avg
American Century Ultra Inv TWCUX	Bronze	★★★★	6.2	6.2	16.9	13.0	7.2	30	30	25	24	55	0.2	11.8 (86)	Avg
American Funds AMCAP A AMCPX	Gold	★★★	0.8	0.8	15.6	12.4	7.6	75	75	48	37	43	0.0	10.47 (90)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	5.4	5.4	15.5	12.1	7.2	37	37	50	44	54	0.6	10.58 (90)	Low
American Funds New Economy A ANEFX	Gold	★★★	3.8	3.8	15.9	12.7	8.3	49	49	43	30	23	0.4	11.32 (75)	Avg
ASTON/Montag & Caldwell Growth N MCGFX	Bronze	★★★	5.8	5.8	13.1	10.9	7.6	33	33	81	69	42	0.3	10.22 (84)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	★★★	-4.4	-4.4	16.6	13.7	7.0	95	95	30	15	58	0.0	12.34 (79)	+Avg
Fidelity FFIDX	—	★★★	3.4	3.4	14.6	11.4	7.0	52	52	64	59	58	0.7	11.11 (93)	Avg
Fidelity Blue Chip Growth FBGRX	Bronze	↑★★★★★	6.3	6.3	19.4	14.3	9.4	28	28	5	9	7	0.0	11.65 (82)	Avg
Fidelity Capital Appreciation FDCAX	Bronze	★★★	1.6	1.6	15.3	12.8	7.9	68	68	53	29	36	0.7	11.69 (83)	Avg
Fidelity Contrafund FCNTX	Silver	★★★★★	6.5	6.5	16.1	12.7	8.7	27	27	38	31	18	0.3	10.39 (86)	Low
Fidelity Focused Stock FTQGX	—	★★★	1.5	1.5	13.6	11.4	8.2	70	70	76	58	27	0.2	12.48 (70)	+Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	7.8	7.8	19.3	15.2	10.3	17	17	5	3	3	0.0	12.38 (77)	+Avg
Fidelity Growth Discovery FDSVX	—	★★★★	7.2	7.2	17.7	13.4	8.8	21	21	15	19	17	0.1	11.25 (70)	Avg
Fidelity Independence FDFFX	—	★★	0.3	0.3	16.2	10.9	8.0	78	78	37	69	31	0.1	13.39 (71)	High
Fidelity Magellan FMAGX	Neutral	★★	4.1	4.1	17.1	10.9	5.5	47	47	22	69	89	0.6	11.36 (93)	Avg
Fidelity New Millennium FMILX	Bronze	★★★	-3.2	-3.2	12.4	11.0	8.3	94	94	87	68	25	0.9	11.19 (86)	-Avg
Fidelity OTC Portfolio FOCPX	Bronze	★★★★★	10.9	10.9	23.7	16.0	11.8	4	4	1	1	1	0.0	13.75 (63)	High
Harbor Capital Appreciation Instl HACAX	Gold	↑★★★★★	11.0	11.0	18.9	14.3	8.4	4	4	7	8	23	0.1	12.1 (76)	+Avg
Janus Research T JAMRX	—	★★★★	5.3	5.3	17.5	12.7	9.0	37	37	17	31	13	0.4	10.93 (92)	-Avg
Janus T JANSX	Neutral	★★★	5.2	5.2	15.4	11.3	7.2	38	38	51	61	55	0.6	10.99 (87)	-Avg
Janus Twenty T JAVLX	Neutral	↑★★★★	4.9	4.9	15.0	11.3	8.8	40	40	57	60	17	0.5	11.74 (88)	Avg
Jensen Quality Growth J JENSX	Silver	★★★★	1.6	1.6	14.5	11.0	7.8	68	68	66	67	38	1.2	10.83 (93)	-Avg
Lateef A LIMAX	—	★★	1.4	1.4	11.5	11.2	—	70	70	92	62	—	0.1	13.16 (81)	High
Laudus US Large Cap Growth LGILX	Bronze	★★★★★	6.3	6.3	16.7	13.7	9.7	29	29	27	15	5	0.0	12.34 (80)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	-1.9	-1.9	13.8	9.9	5.3	90	90	74	82	92	0.3	11.7 (90)	Avg
LKCM Equity Instl LKEQX	Silver	★★★	-3.5	-3.5	10.3	9.9	7.4	94	94	97	82	48	0.9	11.5 (95)	Avg
Manning & Napier Equity EXEYX	Bronze	↓★	-4.5	-4.5	11.2	7.9	6.4	96	96	94	96	75	0.0	12.54 (87)	+Avg
Marsico Focus MFOCX	Neutral	★★★	1.4	1.4	16.0	11.2	6.7	70	70	41	64	69	0.0	12.09 (76)	+Avg
Marsico Growth MGRIX	Neutral	★★	0.8	0.8	14.0	10.6	5.9	75	75	71	74	84	0.0	11.67 (79)	Avg
Morgan Stanley Inst Growth A MSEGX	Gold	↑★★★★	11.5	11.5	20.7	14.4	9.4	3	3	1	7	8	0.0	13.32 (55)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	-0.6	-0.6	14.8	10.2	<i>6.8</i>	85	85	62	79	<i>64</i>	1.1	10.88 (90)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	★★★★★	6.2	6.2	19.0	14.0	9.5	30	30	7	13	6	0.4	11.74 (75)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	★★	-6.6	-6.6	9.6	11.1	—	98	98	98	65	—	0.1	10.94 (83)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	↑★★★★	9.1	9.1	17.6	12.7	—	10	10	16	32	—	0.0	16.23 (23)	High
Sequoia SEQUX	Gold	↑★★★★	-7.3	-7.3	10.3	11.9	7.6	98	98	97	48	43	0.0	13.04 (21)	High
T. Rowe Price Blue Chip Growth TRBCX	Silver	★★★★★	11.1	11.1	19.8	15.6	9.3	3	3	3	1	8	0.0	12.29 (79)	+Avg
T. Rowe Price Growth & Income PRGIX	—	↑★★★★	4.1	4.1	16.0	12.4	7.5	46	46	40	38	47	1.1	10.55 (96)	-Avg
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★★	10.9	10.9	18.9	14.6	9.2	4	4	8	6	10	0.0	11.86 (77)	+Avg
T. Rowe Price New America Growth PRWAX	Bronze	★★★★★	8.8	8.8	17.9	13.1	9.5	12	12	13	23	6	0.0	12.51 (81)	+Avg
T. Rowe Price Spectrum Growth PRSGX	—	★★	0.7	0.7	11.0	9.3	6.6	76	76	95	89	69	1.1	10.64 (91)	Low
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★	3.5	3.5	15.6	13.1	9.2	51	51	47	23	10	1.2	11.28 (95)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	★★★	0.0	0.0	14.9	13.7	8.6	81	81	59	15	19	0.0	14.32 (71)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★★	2.6	2.6	20.3	14.1	9.7	59	59	2	11	5	0.6	11.6 (76)	Avg
Vanguard Growth Index Adm VIGAX	Silver	★★★★	3.3	3.3	15.8	13.1	8.4	53	53	44	23	22	1.3	11.3 (94)	Avg
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★	6.7	6.7	16.9	12.3	7.7	25	25	25	39	41	0.6	11.18 (90)	Avg
Vanguard PRIMECAP Core Inv VPCCX	Gold	↓★★★★	0.9	0.9	17.9	13.2	9.2	74	74	13	21	9	1.1	10.59 (92)	-Avg
Russell 1000 Growth Index			5.5	5.5	16.6	13.3	8.3								
S&P 500 Index			1.3	1.3	15.0	12.5	7.3								

Legend

- Red** = Lowest return in group
- Green** = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)		
							Cash	Stock	Bond	Other	Foreign							
AMAGX	22.3	4.1	43,745	41	27	12	46	2	98	0	0	0	13	NL	1.08	31.75	1,791	Kaiser/Klimo (21.9/3.2)
TWCGX	20.5	4.2	62,101	25	19	18	84	103	0	99	0	0	0	NL	0.97	28.07	8,017	LeGard/Woodhams (16.7/18.2)
TWCUX	20.3	4.6	66,802	28	24	17	83	16	0	100	0	0	4	NL	1.01	35.02	8,358	Management Team
AMCPX	19.9	3.0	28,114	24	23	14	252	33	9	88	0	3	9	5.75	0.68	25.95	46,578	Management Team
AGTHX	19.5	2.9	49,326	24	21	19	422	29	7	90	0	3	12	5.75	0.65	41.29	143,925	Management Team
ANEFX	19.4	2.9	19,207	31	22	12	224	27	8	85	0	7	26	5.75	0.79	35.96	15,404	Management Team
MCGFX	23.8	4.2	79,275	30	27	15	40	12	4	96	0	0	0	NL	1.04	19.97	1,701	Canakaris/Jung (21.2/0.8)
SHRAX	20.5	2.2	28,010	36	22	12	75	3	9	91	0	0	14	5.75	1.13	187.14	13,464	Bauman/Freeman (6.7/32.2)
FFIDX	21.1	2.8	80,299	21	18	15	94	59	2	98	0	0	3	NL	0.52	42.01	4,877	John Avery (13.9)
FBGRX	23.2	4.3	56,082	32	24	18	370	51	0	100	0	0	8	NL	0.89	68.97	20,964	Sonu Kalra (6.5)
FDCAX	19.3	3.5	49,135	31	30	12	84	126	4	96	0	0	6	NL	0.83	32.39	8,087	J. Shiel (10.2)
FCNTX	22.6	3.7	76,669	27	20	20	353	45	3	96	0	0	8	NL	0.64	98.95	109,629	William Danoff (25.2)
FTQGX	22.6	3.2	53,514	22	21	12	57	189	1	99	0	0	4	NL	0.73	17.97	1,833	Stephen DuFour (8.7)
FDGRX	23.0	4.7	38,140	35	22	17	392	12	0	100	0	0	4	Clsd	0.82	136.94	40,735	Steven Wymer (19.0)
FDSVX	25.8	5.2	49,537	41	17	16	128	51	5	95	0	0	11	NL	0.77	25.27	1,277	Jason Weiner (8.9)
FDFFX	18.1	3.9	40,411	29	23	18	123	53	0	100	0	0	14	NL	0.73	35.98	4,282	Robert Bertelson (9.1)
FMAGX	20.1	2.7	59,300	21	20	19	152	71	1	99	0	0	3	NL	0.7	89.43	15,826	Jeffrey Feingold (4.2)
FMILX	17.9	2.0	28,822	21	17	14	164	44	1	99	0	0	11	NL	0.84	33.46	3,109	John Roth (9.5)
FOCPX	22.0	3.9	28,236	56	17	11	245	66	0	100	0	0	8	NL	0.83	83.43	13,712	Gavin Baker (6.5)
HACAX	26.9	5.1	69,186	30	28	18	65	34	2	98	0	0	13	NL	0.66	60.81	27,276	McCarragher/Segalas (2.8/25.7)
JAMRX	20.5	4.2	39,721	28	20	16	105	45	1	98	0	2	2	NL	0.8	41.65	4,810	Carmel Wellso (1.0)
JANSX	24.1	4.2	39,709	31	20	20	90	53	1	99	0	0	10	NL	0.76	35.05	8,160	Burton Wilson (4.6)
JAVLX	20.2	3.8	83,355	27	18	17	31	68	0	100	0	0	2	Clsd	0.81	54.84	9,273	E. Marc Pinto (2.6)
JENSX	18.6	4.3	66,366	21	20	15	27	14	3	97	0	0	0	NL	0.87	36.53	4,902	Management Team
LIMAX	23.6	3.5	23,870	36	24	14	22	29	1	99	0	0	10	5.00	1.24	11.14	517	Management Team
LGILX	25.5	4.4	64,833	29	23	14	49	102	0	95	5	0	13	NL	0.77	16.58	2,262	Lawrence Kemp (2.2)
MSEFX	17.9	2.2	24,095	27	24	13	78	53	4	96	0	0	9	NL	1.17	16.08	321	Management Team
LKEQX	18.9	2.4	34,265	18	17	17	70	14	2	98	0	0	0	NL	0.8	21.4	281	Management Team
EXEYX	22.7	3.2	26,926	28	19	13	53	62	2	98	0	0	2	NL	1.06	11.23	176	Management Team
MFOCX	27.7	6.4	91,038	27	27	22	29	48	1	99	0	0	8	NL	1.34	16.21	777	Marsico/Witter (18.0/5.2)
MGRIX	27.8	6.3	77,065	28	27	22	40	81	0	100	0	0	5	NL	1.37	15.68	392	Marsico/Witter (18.0/5.2)
MSEGX	33.8	5.5	51,055	37	24	19	45	44	3	94	0	3	7	5.25	0.83	39.31	3,629	Management Team
NRAAX	21.1	3.2	28,344	21	20	14	39	28	2	98	0	0	9	5.75	1.05	18.92	2,249	Management Team
POGRX	18.2	2.8	20,473	36	29	13	132	10	7	93	0	0	12	NL	0.63	27.32	6,424	Management Team
RWGFY	21.4	2.3	56,331	26	22	13	21	24	0	100	0	0	0	NL	1.05	16.39	1,960	David Rolfe (5.2)
DWUGX	52.3	9.0	29,864	47	27	17	28	297	5	95	0	0	0	NL	0.84	25.79	82	Noah Blackstein (6.7)
SEQUX	25.3	3.5	41,276	37	19	19	42	8	13	87	0	0	32	Clsd	1.03	207.26	6,744	Goldfarb/Poppe (35.0/9.7)
TRBCX	22.9	4.1	64,145	26	26	19	126	32	0	100	0	0	8	NL	0.72	72.38	31,007	Larry Puglia (22.5)
PRGIX	18.3	2.4	68,004	25	17	17	57	15	3	96	0	1	2	NL	0.67	28.46	1,585	Jeffrey Rottinghaus (0.6)
PRGFY	22.2	4.0	60,659	27	23	22	99	36	0	98	0	1	10	NL	0.68	53.66	46,175	Joseph Fath (1.9)
PRWAX	23.1	3.3	45,841	27	24	17	120	76	1	99	0	0	9	NL	0.79	41.96	4,495	Daniel Martino (2.6)
PRSGX	17.4	2.0	27,256	17	16	15	13	12	2	96	0	1	36	NL	0.78	20.91	3,680	Charles Shriver (4.7)
TIGRX	20.3	2.3	51,303	23	17	15	176	90	0	100	0	0	8	NL	0.42	11.49	4,794	Susan Kempler (10.8)
PTSGX	36.2	6.7	53,049	32	22	19	32	29	1	99	0	0	11	Clsd	1.31	16.41	4,873	Management Team
VHCOX	17.7	3.1	30,000	35	30	17	138	7	6	94	0	0	11	Clsd	0.47	51.4	13,745	Management Team
VIGAX	22.5	4.1	60,613	27	20	14	367	9	0	100	0	0	1	NL	0.09	54.77	48,793	Gerard O'Reilly (21.0)
VMRGX	20.9	3.9	43,197	26	22	20	341	41	4	96	0	0	3	NL	0.4	24.92	11,945	Management Team
VPCCX	17.3	2.8	50,569	30	27	18	150	10	5	95	0	0	14	Clsd	0.5	20.82	7,506	Management Team
	19.2	4.1	59,483															
	17.2	2.3	73,601															

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 12-31-15					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)	
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity															
Large Growth (cont'd)															
Vanguard PRIMECAP Inv VPMCX		★★★★★	2.6	2.6	19.4	14.0	9.5	59	59	5	12	7	1.1	11.58 (84)	-
Large Blend															
Amana Income Investor AMANX		★★★★	-2.9	-2.9	11.2	9.0	8.5	73	73	81	82	5	1.5	10.82 (94)	Avg
American Funds Fundamental Invs A ANCFX		★★★★	3.4	3.4	14.0	11.2	7.8	7	7	45	46	10	1.4	10.97 (96)	Avg
American Funds Invmt Co of Amer A AIVSX		★★	-1.4	-1.4	13.5	10.7	6.5	58	58	55	58	50	1.7	10.73 (95)	-Avg
AMG Yacktman Focused Service YAFFX		↑★★★★	-5.1	-5.1	10.1	9.6	10.2	89	89	88	74	1	1.0	10.29 (85)	-Avg
AMG Yacktman Service YACKX		★★★★	-5.6	-5.6	10.3	9.9	9.8	91	91	87	70	2	1.5	9.51 (89)	Low
BBH Core Select N BBTEX		★★★★	-2.7	-2.7	10.1	10.9	8.8	72	72	89	55	4	0.5	9.59 (93)	Low
Bridgeway Blue Chip 35 Index BRLIX		★★★★	2.2	2.2	14.5	12.3	7.4	15	15	34	20	17	2.6	10.97 (95)	Avg
CGM Focus CGMFX	—	★	-4.1	-4.1	10.2	2.4	4.5	85	85	88	100	95	0.0	17.01 (65)	High
Clipper CFIMX		★★★★	6.4	6.4	15.5	12.1	5.0	1	1	13	24	90	0.5	11.33 (95)	+Avg
Davis NY Venture A NYVTX		★★	3.0	3.0	13.9	9.6	5.5	9	9	47	74	83	0.8	11.73 (95)	+Avg
Dreyfus Appreciation Investor DGAGX		★★	-2.5	-2.5	8.6	8.7	5.9	70	70	95	84	70	1.7	11.32 (93)	+Avg
Fidelity Dividend Growth FDGFY	Neutral	★★	-0.6	-0.6	13.5	9.7	6.8	50	50	55	74	38	1.4	10.82 (97)	Avg
Fidelity Large Cap Stock FLCSX		↓★★★★	-3.2	-3.2	14.1	12.0	7.7	77	77	43	27	10	1.2	11.84 (93)	High
Fidelity Spartan 500 Index Inv FUSEX		★★★★	1.3	1.3	15.0	12.5	7.2	21	21	19	14	21	2.1	10.63 (100)	Avg
Fidelity Spartan Total Market Idx Inv FSTMX		★★★★	0.4	0.4	14.6	12.1	7.4	38	38	30	25	16	1.9	10.74 (99)	Avg
First Eagle US Value A FEVAX	Neutral	★★	-5.1	-5.1	6.3	7.0	6.4	90	90	99	96	54	0.2	8.27 (84)	Low
FMI Large Cap FMIHX		★★★★	-2.4	-2.4	12.7	10.8	7.9	69	69	67	56	8	1.0	10.1 (93)	-Avg
FPA US Value FPPFX	Neutral	★★★★	-3.7	-3.7	13.5	10.1	7.3	81	81	55	68	19	0.0	13.49 (67)	High
Gabelli Asset AAA GABAX	—	★★★★	-5.9	-5.9	9.3	8.6	7.6	91	91	92	86	13	0.3	11.84 (94)	+Avg
Janus Growth & Income T JAGIX	Neutral	★★★★	1.4	1.4	14.2	11.3	5.7	20	20	41	44	76	1.8	10.75 (96)	Avg
Longleaf Partners LLPFX		★	-18.8	-18.8	4.0	5.0	3.3	100	100	99	99	98	1.2	14.49 (79)	High
MainStay ICAP Equity I ICAEX	Neutral	★★★★	-1.3	-1.3	12.1	10.2	6.7	56	56	73	66	41	1.0	11.47 (94)	+Avg
MainStay ICAP Select Equity I ICSLX	Neutral	★★	-4.0	-4.0	10.6	8.9	6.5	84	84	85	83	49	1.0	11.98 (95)	+Avg
MainStay MAP I MUBFX		★★★★	-2.8	-2.8	11.6	9.6	6.3	72	72	78	75	55	1.2	11.53 (98)	+Avg
Mairs & Power Growth Inv MPGFX		★★★★	-3.1	-3.1	12.4	11.8	7.6	76	76	70	34	12	1.5	11.85 (91)	+Avg
MFS Research A MFRFX		★★★★	0.9	0.9	13.7	11.3	7.4	29	29	51	45	18	0.8	10.49 (97)	-Avg
Oakmark I OAKMX		★★★★	-3.9	-3.9	13.7	12.6	8.5	84	84	50	11	5	0.9	11.78 (95)	+Avg
Oakmark Select I OAKLX		★★★★	-3.6	-3.6	15.0	13.6	7.3	80	80	20	3	18	0.3	12.02 (91)	High
Parnassus Core Equity Investor PRBLX		★★★★★	-0.6	-0.6	15.1	12.7	9.9	49	49	17	11	1	2.0	10.23 (91)	-Avg
PRIMECAP Odyssey Stock POSKX		★★★★★	1.7	1.7	16.3	12.8	8.3	18	18	5	10	6	1.0	10.3 (96)	-Avg
Royce Special Equity Multi-Cap Service RSEMXX		★★	-13.6	-13.6	8.7	9.0	—	99	99	94	82	—	2.4	12.76 (84)	High
Schwab S&P 500 Index SWPPX		★★★★	1.3	1.3	15.0	12.5	7.3	21	21	19	14	20	2.1	10.61 (100)	Avg
Schwab Total Stock Market Index SWTSX		★★★★	0.4	0.4	14.6	12.1	7.5	37	37	30	22	14	1.9	10.71 (99)	Avg
Selected American Shares D SLADX		★★★★	4.0	4.0	13.7	9.8	5.8	4	4	50	72	72	0.8	11.56 (95)	+Avg
T. Rowe Price Dividend Growth PRDGY		↑★★★★★	2.4	2.4	14.4	12.3	7.8	14	14	35	20	9	1.7	10.2 (98)	-Avg
Thornburg Value A TVAFX	Neutral	★★	3.4	3.4	17.2	9.0	6.3	6	6	3	81	55	0.0	10.56 (88)	-Avg
TIAA-CREF Social Choice Eq Retail TICRX		★★★★	-2.7	-2.7	13.1	10.4	<i>6.6</i>	71	71	62	63	45	1.8	10.99 (97)	Avg
Vanguard 500 Index Admiral VFIAX		★★★★	1.4	1.4	15.1	12.5	7.3	20	20	17	13	20	2.1	10.62 (100)	Avg
Vanguard Dividend Appreciation Idx Inv VDAIX		★★★★	-2.0	-2.0	11.5	10.4	—	64	64	78	63	—	2.2	10.82 (95)	Avg
Vanguard Dividend Growth Inv VDIGX		★★★★★	2.6	2.6	14.7	12.8	8.9	11	11	27	10	3	1.9	10.04 (94)	-Avg
Vanguard FTSE Social Index Inv VFTSX		★★★★	1.2	1.2	17.0	13.4	6.3	24	24	3	4	56	1.5	11.17 (97)	+Avg
Vanguard Growth & Income Inv VQNPX	Neutral	★★★★	1.9	1.9	15.5	13.0	6.6	16	16	12	8	48	1.8	10.39 (99)	-Avg
Vanguard Tax-Managed Capital App Adm VTCLX		★★★★	1.7	1.7	15.2	12.5	7.4	18	18	15	13	16	1.7	10.71 (99)	Avg
Vanguard Total Stock Mkt Idx Adm VTSAX		★★★★	0.4	0.4	14.7	12.2	7.5	38	38	28	22	13	2.0	10.7 (99)	Avg
Weitz Partners Value Investor WPVLX		★★	-9.3	-9.3	8.6	9.1	6.0	97	97	95	80	66	0.0	9.66 (81)	Low
Weitz Value Investor WVALX		★★	-4.5	-4.5	11.3	10.6	5.1	87	87	80	59	89	0.0	9.76 (77)	Low
Russell 1000 Value Index			-4.0	-4.0	12.8	11.0	6.0								
S&P 500 Index			1.3	1.3	15.0	12.5	7.3								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
VPMCX	—	24.0	4.5	80,153	26	20	19	—	64	2	98	0	0	8	—	1.15	—	2,552	—
		17.9	3.1	61,223	33	31	16	129	9	3	97	0	0	12	Clsd	0.44	99.7	46,191	Management Team
AMANX	—	18.5	2.4	101,193	18	16	15	—	60	3	97	0	0	4	—	1.01	—	4,030	—
		20.2	3.8	53,377	25	20	17	49	0	3	97	0	0	10	NL	1.13	42.4	1,235	Kaiser/Klimo (26.0/3.2)
ANCFX		17.5	2.5	71,685	17	16	15	239	29	4	93	0	3	11	5.75	0.61	50.71	72,909	Management Team
AIVSX		16.3	2.3	67,710	18	17	13	219	29	3	94	0	3	8	5.75	0.59	33.37	72,010	Management Team
YAFFX		15.4	2.5	93,894	42	25	17	27	16	15	84	1	0	10	NL	1.26	19.77	5,387	Management Team
YACKX		16.2	2.7	84,625	38	21	13	39	9	18	82	0	0	4	NL	0.75	20.87	8,951	Management Team
BBTEX		17.8	2.4	72,683	25	20	15	35	8	12	88	0	0	12	Clsd	1.0	20.4	4,385	Hartch/Keller (10.2/7.2)
BRLIX		16.2	2.4	166,812	22	15	15	38	19	0	98	0	2	0	NL	0.15	11.69	571	Management Team
CGMFX		13.7	1.5	20,210	52	29	10	21	266	1	141	-42	0	0	NL	2.26	39.2	1,067	G. Heebner (18.3)
CFIMX		19.3	1.9	66,514	44	11	10	24	38	2	98	0	0	9	NL	0.74	104.41	1,215	Davis/Goei (10.0/2.0)
NYVTX		19.8	2.2	59,879	33	18	12	63	23	1	99	0	1	16	4.75	0.86	30.89	13,668	Davis/Goei (20.2/2.0)
DGAGX		19.0	2.9	121,292	28	16	15	57	7	0	100	0	0	21	NL	0.93	39.96	2,594	Management Team
FDGFX		17.4	2.4	76,373	24	16	15	106	64	4	96	0	0	10	NL	0.69	30.29	7,704	Ramona Persaud (2.0)
FLCSX		17.0	1.9	61,030	25	19	14	186	36	0	100	0	0	7	NL	0.88	26.13	2,734	Matthew Fruhan (10.7)
FUSEX		18.5	2.5	74,486	19	15	15	514	4	1	99	0	0	1	NL	0.09	71.8	90,679	Management Team
FSTMX		18.9	2.4	41,511	18	15	14	3512	2	1	99	0	0	1	NL	0.1	58.67	30,630	Management Team
FEVAX		18.6	2.1	31,456	24	24	16	84	16	13	80	0	7	4	5.00	1.17	18.37	2,272	Management Team
FMIHX		16.6	2.4	45,133	21	18	14	28	18	6	94	0	0	13	Clsd	0.94	18.61	8,245	Management Team
FPPFX		13.1	2.1	29,263	43	21	17	23	5	13	84	0	2	15	Clsd	0.85	9.36	182	Gregory Nathan (0.3)
GABAX		17.8	2.2	15,154	22	20	19	505	5	0	100	0	0	16	NL	1.35	54.1	2,816	Management Team
JAGIX		16.1	3.1	60,447	16	15	15	67	30	0	97	0	3	3	NL	0.88	44.11	4,198	Buckley/Pinto (1.4/8.1)
LLPFX		17.9	1.1	17,718	17	16	14	19	30	3	97	0	0	23	NL	0.91	21.45	3,626	Cates/Hawkins (21.7/28.7)
ICAEX		17.6	1.5	51,336	21	18	14	42	58	0	98	0	2	6	NL	0.89	41.9	956	Management Team
ICSLX		17.6	1.9	56,888	23	22	14	31	65	0	98	0	2	5	NL	0.9	35.84	3,291	Management Team
MUBFX		17.8	2.0	53,929	20	16	14	158	32	2	98	0	0	13	NL	0.86	36.05	1,696	Management Team
MPGFX		18.9	3.0	21,779	32	19	13	51	6	2	98	0	0	2	NL	0.65	104.45	3,837	Adams/Henneman (1.0/10.0)
MFRFX		20.2	2.9	53,931	18	17	15	130	44	1	98	0	1	4	5.75	0.81	36.05	4,781	Joseph MacDougall (7.6)
OAKMX		14.7	1.7	65,030	36	21	12	63	33	6	94	0	0	7	NL	0.87	62.86	17,083	Grant/Nygren (15.7/15.7)
OAKLX		15.0	1.3	56,269	41	23	12	22	46	7	92	1	0	3	NL	0.95	39.21	5,832	Management Team
PRBLX		18.6	2.8	33,328	22	18	15	41	14	2	98	0	0	6	NL	0.87	36.97	11,920	Ahlsten/Allen (14.7/3.7)
POSKX		17.5	2.2	38,120	28	24	15	128	8	10	90	0	0	11	NL	0.63	23.61	5,178	Management Team
RSEMX		13.8	2.8	24,595	33	31	25	32	39	8	92	0	0	0	NL	1.24	12.38	139	Dreifus/McBoyle (5.0/1.2)
SWPPX		17.0	2.3	68,386	18	15	15	506	2	1	99	0	0	1	NL	0.09	31.56	21,598	Management Team
SWTSX		17.3	2.2	38,199	18	15	15	2504	1	1	99	0	0	2	NL	0.09	36.11	4,522	Hong/Juwono (3.8/2.8)
SLADX		18.5	2.1	55,048	32	16	12	62	26	1	98	0	1	17	NL	0.6	36.97	3,322	Davis/Goei (21.1/2.0)
PRDGX		18.1	2.6	48,776	19	19	16	109	19	5	95	0	0	2	NL	0.65	34.34	4,804	Thomas Huber (15.7)
TVAFX		18.9	2.3	22,381	20	17	15	49	60	0	92	0	8	11	4.50	1.37	51.84	958	Browne/MacDonald (9.9/0.9)
TICRX		18.6	2.3	36,849	17	17	14	873	17	0	100	0	0	1	NL	0.46	14.08	2,604	Campagna/Liao (10.0/1.6)
VFIAX		18.5	2.5	74,539	19	15	15	510	3	0	100	0	0	1	NL	0.05	188.48	214,122	Michael Buek (24.0)
VDAIX		19.0	3.4	54,936	25	23	15	183	20	0	100	0	0	1	NL	0.2	31.12	24,033	Ryan Ludt (9.7)
VDIGX		18.2	3.0	83,318	21	18	15	53	23	1	97	0	2	10	NL	0.32	22.42	26,217	Donald Kilbride (9.9)
VFTSX		18.4	2.5	66,520	23	21	21	406	20	0	100	0	0	2	NL	0.25	13.21	2,025	Coleman/O'Reilly (0.0/0.0)
VQNPX		16.2	2.4	51,405	16	15	15	786	116	3	97	0	0	1	NL	0.37	39.55	6,344	Management Team
VTCLX		19.0	2.5	51,227	18	15	15	707	6	0	100	0	0	0	NL	0.12	103.75	6,642	Michael Buek (21.3)
VTSAX		18.8	2.4	41,585	18	15	15	3797	3	0	100	0	0	1	NL	0.05	50.79	402,267	Gerard O'Reilly (21.0)
WPVLX		18.9	2.2	18,200	28	15	15	44	26	19	80	0	1	9	NL	1.18	27.19	862	Hinton/Weitz (9.4/32.6)
WVALX		21.1	2.7	36,464	21	17	14	37	36	17	83	0	1	12	NL	1.15	38.54	964	Management Team
		15.7	1.6	51,163															
		17.2	2.3	73,601															

Equity Style Box

Val	Blnd	Grth	Log Midl Sm

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 12-31-15					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)	
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity			—	-4.0	-4.0	11.6	9.7	5.6	—	—	—	—	—	11.0 (91)	—
Large Value															
AllianzGI NFJ Large-Cap Value A PNBAX	—	★★	-5.6	-5.6	11.6	9.9	4.4	73	73	59	49	80	1.8	11.21 (94)	Avg
American Beacon Lg Cap Value Inv AAGPX	🥉 Bronze	★★★★	-6.4	-6.4	11.5	9.9	5.5	80	80	59	50	54	1.6	11.83 (94)	+Avg
American Century Equity Income Inv TWEIX	🥈 Silver	★★★★★	0.1	0.1	10.4	9.2	6.7	8	8	75	65	23	2.4	8.05 (89)	Low
American Century Value Inv TWVLX	🥈 Silver	★★★★★	-4.7	-4.7	12.2	10.2	6.1	64	64	47	42	35	1.6	10.63 (93)	-Avg
American Funds American Mutual A AMRMX	🥇 Gold	★★★★	-2.8	-2.8	11.9	10.5	6.9	35	35	53	37	19	2.1	9.68 (95)	Low
American Funds Washington Mutual A AWSHX	🥇 Gold	★★★★★	-0.2	-0.2	13.6	12.0	6.9	10	10	16	8	18	2.0	10.19 (98)	-Avg
Artisan Value Investor ARTLX	🥉 Bronze	★★	-9.1	-9.1	6.3	7.5	—	92	92	98	88	—	0.5	12.77 (66)	High
Auxier Focus Inv AUXFX	—	★★★★	-1.2	-1.2	9.5	8.5	6.3	18	18	83	78	31	1.0	9.97 (95)	Low
Becker Value Equity Retail BVEFX	🥉 Bronze	★★★★★	-7.0	-7.0	12.1	10.1	6.7	84	84	48	44	24	1.2	11.39 (93)	+Avg
Columbia Dividend Income Z GSFTX	🥈 Silver	↑★★★★★	0.6	0.6	13.4	11.6	8.0	7	7	18	14	4	2.8	10.32 (96)	-Avg
Diamond Hill Large Cap A DHLAX	🥇 Gold	★★★★★	-1.1	-1.1	14.2	11.3	6.9	17	17	9	19	19	0.8	11.98 (93)	+Avg
Dodge & Cox Stock DODGX	🥇 Gold	★★★★★	-4.5	-4.5	14.0	11.6	5.7	62	62	11	14	49	1.4	11.84 (92)	+Avg
Fairholme FAIRX	🥈 Silver	↓★	-11.5	-11.5	5.3	1.4	5.6	96	96	99	99	52	1.9	15.64 (50)	High
Fidelity Equity Dividend Income FEQTX	Neutral	★★★★	-2.5	-2.5	12.0	9.4	4.7	32	32	51	62	76	2.3	10.35 (97)	-Avg
Fidelity Equity-Income FEQIX	Neutral	★★	-3.5	-3.5	10.2	8.4	4.7	46	46	77	80	75	3.6	10.08 (94)	-Avg
Franklin Mutual Beacon A TEBIX	🥉 Bronze	★★	-4.3	-4.3	9.4	8.2	4.6	60	60	84	84	77	2.1	10.45 (86)	-Avg
Franklin Mutual Shares A TESIX	🥉 Bronze	★★	-4.1	-4.1	9.5	8.2	4.7	56	56	82	84	74	1.8	10.04 (93)	Low
Invesco Comstock A ACSTX	🥈 Silver	★★★★	-5.9	-5.9	11.6	10.1	5.9	77	77	59	44	44	1.4	11.81 (93)	+Avg
Invesco Diversified Dividend A LCEAX	🥈 Silver	↑★★★★★	1.8	1.8	13.7	11.4	7.6	4	4	15	16	7	1.6	8.96 (86)	Low
Invesco Growth and Income A ACGIX	🥉 Bronze	★★★★	-3.1	-3.1	12.6	9.9	6.1	40	40	36	49	37	1.6	11.18 (93)	Avg
JPMorgan Value Advantage A JVAAX	🥈 Silver	★★★★	-4.7	-4.7	12.4	11.2	8.3	65	65	41	21	2	0.6	10.26 (93)	-Avg
Perkins Large Cap Value T JPLTX	—	↑★★★★	-3.5	-3.5	10.8	8.9	—	46	46	71	73	—	1.4	9.94 (96)	-Avg
Schwab Fdmtl US Lg Co Idx SFLNX	🥉 Bronze	★★★★★	-3.0	-3.0	13.5	11.2	—	37	37	17	22	—	2.3	10.77 (97)	Avg
Sound Shore Investor SSHFX	🥈 Silver	↓★★★★	-5.0	-5.0	14.5	11.0	6.3	69	69	6	26	32	0.8	12.56 (93)	High
T. Rowe Price Equity Income PRFDX	🥉 Bronze	★★★★	-6.7	-6.7	9.2	8.7	5.7	82	82	86	75	50	2.2	10.86 (95)	Avg
T. Rowe Price Value TRVLX	🥉 Bronze	★★★★★	-1.7	-1.7	15.2	12.4	7.5	23	23	2	6	8	1.9	11.17 (95)	Avg
TCW Relative Value Dividend Apprec N TGIGX	Neutral	★★★★	-5.0	-5.0	12.0	10.6	5.8	68	68	51	34	46	1.5	12.02 (96)	+Avg
Torrey TORYX	—	↑★★★★★	-1.4	-1.4	13.7	11.0	5.1	20	20	15	25	64	1.0	10.47 (91)	-Avg
Vanguard Equity-Income Inv VEIPX	🥈 Silver	★★★★★	0.8	0.8	13.4	12.9	8.0	6	6	18	4	4	2.9	10.27 (95)	-Avg
Vanguard High Dividend Yield Index Inv VHDYX	🥈 Silver	★★★★★	0.3	0.3	14.0	13.0	—	8	8	12	4	—	3.1	10.45 (93)	-Avg
Vanguard US Value Inv VUVLX	—	★★★★★	-1.7	-1.7	14.8	13.2	6.1	23	23	5	3	39	2.1	10.62 (92)	Avg
Vanguard Value Index Adm VVIAX	🥈 Silver	★★★★★	-0.9	-0.9	14.3	11.7	6.5	15	15	8	12	29	2.6	10.52 (96)	Avg
Vanguard Windsor II Inv VWNFX	🥉 Bronze	★★★★★	-3.2	-3.2	12.0	11.0	6.1	42	42	50	25	35	2.3	10.76 (97)	Avg
Vanguard Windsor Inv VWNDX	🥉 Bronze	★★★★★	-3.3	-3.3	13.7	11.3	6.0	43	43	15	20	40	1.8	11.67 (92)	+Avg
Mid-Cap Growth															
Akre Focus Retail AKREX	🥈 Silver	★★★★★	2.5	2.5	16.3	15.2	—	18	18	10	2	—	0.0	11.48 (82)	Avg
American Century Heritage Inv TWHIX	🥉 Bronze	★★★★★	1.9	1.9	13.0	9.4	10.0	23	23	45	55	5	0.0	11.73 (73)	Avg
Artisan Mid Cap Investor ARTMX	🥈 Silver	★★★★★	2.2	2.2	14.1	11.7	9.8	21	21	33	17	7	0.0	12.98 (58)	+Avg
Baron Asset Retail BARAX	—	★★★★★	-0.1	-0.1	15.0	11.2	7.3	42	42	21	24	47	0.0	11.7 (76)	Avg
Baron Growth Retail BGRFX	🥉 Bronze	★★★★	-4.3	-4.3	11.4	10.2	7.3	80	80	68	36	47	0.0	11.72 (68)	Avg
Baron Opportunity Retail BIOPX	—	★★★★	1.2	1.2	11.0	7.9	8.1	31	31	74	80	30	0.0	15.07 (52)	High
Buffalo Mid Cap BUFMX	Neutral	★★★★	-0.5	-0.5	10.8	7.9	6.6	46	46	76	80	65	0.0	11.97 (64)	Avg
Champlain Mid Cap Adv CIPMX	🥈 Silver	★★★★★	1.4	1.4	14.4	11.3	—	29	29	30	22	—	0.2	11.4 (81)	-Avg
Columbia Acorn Select Z ACTWX	Neutral	★★	-0.4	-0.4	11.0	6.0	6.2	45	45	73	93	72	0.0	11.23 (73)	-Avg
Columbia Acorn Z ACRNX	Neutral	↓★★	-1.6	-1.6	9.1	7.9	6.9	57	57	93	80	59	0.0	12.16 (69)	Avg
Eventide Gilead N ETGLX	Neutral	★★★★★	-2.2	-2.2	20.8	15.9	—	64	64	1	1	—	0.0	15.09 (52)	High
FAM Value Investor FAMVX	—	★★★★★	-1.7	-1.7	14.0	10.4	6.1	59	59	34	34	73	0.0	10.96 (83)	-Avg
Fidelity Mid-Cap Stock FMCSX	🥉 Bronze	↓★★★★	-3.1	-3.1	13.0	10.1	7.3	73	73	46	40	48	0.6	11.09 (76)	-Avg
Russell 1000 Value Index			-4.0	-4.0	12.8	11.0	6.0								
Russell MidCap Growth Index			-0.5	-0.5	14.6	11.3	8.0								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

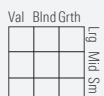
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge		Expense Ratio %		NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign	%	%					
	—	16.9	1.8	81,719	21 13 12	—	57	2	97	0	1	6	—	1.08	—	2,277	—		
PNBAX		13.4	1.7	71,370	27 14 14	57	26	0	100	0	0	5	5.50	1.11	20.19	535	Management Team		
AAGPX		14.0	1.5	53,571	26 13 12	207	29	2	98	0	0	14	NL	0.94	22.94	9,358	Management Team		
TWEIX		17.7	1.9	46,420	18 15 15	89	56	3	75	2	20	4	NL	0.93	7.96	8,655	Management Team		
TWVLX		16.4	1.5	47,305	23 19 13	127	45	2	98	0	0	5	NL	0.97	7.59	3,461	Management Team		
AMRMX		16.3	2.6	61,194	19 16 12	225	27	4	91	1	4	6	5.75	0.58	33.85	34,900	Management Team		
AWSHX		17.2	2.5	79,745	18 15 13	190	24	2	97	0	0	5	5.75	0.58	38.44	76,124	Management Team		
ARTLX		12.8	1.0	25,938	27 21 14	40	74	2	98	0	0	16	NL	0.98	10.81	1,016	Management Team		
AUXFX		16.6	2.1	51,325	28 22 21	110	4	11	89	0	0	12	NL	1.14	19.2	252	J. Jeffrey Auxier (16.4)		
BVEFX		16.4	1.8	48,664	21 15 14	57	41	3	97	0	0	2	NL	0.78	16.14	350	Management Team		
GSFTX		18.3	2.8	92,420	17 14 14	80	27	1	99	0	0	1	NL	0.77	17.59	8,165	Management Team		
DHLAX		16.6	2.0	57,966	27 16 16	51	24	1	99	0	0	0	5.00	0.99	21.44	3,445	Management Team		
DODGX		15.7	1.7	61,792	26 24 18	67	17	1	99	0	0	9	NL	0.52	162.77	56,976	Management Team		
FAIRX		10.1	1.1	12,043	58 18 16	57	2	24	53	3	20	8	NL	1.06	18.5	3,351	Bruce Berkowitz (16.0)		
FEQTX		17.1	2.0	67,318	27 16 11	113	52	1	99	0	0	9	NL	0.63	24.6	4,966	Scott Offen (4.2)		
FEQIX		15.8	1.8	53,569	24 13 13	176	40	5	95	0	0	8	NL	0.69	51.08	7,837	Management Team		
TEBIX		15.8	1.5	37,447	20 20 16	93	40	4	92	3	0	36	5.75	1.13	14.2	3,975	Management Team		
TESIX		15.1	1.5	38,791	25 16 15	143	19	6	88	3	2	20	5.75	1.1	25.78	15,360	Management Team		
ACSTX		14.1	1.3	52,624	30 14 13	85	17	2	98	0	0	12	5.50	0.83	21.68	12,266	Management Team		
LCEAX		18.2	2.0	28,519	31 16 13	84	6	10	90	0	0	12	5.50	0.84	17.58	11,969	Management Team		
ACGIX		15.4	1.4	52,980	33 14 12	91	23	3	97	0	0	11	5.50	0.84	23.57	8,069	Management Team		
JVAAX		15.7	1.7	29,045	32 15 9	117	17	3	97	0	0	1	5.25	1.25	27.8	11,155	Management Team		
JPLTX		16.6	1.9	65,971	25 21 15	76	39	5	95	0	0	6	NL	0.87	14.92	160	Perkins/Preloger (7.0/7.0)		
SFLNX		15.6	1.9	54,066	14 13 13	638	14	0	99	0	0	1	NL	0.35	14.03	4,862	Management Team		
SSHFX		15.4	1.5	42,044	28 23 15	38	47	5	94	0	2	13	NL	0.92	41.3	1,917	Management Team		
PRFDX		15.2	1.5	43,782	22 12 12	121	10	2	96	1	1	5	NL	0.66	28.46	24,089	John Linehan (0.2)		
TRVLX		13.6	1.5	41,277	23 21 15	104	54	0	98	0	1	3	NL	0.82	31.25	22,642	Mark Finn (6.0)		
TGIGX		17.0	1.9	44,506	23 16 16	55	18	0	99	0	1	7	NL	1.14	16.33	1,036	Diane Jaffee (14.1)		
TORYX		15.6	1.8	39,951	22 19 18	35	16	10	90	0	0	2	NL	1.15	45.51	394	Fialco/Torray (7.7/25.0)		
VEIPX		15.8	2.1	74,020	17 14 13	185	32	3	97	0	0	8	NL	0.29	29.56	19,346	Management Team		
VHDYX		17.3	2.2	75,376	15 15 14	437	11	0	100	0	0	1	NL	0.18	26.45	15,275	Michael Perre (9.1)		
VUVLX		13.5	1.6	28,005	25 13 12	250	66	1	99	0	0	1	NL	0.29	16.3	1,317	Management Team		
VVIAX		16.2	1.9	73,023	23 16 11	324	6	0	100	0	0	1	NL	0.09	31.82	37,447	Gerard O'Reilly (21.0)		
VWNFX		13.9	1.7	59,872	22 18 13	266	26	3	97	0	0	9	NL	0.36	33.5	46,752	Management Team		
VWNDX		14.3	1.6	33,157	28 18 15	141	28	3	97	0	1	13	NL	0.38	19.15	17,717	Management Team		
	—	24.1	3.9	9,578	20 19 19	—	66	3	97	0	0	4	—	1.25	—	1,252	—		
AKREX		27.3	3.5	19,562	30 26 18	38	16	1	96	1	2	3	NL	1.34	23.12	4,269	Management Team		
TWHIX		22.8	4.1	11,033	23 19 19	100	73	0	99	0	1	6	NL	1.0	21.23	5,352	Holland/Walsh (8.8/7.8)		
ARTMX		26.7	4.8	12,510	24 23 21	68	51	6	94	0	0	3	Clsd	1.2	39.98	9,030	Management Team		
BARAX		26.9	4.2	9,037	23 21 18	62	14	3	97	0	0	2	NL	1.31	57.14	2,665	Andrew Peck (12.4)		
BGRFX		23.7	3.2	4,285	25 20 13	84	7	0	99	0	1	3	NL	1.29	63.22	7,091	Ronald Baron (21.0)		
BIOPX		45.1	4.7	13,047	47 19 9	48	42	5	94	0	1	6	NL	1.35	16.64	342	Management Team		
BUFMX		25.5	3.4	6,516	25 23 20	55	12	8	92	0	0	2	NL	1.01	15.33	481	Carlsen/Male (1.0/14.0)		
CIPMX		22.1	2.7	6,851	20 18 16	60	46	1	98	0	1	0	NL	1.28	13.25	736	Management Team		
ACTWX		22.7	3.1	4,751	26 18 15	39	17	0	100	0	0	5	NL	0.84	15.24	401	Frank/Szafrański (0.1/0.7)		
ACRNX		22.9	2.8	3,421	27 18 16	167	17	0	100	0	0	4	NL	0.79	19.34	7,254	Management Team		
ETGLX		20.4	3.1	6,705	38 20 17	76	21	18	81	0	1	9	NL	1.38	25.55	1,870	Barksdale/Kuruvillea (5.2/7.5)		
FAMVX		19.3	2.4	10,444	32 25 17	40	6	7	93	0	0	4	NL	1.18	60.06	957	Fox/Putnam (15.7/29.0)		
FMCSX		19.1	2.2	6,818	19 17 16	166	29	7	93	0	0	8	NL	0.76	32.73	7,232	John Roth (4.8)		
		15.7	1.6	51,163															
		20.0	4.1	11,204															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 12-31-15					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst								
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	-0.9	-0.9	12.8	9.6	7.2	—	—	—	—	—	12.21	(72)	—
Mid-Cap Growth (cont'd)																
Hennessy Focus Investor HFCSX	☉ Bronze	★★★★★	2.9	2.9	15.3	13.1	10.5	16	16	18	6	2	0.0	11.44	(80)	Avg
Janus Enterprise T JAENX	☉ Bronze	★★★★	3.3	3.3	14.7	11.8	9.4	13	13	26	16	12	0.3	9.89	(78)	Low
Meridian Contrarian Legacy MVALX	☉ Bronze	★★★	-3.4	-3.4	11.4	9.6	7.1	76	76	68	49	55	0.1	12.68	(77)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	☑ Gold	★★★★★	4.6	4.6	23.6	17.9	12.7	9	9	1	1	1	0.0	14.02	(60)	High
T. Rowe Price Mid-Cap Growth RPMGX	☑ Gold	★★★★★	6.6	6.6	18.2	13.2	10.1	3	3	3	6	3	0.0	10.82	(77)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	☉ Bronze	★★★★	0.2	0.2	14.2	11.6	8.8	39	39	32	18	18	0.3	11.67	(79)	Avg
Westport R WPFRRX	—	★★★	-5.3	-5.3	9.7	8.9	8.1	84	84	88	65	28	0.0	11.66	(87)	-Avg
Mid-Cap Blend																
Ariel Appreciation Investor CAAPX	—	★★★	-6.2	-6.2	14.0	10.4	7.6	74	74	16	34	34	1.0	14.43	(87)	High
Ariel Fund Investor ARGFX	☉ Bronze	★★★	-4.1	-4.1	15.5	10.4	6.6	58	58	4	34	56	0.6	15.22	(84)	High
ASTON/Fairpointe Mid Cap N CHTTX	☉ Silver	↓★★★★	-10.4	-10.4	12.4	9.1	9.4	85	85	39	56	3	0.3	14.48	(78)	High
Fidelity Spartan Extended Mkt Index Inv FSEMXX	☉ Silver	★★★★	-3.3	-3.3	12.9	10.3	7.9	49	49	31	38	17	1.3	12.54	(75)	+Avg
First Eagle Fund of America Y FEAFOX	☉ Bronze	★★★★	-3.5	-3.5	11.7	10.8	8.7	52	52	55	26	7	0.0	11.4	(80)	Avg
FMI Common Stock FMIMXX	☑ Gold	★★★★	-6.8	-6.8	9.4	8.6	8.5	77	77	78	64	10	0.0	11.32	(78)	-Avg
Janus Contrarian T JSVAX	☉ Neutral	★★	-13.2	-13.2	12.2	8.0	5.8	94	94	45	72	68	0.3	11.62	(61)	Avg
Longleaf Partners Small-Cap LLSCXX	☑ Gold	↑★★★★	-6.1	-6.1	11.3	11.5	8.3	73	73	61	13	11	0.1	11.72	(67)	Avg
Osterweis OSTFX	☉ Neutral	★★★	-6.4	-6.4	9.8	7.6	5.8	75	75	75	76	69	0.5	11.4	(81)	-Avg
Vanguard Capital Value Inv VCVLXX	☉ Bronze	★★	-9.8	-9.8	10.9	7.5	5.8	83	83	66	76	67	1.2	14.98	(76)	High
Vanguard Extended Market Idx Adm VEXAX	☑ Gold	↓★★★★	-3.3	-3.3	12.9	10.5	7.8	46	46	31	33	23	1.3	12.54	(75)	+Avg
Vanguard Mid Cap Index Adm VIMAX	☑ Gold	★★★★	-1.3	-1.3	14.9	11.5	7.9	18	18	8	14	19	1.5	10.92	(89)	-Avg
Vanguard Strategic Equity Inv VSEQXX	☉ Neutral	★★★★	-1.4	-1.4	16.6	13.8	7.1	18	18	3	1	46	1.6	11.68	(82)	Avg
Weitz Hickory WEHIX	☉ Silver	★★	-7.6	-7.6	6.5	7.8	5.6	80	80	92	74	73	0.0	10.38	(73)	Low
Westport Select Cap R WPSRX	—	★★	-10.9	-10.9	9.6	6.4	5.8	90	90	77	84	68	0.0	13.78	(63)	High
Westwood SMidCap Institutional WHGMXX	—	↑★★★★	-3.2	-3.2	10.7	8.4	9.4	43	43	68	65	3	0.1	12.56	(78)	+Avg
Mid-Cap Value																
American Century Mid Cap Value Inv ACMVXX	☉ Silver	★★★★★	-1.6	-1.6	14.2	11.5	9.1	15	15	13	8	6	1.1	9.87	(87)	Low
Artisan Mid Cap Value Investor ARTQXX	☉ Silver	★★★	-9.9	-9.9	7.5	8.0	7.0	90	90	93	76	35	0.4	11.71	(78)	Avg
Delafield Fund DEFIX	—	★★	-18.1	-18.1	0.4	2.5	5.7	98	98	98	98	76	0.0	15.58	(66)	High
Diamond Hill Small-Mid Cap A DHMAX	☑ Gold	★★★★	1.0	1.0	15.2	11.1	8.3	7	7	7	15	11	0.1	11.22	(71)	Avg
Fidelity Leveraged Company Stock FLVCLX	☉ Bronze	★★	-6.0	-6.0	10.3	9.1	6.8	63	63	76	56	45	0.9	12.48	(81)	+Avg
Fidelity Low-Priced Stock FLPSXX	☉ Silver	★★★★	-0.6	-0.6	12.9	11.2	8.3	12	12	30	11	13	1.2	9.53	(84)	Low
Fidelity Value FDVLXX	☉ Neutral	★★★	-6.5	-6.5	12.7	10.2	6.1	66	66	34	30	67	1.1	11.74	(85)	Avg
FPA Capital FPPTXX	☉ Bronze	★	-17.2	-17.2	0.1	2.1	3.8	97	97	99	99	96	0.4	12.77	(46)	+Avg
GoodHaven GOODXX	☉ Neutral	★	-18.4	-18.4	-3.9	—	—	98	98	99	—	—	0.0	11.93	(39)	Avg
Harbor Mid Cap Value Investor HIMVXX	☉ Bronze	★★★★	-6.0	-6.0	15.4	11.8	7.0	61	61	6	6	34	1.0	12.02	(84)	+Avg
Perkins Mid Cap Value T JMCVXX	☉ Bronze	★★★	-3.8	-3.8	9.7	7.3	6.7	37	37	81	86	51	1.3	9.65	(87)	Low
T. Rowe Price Mid-Cap Value TRMCXX	☑ Gold	★★★★	-3.4	-3.4	12.0	9.9	8.0	32	32	50	39	14	1.2	10.6	(84)	-Avg
Vanguard Selected Value Inv VASVXX	☑ Gold	★★★★	-3.8	-3.8	13.3	11.0	7.7	37	37	22	17	19	1.6	11.28	(85)	Avg
Small Growth																
Artisan Small Cap Investor ARTSXX	☉ Silver	↑★★★★	0.3	0.3	12.4	12.4	6.8	22	22	47	8	63	0.0	15.74	(31)	+Avg
ASTON/TAMRO Small Cap N ATASXX	☉ Silver	★★	-11.0	-11.0	4.4	4.9	6.6	98	98	99	96	69	0.0	13.8	(54)	-Avg
Baron Small Cap Retail BSCFX	☉ Bronze	★★★	-5.2	-5.2	9.9	9.0	6.7	79	79	82	59	64	0.0	12.74	(71)	Low
Brown Capital Mgmt Small Co Inv BCSIX	☑ Gold	★★★★★	8.8	8.8	18.3	14.3	13.0	1	1	1	1	1	0.0	14.6	(50)	Avg
Buffalo Small Cap BUFSXX	☉ Neutral	★★★	-4.5	-4.5	8.8	8.0	6.5	73	73	89	77	71	0.0	14.64	(56)	Avg
Century Small Cap Select Inv CSMVXX	—	★★	0.5	0.5	10.5	8.9	5.8	20	20	78	64	83	0.0	15.35	(54)	+Avg
Champlain Small Company Adv CIPSEX	☉ Silver	★★★★	-1.2	-1.2	11.9	10.0	9.1	34	34	58	38	7	0.0	13.02	(57)	-Avg
Russell MidCap Growth Index																
			-0.5	-0.5	14.6	11.3	8.0									
S&P MidCap 400 Index																
			-2.2	-2.2	12.8	10.7	8.2									
Russell MidCap Value Index																
			-5.0	-5.0	13.1	11.0	7.4									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign					
	—	24.1	3.9	9,578	20 19 19	—	66	3	97	0	0	4	—	1.25	—	1,252	—
HFCSX		20.2	2.9	13,077	30 28 12	24	18	15	85	0	0	7	NL	1.46	69.15	2,190	Management Team
JAENX		22.6	3.8	8,298	29 28 16	81	17	6	93	0	1	12	NL	0.92	85.68	6,436	Brian Demain (8.2)
MVALX		19.9	1.9	6,251	28 18 13	66	76	8	92	0	0	4	Clsd	1.11	32.06	581	Cordisco/England (2.3/14.0)
POAGX		16.7	2.5	5,753	32 30 18	155	13	5	95	0	0	12	Clsd	0.63	32.4	6,664	Management Team
RPMGX		23.8	3.1	9,344	25 17 17	149	27	7	92	0	1	2	Clsd	0.77	73.32	25,360	Brian Berghuis (23.5)
VMGRX		18.7	2.8	8,977	29 20 14	100	93	5	95	0	0	4	NL	0.46	22.45	4,376	Management Team
WPFRX		17.1	3.0	16,669	25 22 15	33	3	4	96	0	0	7	NL	1.23	28.69	472	Edmund Nicklin, Jr. (18.0)
	—	18.3	2.0	6,951	17 16 15	—	65	2	97	0	0	3	—	1.14	—	1,568	—
CAAPX		14.5	1.9	9,804	29 24 18	42	22	1	99	0	0	0	NL	1.13	45.08	1,777	Fidler/Rogers, Jr. (6.1/13.2)
ARGFX		15.5	1.8	4,012	30 19 18	38	25	1	99	0	0	0	NL	1.03	59.43	2,087	Management Team
CHTTX		15.7	1.3	4,300	26 21 15	47	32	0	100	0	0	4	Clsd	1.11	34.33	4,185	Management Team
FSEMXX		20.7	2.0	3,532	15 15 15	3322	7	0	100	0	0	2	NL	0.1	50.2	15,851	Management Team
FEAFX		14.7	1.1	17,685	24 22 18	39	35	6	96	0	-2	10	Clsd	1.38	35.62	3,656	Management Team
FMIMX		16.4	1.9	3,065	50 13 13	43	29	11	89	0	0	4	Clsd	1.18	22.81	1,160	Management Team
JSVAX		13.6	1.9	8,161	21 17 16	37	70	2	97	0	1	4	NL	0.89	18.6	3,314	Daniel Kozlowski (4.5)
LLSCX		18.4	1.3	3,817	31 21 12	21	51	17	83	0	0	10	Clsd	0.91	26.98	3,819	Management Team
OSTFX		17.9	1.9	16,681	22 21 13	38	29	17	83	0	0	18	NL	0.99	25.47	756	Management Team
VCLVX		16.1	1.5	10,249	18 15 14	152	90	0	98	0	2	17	NL	0.47	10.92	1,132	Higgins/Palmer (7.5/6.0)
VEXAX		20.7	2.0	3,497	15 15 15	3357	6	0	100	0	0	2	NL	0.1	63.58	44,558	Donald Butler (18.0)
VIMAX		20.3	2.4	10,944	18 16 15	372	11	0	100	0	0	2	NL	0.09	148.72	66,220	Donald Butler (17.6)
VSEQX		14.1	2.1	3,845	19 16 13	428	70	0	100	0	0	0	NL	0.27	28.3	6,151	Management Team
WEHIX		18.2	2.0	3,870	41 12 11	38	26	19	81	0	0	5	NL	1.23	46.25	311	Weitz/Weitz (4.0/13.0)
WPSRX		17.1	2.1	4,539	35 17 17	22	4	1	99	0	0	0	NL	1.4	13.19	226	Knuth/Nicklin, Jr. (18.0/18.0)
WHGMX		19.2	2.0	2,907	21 21 14	66	51	2	98	0	0	3	NL	0.95	14.49	467	Management Team
	—	15.7	1.6	9,206	21 14 13	—	59	3	97	0	0	5	—	1.18	—	1,401	—
ACMVX		17.8	1.7	11,221	22 13 12	114	66	2	98	0	0	5	Clsd	1.01	14.59	6,357	Management Team
ARTQX		15.0	1.3	8,342	24 19 18	62	31	6	94	0	0	2	Clsd	1.19	18.75	6,031	Management Team
DEFIX		13.4	1.4	2,804	39 22 21	49	19	5	95	0	0	4	NL	1.21	23.95	573	Delafield/Sellecchia (22.1/22.1)
DHMAX		18.5	1.7	4,845	26 16 14	63	27	7	93	0	0	2	5.00	1.25	18.29	1,295	Management Team
FLVCX		14.7	1.2	17,074	25 14 13	115	4	4	96	0	0	4	NL	0.79	39.81	3,913	Thomas Soviero (12.5)
FLPSX		14.5	1.7	6,452	29 18 14	894	9	10	90	0	0	37	NL	0.79	47.75	40,210	Management Team
FDVLX		16.7	1.6	8,445	21 13 12	285	80	2	98	0	0	11	NL	0.84	95.76	8,284	Management Team
FPPTX		13.4	1.2	3,581	31 28 14	28	38	22	78	0	0	0	Clsd	0.73	32.36	856	Ahitov/Bryan (2.5/8.1)
GOODX		22.9	0.8	3,753	39 16 16	26	37	27	69	0	4	12	NL	1.1	19.37	240	Pitkowsky/Trauner (4.7/4.7)
HIMVX		12.1	1.3	5,816	20 14 13	208	13	1	99	0	0	1	NL	1.15	18.88	671	Management Team
JMCVX		18.3	1.9	8,114	23 15 12	84	49	6	94	0	0	2	NL	0.69	15.38	4,626	Management Team
TRMCX		17.7	1.5	7,393	27 11 11	99	32	12	88	0	0	4	Clsd	0.8	24.94	11,438	David Wallack (15.0)
VASVX		13.5	1.4	9,691	30 19 17	128	24	9	91	0	0	9	NL	0.44	25.85	9,669	Management Team
	—	25.6	3.5	2,857	24 18 17	—	79	3	97	0	0	2	—	1.33	—	849	—
ARTSX		34.1	4.4	3,201	44 18 18	72	45	7	93	0	0	2	Clsd	1.21	26.82	1,300	Management Team
ATASX		24.4	3.1	2,079	23 21 15	54	65	2	98	0	0	1	NL	1.31	5.79	173	Holland/Tasho (5.8/15.1)
BSCFX		26.0	3.0	3,470	19 19 17	94	15	3	96	0	1	5	NL	1.3	28.19	4,342	Clifford Greenberg (18.2)
BCSIX		46.6	4.6	2,634	64 26 5	39	11	4	96	0	0	0	Clsd	1.26	71.41	2,710	Management Team
BUFSX		32.9	3.8	2,022	31 17 17	66	17	5	95	0	0	5	Clsd	1.0	17.65	1,187	Cuellar/Male (1.0/17.7)
CSMVX		18.4	2.7	1,719	25 23 18	68	97	4	96	0	0	5	NL	1.4	21.7	236	Alexander Thorndike (16.0)
CIP SX		23.0	2.1	1,924	22 19 18	80	37	4	96	0	0	1	Clsd	1.38	15.84	1,407	Management Team
		20.0	4.1	11,204													
		17.0	1.5	9,136													

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 12-31-15					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr			
Small Growth (cont'd)		—	-2.4	-2.4	12.2	9.4	7.1	—	—	—	—	—	—	14.5 (54)	—
Columbia Acorn USA Z AUSAX	Neutral	★★★	-1.4	-1.4	10.7	8.9	6.2	37	37	76	64	77	0.0	13.61 (59)	-Avg
Conestoga Small Cap Investors CCASX	Silver	★★★★★	8.0	8.0	14.0	11.5	8.8	3	3	23	17	9	0.0	15.73 (44)	+Avg
Janus Triton T JATXX	Neutral	★★★★★	1.2	1.2	14.7	12.5	11.4	16	16	16	7	1	0.1	12.41 (69)	Low
Janus Venture T JAVTX	Neutral	★★★★★	-0.9	-0.9	15.7	13.1	9.7	30	30	9	5	4	0.0	13.84 (63)	Avg
Kalmar Growth-with-Value Sm Cp Inv KGSCX	—	★★	-7.2	-7.2	7.2	7.1	6.1	87	87	96	86	78	0.0	15.67 (59)	+Avg
LKCM Small Cap Equity Instl LKSCX	Silver	★★	-5.6	-5.6	7.3	7.2	5.7	81	81	95	85	85	0.0	14.65 (52)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	Silver	★★★★★	0.8	0.8	14.4	11.1	9.5	19	19	19	22	4	0.0	15.67 (44)	+Avg
Meridian Growth Legacy MERDX	Bronze	★★★★	-5.3	-5.3	10.0	8.6	8.7	79	79	81	68	10	0.0	11.84 (64)	Low
Meridian Small Cap Growth Investor MISGX	Bronze	NR	-6.6	-6.6	—	—	—	85	85	—	—	—	0.0	— (—)	—
Neuberger Berman Genesis Inv NBGNX	Bronze	★★★★	0.3	0.3	11.1	9.5	7.8	22	22	70	47	31	0.4	12.2 (70)	Low
Royce Premier Invmt RYPRX	Bronze	★★	-9.9	-9.9	4.5	4.7	6.5	96	96	98	96	73	0.7	13.99 (69)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	★★	-1.8	-1.8	10.6	7.0	5.6	43	43	77	88	86	0.0	14.7 (57)	Avg
T. Rowe Price Diversified Sm Cap Growth PRDSX	Silver	★★★★★	2.3	2.3	16.2	13.0	9.4	13	13	7	5	5	0.0	13.15 (68)	-Avg
T. Rowe Price New Horizons PRNHX	Silver	★★★★★	4.5	4.5	18.2	15.4	10.7	7	7	2	1	1	0.0	13.13 (58)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	Silver	★★★★	-3.2	-3.2	12.5	10.9	8.6	60	60	46	24	14	0.1	12.95 (64)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	★★★	-4.3	-4.3	12.8	10.1	6.8	72	72	40	37	63	0.3	13.62 (70)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	Silver	★★★	-2.5	-2.5	11.9	<i>10.2</i>	<i>8.3</i>	52	52	57	<i>34</i>	<i>19</i>	1.0	12.97 (64)	-Avg
Wasatch Core Growth WGROX	Silver	★★★★	3.9	3.9	12.8	12.4	7.5	9	9	40	8	43	0.0	12.22 (58)	Low
Wasatch Small Cap Growth WAAEX	Gold	★★★	-0.5	-0.5	10.2	9.4	7.5	28	28	80	51	44	0.0	12.69 (50)	Low
Wasatch Ultra Growth WAMCX	—	★★★	2.9	2.9	13.0	9.0	5.9	12	12	37	63	80	0.0	15.45 (39)	+Avg
William Blair Small Cap Growth N WBSNX	—	★★★	-4.4	-4.4	14.4	8.9	6.0	73	73	19	63	79	0.0	13.85 (54)	Avg
Small Blend		—	-5.4	-5.4	10.3	8.2	6.3	—	—	—	—	—	—	13.69 (64)	—
AMG Managers Skyline Special Equities SKSEX	Bronze	★★★★	-6.0	-6.0	14.0	11.6	7.9	68	68	8	4	12	0.0	14.69 (60)	+Avg
ASTON/River Road Select Value N ARSMX	—	★★★	-2.8	-2.8	7.4	7.4	—	26	26	85	73	—	0.0	12.27 (71)	Low
ASTON/River Road Small Cap Value N ARSVX	—	★★★	-1.3	-1.3	8.7	7.3	5.8	13	13	78	74	64	0.0	11.95 (66)	Low
Berwyn BERWX	Silver	★★	-14.4	-14.4	3.4	6.3	5.0	96	96	94	86	81	0.0	14.56 (53)	+Avg
Bogle Small Cap Growth Inv BOGLX	—	★★★★	-7.8	-7.8	11.5	10.6	5.8	81	81	46	16	65	0.0	15.66 (70)	High
Bridgeway Ultra-Small Company Market BRSIX	—	★★★	-8.3	-8.3	13.1	9.8	4.8	83	83	16	29	83	0.9	14.07 (51)	+Avg
Broadview Opportunity BVAOX	Silver	★★★★	-7.9	-7.9	10.8	8.3	8.2	82	82	56	57	9	0.0	13.08 (60)	-Avg
DFA US Micro Cap I DFSCX	Gold	★★★★	-3.6	-3.6	12.9	10.5	6.8	34	34	20	18	36	0.8	14.36 (59)	+Avg
DFA US Small Cap I DFSTX	Gold	★★★★	-3.3	-3.3	12.8	10.5	7.8	30	30	21	18	14	1.1	13.96 (66)	Avg
Dreyfus Opportunistic Small Cap DSCVX	—	★★★	-2.7	-2.7	13.2	8.5	9.4	25	25	15	55	3	0.3	16.47 (53)	High
Fidelity Small Cap Discovery FSCRX	Gold	★★★★★	-6.2	-6.2	11.5	11.6	10.3	69	69	44	5	1	0.5	13.22 (65)	Avg
Fidelity Small Cap Stock FSLCX	Bronze	★★	2.4	2.4	12.5	6.3	6.5	1	1	26	86	45	0.6	12.28 (73)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★	-0.2	-0.2	12.2	9.0	5.9	4	4	31	43	60	0.4	13.22 (65)	Avg
Mairs & Power Small Cap MSCFX	Silver	★★★★	-4.7	-4.7	12.2	—	—	51	51	30	—	—	0.4	13.48 (65)	Avg
Perritt MicroCap Opportunities Investor PRCGX	—	★★	-6.1	-6.1	11.3	7.0	5.4	68	68	48	79	74	0.0	13.08 (53)	-Avg
Royce Micro-Cap Invmt RYOTX	—	★★	-13.3	-13.3	0.3	-0.9	4.1	95	95	97	97	92	0.0	13.47 (51)	-Avg
Royce Pennsylvania Mutual Invmt PENNX	Neutral	↓★★	-11.4	-11.4	6.0	5.5	5.4	92	92	90	90	73	0.8	13.85 (69)	Avg
Royce Total Return Invmt RYTRX	—	↑★★★★	-7.2	-7.2	7.7	7.0	5.9	78	78	83	77	62	0.9	12.16 (74)	Low
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	-4.1	-4.1	11.2	9.7	6.6	42	42	49	30	40	0.1	12.76 (66)	-Avg
T. Rowe Price Small-Cap Value PRSVX	Bronze	★★★	-4.7	-4.7	8.2	8.2	6.9	51	51	81	60	33	0.8	12.75 (64)	-Avg
Vanguard Explorer Value Inv VEVFX	—	★★★★	-2.8	-2.8	12.1	10.3	—	26	26	33	22	—	0.8	12.96 (73)	-Avg
Vanguard Small Cap Index Adm VSMAX	Gold	★★★★	-3.6	-3.6	12.6	10.4	7.9	34	34	25	19	11	1.5	12.66 (74)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	Gold	★★★★★	-1.9	-1.9	13.7	11.5	8.0	19	19	11	5	10	1.3	13.2 (64)	Avg
Small Value		—	-6.7	-6.7	9.4	7.7	6.0	—	—	—	—	—	—	13.41 (64)	—
AllianzGI NFJ Small-Cap Value A PCVAX	Silver	★★★	-8.3	-8.3	7.0	6.7	7.1	75	75	83	73	22	1.5	12.15 (74)	-Avg
American Beacon Small Cp Val Inv AVPAX	Bronze	★★★★	-5.3	-5.3	11.3	8.9	6.5	43	43	31	28	33	0.5	13.77 (67)	Avg
Russell 2000 Index			-4.5	-4.5	11.6	9.2	6.8								
Russell 2000 Growth Index			-1.3	-1.3	14.4	10.8	8.0								

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

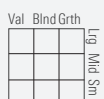
Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/ Earn Ratio	Price/ Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Hold- ings	Turn- over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
	25.6	3.5	2,857	24	18	17	79	3	97	0	0	2	1.33	—	849	—		
AUSAX	23.9	2.8	2,416	27	19	15	113	12	0	100	0	0	1	NL	1.08	22.19	979	Doyle/Litfin (2.0/0.0)
CCASX	35.5	4.7	1,676	40	24	17	45	12	4	96	0	0	0	NL	1.1	35.74	661	Mitchell/Monahan (13.2/1.9)
JATX	24.3	3.1	3,083	28	27	15	120	27	6	93	0	1	2	Clsd	0.93	21.98	6,986	Jonathan Coleman (2.6)
JAVTX	24.6	3.0	2,244	30	23	19	127	40	4	92	0	4	7	Clsd	0.93	61.6	2,921	Jonathan Coleman (2.6)
KGSCX	29.1	2.6	1,838	26	21	18	84	25	1	99	0	0	2	NL	1.34	14.57	251	Draper/Walker (18.7/18.7)
LKSCX	25.5	3.0	2,220	22	17	16	81	60	3	97	0	0	3	NL	0.94	19.86	577	Management Team
LCGRX	30.5	4.1	2,324	28	22	19	96	78	5	95	0	0	4	Clsd	1.21	19.97	1,153	Burns/Slavik (11.0/10.7)
MERDX	24.0	3.0	2,402	29	26	19	81	46	9	91	0	0	3	Clsd	0.84	30.69	1,259	Meade/Schaub (2.3/2.3)
MISGX	23.8	2.5	994	32	22	19	102	45	11	88	0	1	4	NL	1.39	11.27	268	Meade/Schaub (2.0/2.0)
NBGNX	22.7	3.3	2,994	22	18	17	142	13	1	99	0	0	5	NL	1.01	30.8	10,138	Management Team
RYPRX	17.0	2.2	2,670	34	16	15	58	9	2	92	0	7	7	NL	1.1	14.28	2,673	Management Team
RYVPX	26.3	2.8	1,520	25	25	21	84	52	2	91	0	7	14	NL	1.45	11.2	617	Brown/Skinner III (2.7/12.0)
PRDSX	22.4	3.5	3,282	23	20	18	295	17	4	96	0	0	1	NL	0.85	25.7	2,068	Sudhir Nanda (9.2)
PRNHX	28.8	3.8	4,054	23	21	19	285	40	2	91	0	7	6	Clsd	0.79	42.46	15,933	Henry Ellenbogen (5.8)
OTCFX	20.4	2.0	1,935	19	17	15	333	18	6	93	0	1	3	Clsd	0.91	38.61	8,750	Gregory McCrickard (23.3)
VEXPX	20.8	2.4	2,843	21	21	21	716	62	3	97	0	0	3	NL	0.53	80.44	11,590	Management Team
VSGAX	26.6	2.7	3,053	21	16	15	769	26	0	100	0	0	1	NL	0.09	42.73	15,826	Gerard O'Reilly (11.0)
WGROX	21.8	3.6	2,408	20	20	19	70	39	10	88	0	1	6	NL	1.18	52.93	1,220	Lambert/Taylor (10.9/15.0)
WAAEX	26.3	3.4	1,950	27	19	19	104	31	4	93	0	3	14	Clsd	1.21	41.29	2,013	Cardon/Taylor (29.0/2.9)
WAMCX	27.6	2.4	1,110	40	23	10	94	38	2	92	0	6	12	NL	1.49	17.98	103	John Malooly (3.9)
WBSNX	21.5	2.7	1,378	22	18	18	78	82	3	97	0	0	8	NL	1.5	22.47	374	Balkin/Brewer (7.5/16.0)
	19.0	1.8	2,607	17	17	16	65	3	98	0	0	2	1.2	—	829	—		
SKSEX	18.0	1.7	1,635	34	22	18	71	37	7	93	0	0	6	Clsd	1.33	35.7	1,318	Management Team
ARSMX	19.4	1.4	1,995	28	27	19	67	59	1	99	0	0	3	NL	1.46	6.24	51	Management Team
ARSVX	18.7	1.5	1,210	30	24	17	63	61	8	92	0	0	4	NL	1.35	11.04	251	Management Team
BERWX	16.7	1.3	575	30	23	12	44	17	9	91	0	0	4	NL	1.17	26.63	169	Management Team
BOGLX	16.5	1.2	1,345	22	19	18	210	196	0	100	0	0	12	NL	1.35	24.15	150	John Bogle (16.2)
BRSIX	14.2	1.1	181	24	20	15	700	32	0	100	0	0	0	NL	0.78	12.9	346	Management Team
BVAOX	18.9	2.1	2,036	27	24	17	73	41	16	84	0	0	4	NL	1.25	31.31	695	Management Team
DFSCX	19.3	1.8	870	20	19	18	1624	12	0	100	0	0	1	NL	0.52	17.51	4,827	Management Team
DFSTX	19.9	1.9	1,661	20	18	17	2019	9	0	100	0	0	1	NL	0.37	28.36	10,617	Management Team
DSCVX	19.5	2.0	1,697	23	22	19	77	74	1	99	0	0	7	Clsd	1.09	28.68	832	Management Team
FSCRX	17.8	1.5	2,375	21	20	19	60	13	1	99	0	0	1	Clsd	1.06	26.42	5,241	Charles Myers (9.7)
FSLCX	19.1	1.9	2,343	20	20	18	146	64	2	98	0	0	15	NL	0.66	17.37	2,033	Lionel Harris (4.1)
FDSCX	19.4	2.0	2,587	18	16	15	206	48	6	94	0	0	6	NL	0.73	23.06	1,432	Management Team
MSCFX	20.9	2.0	1,635	26	18	17	46	16	2	98	0	0	1	NL	1.07	19.48	194	Adams/Steinkopf (4.3/1.0)
PRCGX	15.6	1.3	273	19	17	17	104	29	2	98	0	0	4	NL	1.21	31.65	339	Corbett/Metrou (19.0/1.8)
RYOTX	19.6	1.4	382	24	23	15	185	18	4	91	0	5	8	NL	1.48	11.09	286	Management Team
PENNX	16.5	1.7	1,448	25	22	19	325	21	2	94	0	4	6	NL	0.92	9.33	3,038	Management Team
RYTRX	15.7	1.6	1,990	26	23	17	322	18	4	91	0	5	6	NL	1.19	11.91	2,916	Management Team
STSCX	20.1	2.2	3,533	27	16	14	62	11	2	98	0	0	0	NL	1.11	69.89	1,156	Management Team
PRSVX	17.6	1.6	1,376	24	15	12	307	16	3	96	0	1	2	NL	0.96	36.32	7,773	J. Wagner (1.5)
VEVFX	15.7	1.4	2,133	27	16	15	180	35	6	94	0	0	3	NL	0.65	28.46	308	Management Team
VSMAX	20.6	1.9	2,970	16	15	15	1521	10	0	100	0	0	1	NL	0.09	53.05	55,967	Michael Buek (24.0)
VTMSX	21.6	1.9	1,577	18	17	16	607	40	1	99	0	0	0	NL	0.12	44.37	3,835	Michael Buek (16.7)
	18.6	1.5	2,604	25	17	14	73	3	97	0	0	2	1.3	—	863	—		
PCVAX	14.4	1.6	2,286	24	17	11	130	42	5	93	0	2	2	Clsd	1.19	20.03	4,637	Management Team
AVPAX	16.3	1.4	1,963	27	17	16	604	73	5	95	0	0	6	NL	1.17	21.74	5,323	Management Team
	18.1	1.8	1,485															
	20.9	3.4	1,681															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Morningstar Rating	Total Return % 12-31-15					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr				10 Yr
Small Value (cont'd)			—	-6.7	-6.7	9.4	7.7	6.0	—	—	—	—	—	—	13.41 (64)	—
American Century Small Cap Value Inv ASVIX	—	★★★★		-2.7	-2.7	11.1	8.3	7.7	11	11	36	41	11	0.4	13.28 (68)	Avg
Artisan Small Cap Value Investor ARTVX	🥉 Bronze	★★		-12.5	-12.5	1.0	1.1	4.1	89	89	98	99	89	1.2	13.33 (64)	-Avg
Dean Small Cap Value DASCX	—	★★★		-6.4	-6.4	10.7	8.9	5.6	53	53	42	28	67	0.2	12.78 (61)	-Avg
DFA US Targeted Value I DFFVX	🏆 Gold	★★★★		-5.7	-5.7	11.6	9.2	6.7	46	46	27	24	28	1.3	14.09 (71)	+Avg
Diamond Hill Small Cap A DHSCX	🏆 Gold	↑★★★★		-3.7	-3.7	12.1	8.1	5.9	25	25	18	45	58	0.3	10.72 (68)	Low
Fidelity Small Cap Value FCPVX	🥉 Bronze	★★★★★		-1.6	-1.6	12.9	10.7	8.8	5	5	7	4	2	0.8	13.14 (67)	Avg
Perkins Small Cap Value T JSCVX	🥈 Silver	★★★★		-2.7	-2.7	10.6	7.3	7.6	11	11	43	62	13	0.7	11.47 (71)	Low
Royce Opportunity Invmt RYPNX	🥉 Bronze	★★		-13.6	-13.6	7.3	5.7	6.1	93	93	81	86	53	0.0	15.43 (60)	+Avg
Royce Small-Cap Value Service RYVFX	—	★★		-11.5	-11.5	4.2	2.8	5.2	85	85	94	97	75	0.5	12.95 (60)	-Avg
Royce Special Equity Invmt RYSEX	🏆 Gold	★★★★		-12.4	-12.4	4.7	5.8	6.9	89	89	93	85	25	1.2	13.38 (60)	-Avg
Third Avenue Small Cap Value Instl TASCX	—	★★★		-6.7	-6.7	8.4	7.2	4.3	58	58	72	64	86	0.0	12.96 (69)	-Avg
Vanguard Small Cap Value Index Admiral VSIAX	🥈 Silver	★★★★★		-4.7	-4.7	12.9	<i>10.4</i>	<i>7.2</i>	36	36	6	<i>6</i>	<i>19</i>	2.0	12.83 (77)	-Avg
Allocation			—	-2.2	-2.2	4.6	4.7	4.1	—	—	—	—	—	—	6.6 (76)	—
American Funds 2020 Trgt Date Retire A AACTX	🥈 Silver	TE	★★★★	-0.2	-0.2	7.9	7.3	—	10	10	2	2	—	1.1	6.62 (97)	Avg
American Funds American Balanced A ABALX	🥈 Silver	MA	★★★★	1.7	1.7	10.5	9.8	6.8	4	4	3	2	9	1.6	7.62 (90)	+Avg
American Funds Income Fund of Amer A AMECX	🥈 Silver	MA	★★★	-1.5	-1.5	8.1	8.3	6.3	53	53	31	15	15	3.2	7.88 (94)	+Avg
Arbitrage R ARBFX	🥉 Bronze	NE	★★★	0.6	0.6	1.0	1.5	3.1	47	47	59	41	23	0.0	1.82 (1)	Low
ASTON/Montag & Caldwell Balanced N MOBAX	—	MA	★★★★	3.9	3.9	8.2	7.4	6.1	1	1	29	33	20	0.7	6.38 (73)	-Avg
Berwyn Income BERIX	🥈 Silver	CA	★★★★★	-3.3	-3.3	5.0	5.2	6.8	78	78	19	26	1	2.4	4.58 (76)	Avg
Calamos Growth & Income A CVTRX	—	MA	★★★	1.7	1.7	8.4	6.5	5.7	5	5	27	51	32	3.4	9.1 (85)	High
Calamos Market Neutral Income A CVSIX	Neutral	NE	★★★	1.0	1.0	2.9	3.4	3.5	38	38	26	11	10	1.1	3.18 (0)	Avg
Dodge & Cox Balanced DODBX	🏆 Gold	MA	★★★★	-2.9	-2.9	10.7	9.6	5.8	79	79	3	3	31	2.1	8.34 (85)	High
Fidelity Balanced FBALX	🥉 Bronze	MA	★★★★★	0.4	0.4	10.1	8.9	6.4	13	13	6	6	14	1.6	7.51 (91)	+Avg
Fidelity Four-in-One Index FFNOX	🥈 Silver	AL	★★★★	0.1	0.1	10.0	8.6	5.9	7	7	12	10	12	2.1	9.18 (97)	Avg
Fidelity Puritan FPURX	🥉 Bronze	MA	★★★★★	1.8	1.8	10.7	9.2	6.8	4	4	3	4	8	2.1	7.64 (88)	+Avg
Fidelity Strategic Real Return FSRRX	🥉 Bronze	CA	★	-7.4	-7.4	-2.9	0.1	2.1	94	94	96	96	94	1.6	4.72 (42)	Avg
FPA Crescent FPACX	🏆 Gold	MA	★★★★★	-2.1	-2.1	8.4	7.7	7.1	66	66	26	28	6	0.9	6.53 (85)	-Avg
Franklin Income A FKINX	Under Review	CA	★★★	-7.8	-7.8	3.1	5.1	5.5	95	95	60	29	8	5.7	8.87 (88)	High
Gateway A GATEX	🥈 Silver	LO	↑★★★★	2.3	2.3	4.7	4.3	3.5	18	18	62	50	47	1.8	3.98 (88)	Low
Greenspring GRSPX	—	MA	★★	-5.9	-5.9	2.7	3.4	4.7	92	92	97	97	70	2.3	7.42 (63)	Avg
Invesco Equity and Income A ACEIX	🥉 Bronze	MA	★★★	-2.3	-2.3	10.0	8.2	6.1	71	71	7	17	20	2.3	8.12 (85)	+Avg
Janus Balanced T JABAX	Under Review	MA	★★★★★	0.5	0.5	9.2	8.3	7.5	12	12	17	16	3	1.5	6.63 (92)	-Avg
JPMorgan Income Builder A JNBAX	🥉 Bronze	CA	★★★	-0.9	-0.9	3.9	5.5	—	33	33	41	19	—	4.1	6.61 (89)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	★★★★	-1.0	-1.0	8.6	5.6	5.3	11	11	5	9	4	0.0	7.03 (68)	Avg
Mairs & Power Balanced Inv MAPOX	🥈 Silver	MA	★★★★★	-2.5	-2.5	7.8	8.7	6.9	75	75	37	8	8	2.6	7.48 (89)	+Avg
Manning & Napier Pro-Blend Cnsvr Term S EXDAX	🥉 Bronze	CA	★★★★	-3.1	-3.1	2.8	3.9	4.9	75	75	68	67	24	1.5	4.74 (95)	Avg
Manning & Napier Pro-Blend Extnr Term S MNBAX	🥉 Bronze	MA	★★★	-4.9	-4.9	5.1	5.3	5.5	89	89	83	78	41	0.6	8.0 (96)	+Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	🥉 Bronze	CA	★★★	-4.2	-4.2	3.7	4.4	4.9	84	84	48	53	24	0.8	6.31 (96)	+Avg
Merger Investor MERFX	🥈 Silver	NE	↑★★★★	-0.8	-0.8	1.4	1.9	3.2	60	60	53	32	20	0.8	2.72 (1)	Avg
MFS Total Return A MSFRX	🥉 Bronze	MA	★★★	-0.4	-0.4	8.7	7.8	5.5	27	27	23	25	38	2.5	6.58 (93)	-Avg
Oakmark Equity & Income I OAKBX	🥈 Silver	MA	★★★★	-4.6	-4.6	8.2	6.8	6.6	89	89	30	44	12	1.1	8.16 (85)	+Avg
Pax World Balanced Individual Inv PAXWX	—	MA	★★★	-0.5	-0.5	7.7	6.4	4.5	31	31	39	53	75	0.9	7.28 (92)	Avg
Permanent Portfolio PRPFX	Neutral	CA	★★★	-6.6	-6.6	-3.2	-0.2	5.1	92	92	97	97	17	1.1	7.02 (41)	High
Russell 2000 Index				-4.5	-4.5	11.6	9.2	6.8								
Russell 2000 Value Index				-7.7	-7.7	8.9	7.5	5.5								
S&P 500 Index				1.3	1.3	15.0	12.5	7.3								
BarCap US Agg Bond TR USD				0.5	0.5	1.4	3.1	4.3								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Aggressive Allocation
- CA Conservative Allocation
- LO Long-Short
- MA Moderate Allocation
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- SU Utilities
- TD Target Date 2011-2015
- TE Target Date 2016-2020
- TG Target Date 2021-2025
- TH Target Date 2026-2030
- TI Target Date 2031-2035
- TJ Target Date 2036-2040
- TK Target Date 2041-2045
- TL Target Date 2050+
- TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)	
					Cash	Stock	Bond			Other	Foreign									
	—	18.6	1.5	2,604	25	17	14	—	73	3	97	0	0	2	—	1.3	—	863	—	
ASVIX		16.7	1.6	1,325	26	20	16	148	78	0	98	0	1	4	Clsd	1.25	7.59	1,424	John/Lewis (3.6/1.2)	
ARTVX		16.2	1.2	1,290	36	18	10	99	40	5	95	0	0	1	Clsd	1.23	10.11	447	Management Team	
DASCX		16.2	1.8	1,625	24	21	12	63	128	1	99	0	0	0	NL	1.25	13.55	177	Steven Roth (7.5)	
DFVX		16.8	1.3	2,262	29	20	13	1539	10	0	100	0	0	1	NL	0.37	19.75	6,918	Management Team	
DHSCX		14.9	1.6	2,838	28	27	10	77	16	20	80	0	0	4	Clsd	1.32	30.89	1,652	Management Team	
FCPVX		17.6	1.5	2,226	30	15	14	57	34	1	97	0	2	3	Clsd	1.19	16.74	2,720	Derek Janssen (2.9)	
JSCVX		18.4	1.7	2,116	24	20	16	83	86	5	95	0	0	1	NL	0.81	18.2	1,434	Management Team	
RYPNX		16.5	1.2	660	32	19	18	259	36	5	93	0	2	3	NL	1.15	10.57	1,536	Hench/Zaino (11.7/17.7)	
RYVFX		13.4	1.3	1,270	33	24	18	62	38	4	95	0	1	3	NL	1.45	8.7	531	Jay Kaplan (12.0)	
RYSEX		14.1	1.7	1,553	47	17	13	45	21	7	93	0	0	0	NL	1.12	17.94	1,500	Dreifus/McBoyle (17.7/1.2)	
TASCX		20.1	1.7	2,167	27	21	14	64	29	4	94	0	2	5	NL	1.1	18.75	337	Bui/Rewey, III (3.0/1.5)	
VSIAX		17.6	1.6	2,901	20	16	13	849	12	0	100	0	0	1	NL	0.09	42.46	17,150	Michael Buek (17.6)	
	—	1.9	0.2	3,853	—	—	—	—	30	14	52	31	3	20	—	1.25	—	1,700	—	
AACTX		18.1	2.5	58,649	17	13	13	21	8	8	53	36	3	21	5.75	0.71	11.05	6,066	Management Team	
ABALX		17.0	2.2	97,597	19	16	13	1413	68	8	59	31	2	8	5.75	0.59	23.83	84,686	Management Team	
AMECX		17.4	2.3	58,712	16	14	14	1674	45	8	69	21	3	19	5.75	0.55	20.23	93,914	Management Team	
ARBFX		25.6	2.4	6,915	19	19	14	77	514	41	58	0	1	13	NL	1.45	12.53	1,974	Management Team	
MOBAX		23.6	4.1	78,225	28	26	15	73	36	8	58	34	0	0	NL	1.36	22.7	30	Canakaris/Donahue (21.2/2.8)	
BERIX		17.3	1.6	5,858	34	13	12	97	45	38	20	26	15	6	NL	0.64	12.85	1,742	Management Team	
CVTRX		17.5	1.9	125,766	19	19	14	121	24	4	64	7	25	0	4.75	1.09	29.68	2,579	Management Team	
CVSIX		16.5	2.3	88,357	19	17	15	513	38	8	34	11	47	1	4.75	1.11	12.76	3,777	Management Team	
DDBX		15.7	1.7	61,959	26	23	18	396	23	1	65	32	1	11	NL	0.53	94.42	14,732	Management Team	
FBALX		20.3	2.5	42,539	19	16	15	1204	128	5	67	26	2	7	NL	0.56	21.22	27,940	Management Team	
FFNOX		17.8	2.0	38,032	17	14	14	4	8	1	84	14	0	27	NL	0.22	36.18	4,252	Dierdorf/Sharpe (6.9/6.5)	
FPURX		20.7	2.7	62,516	20	18	18	1219	106	6	70	23	0	9	NL	0.56	20.33	25,279	Management Team	
FSRRX		30.9	2.1	7,537	98	1	1	382	23	1	14	32	52	2	NL	0.8	8.23	888	Management Team	
FPACX		15.4	1.4	46,324	34	25	14	135	31	35	53	10	3	10	NL	1.11	31.06	18,917	Management Team	
FKINX		16.4	1.7	65,643	20	15	14	532	45	2	60	30	9	21	4.25	0.61	2.1	80,412	Management Team	
GATEX		18.4	2.5	76,659	19	15	15	274	13	4	96	0	0	-2	5.75	0.94	29.72	8,259	Management Team	
GRSPX		20.0	1.7	2,427	32	20	10	99	50	8	71	21	0	2	NL	0.9	22.18	318	Charles Carlson (32.5)	
ACEIX		15.4	1.4	53,158	33	14	12	442	69	11	64	18	7	9	5.50	0.8	9.62	13,351	Management Team	
JABAX		17.3	3.0	67,417	20	17	17	471	75	2	54	41	3	8	NL	0.83	28.94	13,430	Pinto/Smith (10.7/10.7)	
JNBAX		16.2	1.8	32,451	24	22	9	2467	48	5	37	53	5	34	4.50	0.75	9.7	12,074	Management Team	
LCORX		13.1	2.1	14,013	25	20	17	316	79	50	33	16	2	10	NL	1.19	17.6	899	Management Team	
MAPOX		18.0	2.7	46,016	25	20	18	318	5	3	65	32	0	3	NL	0.73	81.16	668	Earley/Kaliebe (1.0/10.0)	
EXDAX		20.5	2.8	39,835	21	18	10	703	51	7	34	59	0	15	NL	0.89	12.75	1,335	Management Team	
MNBAX		21.9	2.9	25,548	24	24	10	642	66	6	57	37	0	18	NL	1.06	15.68	1,363	Management Team	
EXBAX		22.0	2.9	25,554	24	24	10	700	56	7	42	50	0	16	NL	1.06	12.72	1,442	Management Team	
MERFX		19.5	1.7	17,939	18	14	11	192	137	27	68	2	4	-1	NL	1.27	15.31	4,760	Behren/Shannon (8.9/8.9)	
MSFRX		16.1	2.1	59,507	24	15	12	806	45	2	59	38	1	9	5.75	0.73	17.17	6,822	Management Team	
OAKBX		14.5	1.8	33,884	28	19	18	270	25	19	61	15	5	6	NL	0.74	28.57	17,670	Management Team	
PAXWX		18.5	2.3	49,019	19	18	17	311	52	3	64	33	0	10	NL	0.93	21.76	1,861	Management Team	
PRPFX		23.7	1.8	20,556	30	13	13	110	17	11	34	29	26	13	NL	0.76	34.55	2,903	Michael Cuggino (12.7)	
		18.1	1.8	1,485																
		16.2	1.2	1,308																
		17.2	2.3	73,601																

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
			Morningstar Rating	Total Return % 12-31-15					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
						3 Yr	5 Yr	10 Yr									
Morningstar 500 Domestic Equity																	
Allocation (cont'd)			—	-2.2	-2.2	4.6	4.7	4.1	—	—	—	—	—	—	—	6.6 (76)	—
PIMCO All Asset All Authority D PAUDX	Bronze	TV	★★	-12.1	-12.1	-7.0	-0.6	2.8	93	93	98	91	65	5.1	7.28 (62)	-Avg	
PIMCO All Asset D PASDX	Gold	TV	↑★★★★	-9.2	-9.2	-2.9	1.4	3.5	83	83	87	65	43	3.5	7.14 (77)	-Avg	
PIMCO Inflation Response MultiAsst Instl PIRMX	Neutral	TV	★	-6.8	-6.8	-4.9	—	—	57	57	94	—	—	3.1	7.14 (42)	-Avg	
PIMCO RAE Fundamental Advantage PLUS D PFSDX	—	NE	★★	-7.7	-7.7	-1.8	0.6	—	88	88	87	65	—	6.2	3.47 (5)	Avg	
T. Rowe Price Balanced RPBAX	Silver	MA	★★★★★	0.7	0.7	8.3	7.9	6.3	10	10	27	23	16	2.1	7.39 (96)	Avg	
T. Rowe Price Capital Appreciation PRWCX	Gold	MA	★★★★★	5.4	5.4	13.2	11.4	8.5	1	1	1	1	1	1.4	6.99 (86)	Avg	
T. Rowe Price Personal Strat Growth TRSGX	Silver	AL	★★★★	0.3	0.3	9.9	8.9	6.4	6	6	14	7	4	1.6	9.12 (96)	Avg	
T. Rowe Price Personal Strat Income PRSIX	Silver	CA	★★★★★	0.0	0.0	5.4	5.8	5.7	9	9	12	13	4	2.1	5.45 (96)	+Avg	
T. Rowe Price Retirement 2015 TRRGX	Gold	TD	★★★★	-0.6	-0.6	6.5	6.5	5.7	14	14	5	8	1	2.0	6.68 (98)	High	
Vanguard Balanced Index Adm VBIAX	Gold	MA	★★★★	0.5	0.5	9.3	8.7	6.6	12	12	16	8	11	2.1	6.48 (93)	-Avg	
Vanguard LifeStrategy Income Inv VASIX	Gold	CA	★★★★	0.2	0.2	3.4	4.1	4.4	7	7	54	61	46	2.2	3.28 (59)	Low	
Vanguard Managed Payout Investor VPGDX	—	AL	↑★★★★	-0.7	-0.7	6.8	6.4	—	16	16	77	61	—	8.4	6.7 (98)	Low	
Vanguard STAR Inv VGSTX	Silver	MA	★★★★	-0.2	-0.2	8.1	7.7	6.1	21	21	31	28	21	2.0	7.17 (97)	Avg	
Vanguard Target Retirement 2025 Inv VTTVX	Gold	TG	★★★★	-0.8	-0.8	7.9	7.2	5.5	24	24	9	14	8	2.1	7.38 (99)	Avg	
Vanguard Tax-Managed Balanced Adm VTMFX	—	CA	★★★★★	2.3	2.3	8.7	8.5	6.2	1	1	1	1	2	2.1	5.31 (92)	Avg	
Vanguard Wellesley Income Inv VWINX	Gold	CA	★★★★★	1.3	1.3	6.1	7.6	7.0	2	2	6	2	1	3.0	4.6 (79)	Avg	
Vanguard Wellington Inv VWELX	Gold	MA	★★★★★	0.1	0.1	9.6	9.0	7.3	17	17	13	6	6	2.6	7.14 (93)	Avg	
Westwood Income Opportunity Instl WHGIX	—	MA	↑★★★★	-2.6	-2.6	6.8	7.1	6.8	75	75	58	39	8	1.4	6.33 (82)	Low	
U.S. Specialty Funds																	
AllianzGI Technology Institutional DRGTX	Silver	ST	↓★★★★	5.7	5.7	19.7	11.6	9.6	54	54	19	38	30	0.0	14.22 (61)	+Avg	
Cohen & Steers Realty Shares CSRSX	Bronze	SR	★★★★	5.0	5.0	12.1	11.6	7.8	5	5	8	36	16	2.4	14.42 (15)	+Avg	
Davis Financial A RPFGX	—	SF	★★★★	1.7	1.7	14.8	10.2	4.9	26	26	21	29	23	0.5	11.41 (76)	-Avg	
Fidelity Real Estate Investment Port FRESX	Bronze	SR	★★★★	6.0	6.0	11.9	12.3	7.1	4	4	12	12	41	1.5	14.55 (12)	+Avg	
Fidelity Select Energy Portfolio FSENX	—	EE	★★★★	-20.5	-20.5	-4.8	-3.0	1.4	15	15	23	8	23	1.1	19.3 (46)	-Avg	
Fidelity Select Health Care Portfolio FSPHX	—	SH	★★★★	6.6	6.6	30.3	23.7	13.6	67	67	26	25	27	0.0	15.3 (40)	+Avg	
Fidelity Select Technology Portfolio FSPTX	—	ST	★★★	7.4	7.4	16.1	10.7	9.7	36	36	53	57	29	0.1	12.6 (60)	-Avg	
Franklin Utilities A FKUTX	Gold	SU	★★★★	-7.4	-7.4	9.6	10.7	8.1	22	22	12	5	13	3.1	12.6 (14)	Avg	
Harbor Commodity Real Return ST Instl HACMX	Silver	BB	★★★	-25.8	-25.8	-19.9	-13.0	—	68	68	80	48	—	2.3	14.37 (84)	+Avg	
Oppenheimer Gold & Special Minerals A OPGSX	—	SP	★★	-23.1	-23.1	-30.3	-25.5	-3.2	41	41	65	73	34	0.0	34.36 (3)	Avg	
PIMCO Commodity Real Ret Strat D PCRDY	Silver	BB	★★★	-26.1	-26.1	-20.0	-13.2	-5.5	73	73	84	55	32	6.0	14.2 (83)	+Avg	
T. Rowe Price Global Technology PRGTX	—	ST	★★★★★	21.1	21.1	28.1	19.8	14.3	1	1	1	1	1	0.0	13.64 (64)	Avg	
T. Rowe Price Health Sciences PRHSX	—	SH	★★★★★	13.0	13.0	31.2	27.0	16.8	8	8	17	12	2	0.0	14.98 (33)	Avg	
T. Rowe Price Media & Telecommunications PRMTX	—	SC	★★★★★	12.0	12.0	18.0	15.0	13.7	1	1	1	1	1	0.2	13.3 (76)	High	
T. Rowe Price New Era PRNEX	Neutral	SN	★★★★	-18.8	-18.8	-4.7	-5.2	1.3	24	24	24	27	22	1.5	16.14 (56)	Avg	
T. Rowe Price Real Estate TRREX	Gold	SR	★★★★	4.8	4.8	12.0	12.0	7.4	6	6	9	18	31	2.3	13.84 (17)	Avg	
T. Rowe Price Science & Tech PRSCX	—	ST	★★★	8.6	8.6	20.7	12.3	9.3	30	30	12	24	35	0.0	13.56 (71)	Avg	
Third Avenue Real Estate Value Instl TAREX	Silver	GR	★★★★★	-3.7	-3.7	8.3	8.7	5.0	88	88	1	4	19	0.7	8.85 (73)	Low	
Vanguard Energy Inv VGENX	Neutral	EE	★★★★	-21.5	-21.5	-7.4	-4.3	1.7	21	21	37	23	17	2.6	18.42 (56)	Low	
Vanguard Health Care Inv VGHGX	Gold	SH	↓★★★★	12.7	12.7	27.5	21.6	12.4	12	12	45	40	40	1.1	11.12 (55)	Low	
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★	-29.4	-29.4	-26.0	-22.7	-6.0	93	93	7	33	72	2.3	22.81 (12)	Low	
Vanguard REIT Index Adm VGSIX	Gold	SR	★★★	2.4	2.4	11.0	11.8	7.6	64	64	30	26	26	3.9	14.67 (12)	High	
S&P 500 Index				1.3	1.3	15.0	12.5	7.3									
BarCap US Agg Bond TR USD				0.5	0.5	1.4	3.1	4.3									
Dow Jones Moderate Portfolio Index				-1.2	-1.2	6.0	5.9	5.5									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Aggressive Allocation
- BB Commodities Broad Basket
- CA Conservative Allocation
- EE Equity Energy
- GR Global Real Estate
- IH World Allocation
- LO Long-Short
- MA Moderate Allocation
- NE Market Neutral
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- SU Utilities
- TA Target-Date 2000-2010
- TD Target Date 2011-2015
- TE Target Date 2016-2020
- TG Target Date 2021-2025
- TH Target Date 2026-2030
- TI Target Date 2031-2035
- TJ Target Date 2036-2040
- TK Target Date 2041-2045
- TL Target Date 2050+
- TV Tactical Allocation
- RI Retirement Income

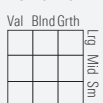
Current Portfolio Style

Costs

Operations

Current Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
PAUDX	18.3	2.3	3,853	—	—	—	44	75	58	29	17	-3	-36	NL	1.65	7.63	10,694	Robert Arnott (12.2)
PASDX	19.1	1.9	—	—	—	—	44	86	47	21	17	14	-5	NL	1.27	10.2	22,594	Robert Arnott (13.4)
PIRMX	17.8	1.5	11,026	🏠 55	📺 20	📈 7	343	383	-18	8	71	39	3	NL	0.7	7.81	601	Johnson/Worah (1.0/4.3)
PFSDX	—	—	—	—	—	—	602	413	188	77	-94	-71	-146	NL	1.29	9.37	1,209	Management Team
RPBAX	15.9	1.9	42,174	🏠 19	📈 18	📺 14	1498	53	3	64	32	1	28	NL	0.64	21.46	4,015	Charles Shriver (4.7)
PRWCX	21.1	2.5	33,521	📈 24	📺 23	📈 14	265	72	10	62	22	6	9	Clsd	0.7	25.05	24,813	David Giroux (9.5)
TRSGX	15.9	1.9	34,499	📈 20	📈 19	📺 15	1516	53	2	78	18	1	35	NL	0.78	27.83	1,660	Charles Shriver (4.7)
PRSIX	16.0	1.9	34,876	📈 20	📈 19	📺 15	1592	73	14	39	46	1	30	NL	0.58	17.33	1,514	Charles Shriver (4.7)
TRRGX	16.8	2.0	33,912	📈 18	📺 15	📈 14	19	14	6	52	41	1	29	NL	0.62	13.68	9,769	Clark/Lee (11.8/0.4)
VBIAX	18.8	2.4	41,632	📺 18	📈 15	📈 15	12038	53	2	59	39	0	5	NL	0.09	29.22	26,661	Management Team
VASIX	17.1	1.9	30,951	📈 17	📺 14	📈 12	5	14	3	20	76	0	37	NL	0.14	14.57	3,341	Management Team (21.2)
VPGDY	15.8	1.9	6,019	📈 17	📺 17	📈 15	10	23	8	59	17	16	39	NL	0.42	17.33	1,554	Ameriks/Buek (1.7/7.7)
VGSTX	16.8	2.0	36,773	📺 19	📈 18	📈 17	12	8	5	60	34	1	26	NL	0.34	23.29	18,806	Management Team
VTTVX	17.1	1.9	30,919	📈 17	📺 14	📈 12	5	24	2	67	32	0	39	NL	0.17	15.62	30,613	Management Team
VTMFX	19.0	2.5	50,102	📺 18	📈 15	📈 14	2135	8	1	48	51	0	0	NL	0.12	26.86	2,375	D'Arcy/Perre (2.5/16.0)
VWINX	16.9	2.1	89,561	📈 15	📺 15	📈 14	1375	59	2	36	61	1	17	NL	0.25	24.52	41,238	Keogh/Reckmeyer (7.8/9.0)
VWELX	15.3	1.9	93,454	📈 22	📈 21	📺 14	1406	71	1	64	35	0	14	Clsd	0.26	36.79	88,740	Bousa/Keogh (13.0/9.7)
WHGIX	17.6	2.0	47,616	📈 21	📺 19	📈 15	62	19	22	55	12	12	2	NL	0.86	14.1	2,413	Freeman/Williams (10.0/10.0)
DRGTX	27.5	5.7	66,832	📺 69	📈 17	📈 8	141	165	1	99	0	0	9	NL	1.26	54.29	1,321	Chen/Price, Jr. (20.0/20.0)
CSRSX	39.2	2.4	10,946	📈 98	📈 2	📈 0	38	52	1	99	0	0	0	NL	0.97	70.52	5,745	Management Team
RFPGX	14.2	1.4	48,232	📈 89	📺 4	📺 4	30	32	5	95	0	0	16	4.75	0.86	39.39	914	Christopher Davis (2.0)
FRESX	36.0	2.4	11,007	📈 100	📈 0	📈 0	47	34	1	99	0	0	0	NL	0.78	40.58	4,528	Steve Buller (18.0)
FSENX	20.8	1.5	22,519	📈 97	📈 2	💡 1	67	73	0	100	0	0	5	NL	0.79	35.17	1,764	John Dowd (9.4)
FSPHX	25.6	3.2	20,943	📈 96	📺 4	📈 1	112	98	3	97	0	0	12	NL	0.74	208.16	9,003	Edward Yoon (7.2)
FSPTX	23.8	2.8	26,654	📺 83	📈 9	📈 4	250	144	2	97	0	0	24	NL	0.78	118.09	3,103	Charlie Chai (9.0)
HKUTX	17.6	1.6	15,416	💡 92	📈 7	📈 1	56	10	0	99	1	0	7	4.25	0.75	15.42	5,195	Kohli/Schmicker (17.0/6.0)
HACMX	—	—	—	—	—	—	243	635	14	0	72	14	15	NL	0.94	3.35	83	Management Team
OPGSX	18.9	0.9	1,808	📈 100	📈 0	📈 0	82	79	3	97	0	0	88	5.75	1.17	10.43	697	Shanquan Li (18.5)
PCRDY	—	—	—	—	—	—	523	123	-22	0	97	25	7	NL	1.19	6.19	6,988	Management Team
PRGTX	20.9	4.3	36,522	📺 63	📈 27	📺 8	59	229	1	98	0	1	32	NL	0.91	13.56	2,623	Joshua Spencer (3.6)
PRHSX	22.3	3.2	22,370	📈 94	📺 2	📈 2	160	42	4	94	0	2	13	Clsd	0.77	68.86	14,108	Taymour Tamaddon (2.8)
PRMTX	28.5	3.6	48,452	📺 42	📺 29	📈 26	81	25	3	94	0	3	22	NL	0.8	70.61	3,614	Paul Greene II (2.6)
PRNEX	17.7	1.5	10,743	📈 51	📈 31	💡 7	123	62	2	97	0	1	26	NL	0.65	27.27	2,998	Shawn Driscoll (2.2)
TRREX	35.7	2.5	11,224	📈 97	📈 2	📈 1	39	3	4	95	0	1	0	NL	0.76	27.49	5,304	David Lee (18.2)
PRSCX	19.2	2.0	20,966	📺 72	📈 17	📺 6	82	80	1	96	0	3	33	NL	0.84	34.25	3,723	Kennard Allen (7.0)
TAREX	19.5	1.4	7,033	📈 72	📈 10	📈 9	63	17	15	84	0	2	42	NL	1.09	28.73	2,836	Management Team
VGENX	16.4	1.1	31,143	📈 97	💡 1	📈 1	152	31	2	96	0	2	30	NL	0.37	41.06	9,085	Management Team
VGHCX	24.8	3.0	41,797	📈 95	📺 4	📈 1	105	20	2	96	0	2	20	NL	0.34	220.35	51,725	Jean Hynes (7.6)
VGPMX	23.4	0.9	2,389	📈 98	📈 2	📈 0	56	62	9	91	0	0	85	NL	0.29	6.36	1,552	Jamie Horvat (1.8)
VGSLX	33.7	2.3	9,574	📈 99	📈 1	📈 0	155	8	0	100	0	0	0	NL	0.12	112.98	48,509	Gerard O'Reilly (19.6)
17.2 2.3 73,601																		

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 12-31-15					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
						3 Yr	5 Yr	10 Yr									
Foreign Stock			—	1.4	1.4	5.5	4.0	3.8	—	—	—	—	—	—	11.61 (85)	—	
American Beacon Intl Equity Inv AAPIX	—	FV	★★★★	-2.1	-2.1	4.0	3.7	3.1	44	44	38	18	12	1.2	12.37 (92)	Avg	
American Funds Europacific Growth A AEPGX	★ Gold	FG	★★	-0.8	-0.8	5.1	3.6	4.6	72	72	44	49	34	1.7	10.76 (91)	Low	
American Funds Intl Gr and Inc A IGAAX	★ Gold	FB	★★	-8.2	-8.2	1.6	2.9	—	91	91	84	45	—	3.2	11.09 (93)	-Avg	
Ariel International Equity Investor AINTX	—	FV	★★★★★	4.2	4.2	8.6	—	—	5	5	1	—	—	0.2	10.64 (91)	Low	
Artisan International Investor ARTIX	★ Silver	FG	↑★★★★	-3.9	-3.9	6.0	6.7	5.0	96	96	29	7	20	0.4	12.44 (82)	+Avg	
Artisan International Small Cap Investor ARTJX	★ Gold	FR	↓★★★★	11.0	11.0	8.1	7.6	7.8	17	17	60	23	12	0.1	13.18 (61)	High	
Artisan International Value Investor ARTKX	★ Gold	FB	★★★★★	-1.7	-1.7	8.4	7.8	8.0	60	60	4	3	1	0.8	10.61 (81)	Low	
Causeway International Value Inv CIVVX	★ Gold	FB	★★★	-3.2	-3.2	3.9	4.4	3.7	74	74	47	12	26	1.7	11.65 (88)	Avg	
Columbia Acorn International Select A LAFAX	Under Review	FG	↑★★★★	-1.3	-1.3	1.6	2.9	5.7	79	79	95	67	7	2.0	11.07 (69)	-Avg	
Columbia Acorn International Z ACINX	★ Silver	FR	★★★	-1.3	-1.3	4.9	3.8	6.7	90	90	89	88	17	1.3	10.67 (88)	Avg	
DFA International Small Company I DFISX	★ Silver	FQ	★★★	5.9	5.9	8.1	4.9	5.2	43	43	41	63	27	2.1	11.54 (83)	Avg	
Dodge & Cox International Stock DODFX	★ Gold	FB	★★★	-11.4	-11.4	3.9	2.6	3.8	98	98	49	54	22	2.3	13.73 (91)	High	
Fidelity Diversified International FDIVX	★ Bronze	FG	★★★	3.1	3.1	7.7	5.2	3.8	26	26	11	24	60	0.9	11.8 (87)	Avg	
Fidelity International Discovery FIGRX	★ Bronze	FG	★★★★	4.8	4.8	7.3	5.0	4.3	12	12	15	25	43	1.0	11.65 (87)	Avg	
Fidelity Overseas FOSFX	★ Bronze	FB	★★★★	8.3	8.3	9.8	6.8	3.7	1	1	3	4	27	1.0	11.26 (88)	-Avg	
Fidelity Spartan International Idx Inv FSIIIX	★ Silver	FB	↓★★★★	-0.9	-0.9	4.5	3.5	3.0	45	45	33	30	39	2.6	12.38 (95)	+Avg	
First Eagle Overseas A SGOVX	★ Bronze	FB	★★★★	2.3	2.3	4.2	4.0	6.2	10	10	41	18	3	0.2	8.35 (83)	Low	
FMI International FMIJX	—	FB	★★★★★	3.2	3.2	10.4	9.3	—	8	8	2	1	—	1.8	8.25 (63)	Low	
Harbor International Institutional HAINX	★ Gold	FB	★★★	-3.8	-3.8	1.6	2.4	4.9	77	77	85	61	11	1.8	13.11 (93)	High	
Harding Loevner International Eq Inv HLMNX	★ Silver	FG	★★★	-2.0	-2.0	3.0	3.3	5.0	85	85	80	56	23	0.7	12.88 (91)	+Avg	
IVA International A IVIOX	★ Silver	FQ	★★★	1.2	1.2	5.8	5.0	—	71	71	72	57	—	2.5	6.31 (88)	Low	
JOHCM International Select II JOHAX	—	FG	★★★★	-4.3	-4.3	11.5	6.2	—	97	97	2	10	—	0.2	13.07 (68)	High	
Litman Gregory Masters Intl Instl MSILX	—	FB	★★★★	-5.5	-5.5	3.7	2.3	3.9	86	86	52	63	21	1.7	12.29 (89)	+Avg	
Longleaf Partners International LLINX	Neutral	FB	★	-7.9	-7.9	0.2	-0.6	1.0	90	90	93	94	90	1.8	14.8 (79)	High	
MainStay ICAP International I ICEUX	Neutral	FB	★★★★	-4.6	-4.6	2.8	2.9	2.9	81	81	70	46	43	1.6	12.51 (88)	+Avg	
Manning & Napier World Opportunities A EXWAX	★ Bronze	FB	★★★	-5.9	-5.9	0.3	0.1	3.5	88	88	93	91	28	1.9	13.22 (90)	+Avg	
Neuberger Berman International Eq Inv NIQVX	★ Bronze	FB	☆☆☆☆	1.9	1.9	5.5	4.2	3.3	13	13	17	15	32	0.4	— (—)	—	
Oakmark International I OAKIX	★ Gold	FB	↓★★★★	-3.8	-3.8	5.6	5.5	6.2	77	77	17	6	3	2.3	14.14 (85)	High	
Oakmark International Small Cap I OAKEX	★ Bronze	FQ	★★★	0.7	0.7	5.9	3.3	4.8	75	75	70	79	58	2.5	12.19 (83)	High	
Oppenheimer International Growth A OIGAX	★ Silver	FG	★★★★	3.2	3.2	6.2	6.1	6.1	25	25	27	12	2	0.9	12.11 (85)	+Avg	
T. Rowe Price International Discovery PRIDX	★ Silver	FR	↑★★★★★	9.9	9.9	10.8	8.1	7.5	29	29	21	20	15	0.7	9.52 (84)	Low	
T. Rowe Price International Gr & Inc TRIGX	Neutral	FV	★★★★	-3.1	-3.1	4.1	3.0	3.0	54	54	37	34	16	2.1	11.8 (93)	-Avg	
T. Rowe Price International Stock PRITX	Neutral	FG	★★★	-0.8	-0.8	4.0	3.2	3.7	72	72	65	58	63	1.1	11.95 (93)	Avg	
T. Rowe Price Overseas Stock TROX	★ Bronze	FB	★★★★	-2.6	-2.6	4.3	3.8	—	69	69	39	23	—	2.1	11.33 (95)	-Avg	
Thornburg International Value A TGVAX	Neutral	FG	★★	6.3	6.3	4.9	2.9	4.9	6	6	50	66	26	0.8	11.84 (83)	Avg	
Tweedy, Browne Global Value TBGVX	★ Silver	FV	★★★★★	-1.5	-1.5	6.2	6.3	5.4	39	39	14	2	1	0.8	8.23 (80)	Low	
USAA International USIFX	★ Bronze	FG	★★★★	0.6	0.6	4.0	4.4	4.9	51	51	65	37	24	1.3	11.68 (90)	Avg	
Vanguard Developed Markets Idx Admiral VTMGX	★ Gold	FB	★★★★	-0.2	-0.2	4.8	3.6	3.2	36	36	29	28	33	2.9	12.31 (96)	+Avg	
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	★ Gold	FB	★★	-4.7	-4.7	1.6	<i>1.3</i>	—	83	83	85	<i>83</i>	—	2.9	12.11 (98)	Avg	
Vanguard FTSE All-Wld ex-US SmCap Idx Inv VFSVX	★ Silver	FQ	↑★★	-0.3	-0.3	3.7	1.4	—	79	79	86	89	—	2.5	11.75 (86)	+Avg	
Vanguard International Explorer Inv VINEX	Neutral	FQ	★★★	8.6	8.6	11.2	5.4	5.5	22	22	13	48	11	1.5	10.39 (84)	-Avg	
Vanguard International Growth Inv VWIGX	★ Silver	FG	★★★	-0.7	-0.7	4.8	3.6	4.6	70	70	51	51	33	1.4	13.51 (93)	High	
Vanguard International Value Inv VTRIX	★ Bronze	FV	★★★	-6.4	-6.4	2.2	1.8	2.8	79	79	67	61	22	2.1	13.16 (96)	+Avg	
Vanguard Total Intl Stock Index Admiral VTIAX	★ Gold	FB	★★	-4.3	-4.3	1.8	1.3	<i>2.9</i>	79	79	82	82	<i>43</i>	2.8	11.99 (98)	Avg	
Virtus Foreign Opportunities A JVIAX	★ Silver	FG	★★★	3.1	3.1	3.6	6.0	5.1	26	26	70	15	19	0.9	11.52 (79)	Avg	
World Stock			—	-1.7	-1.7	8.3	6.5	5.0	—	—	—	—	—	—	11.28 (77)	—	
American Funds Capital World Gr&Inc A CWGIX	★ Gold	FB	★★★	-2.2	-2.2	8.3	6.9	5.9	59	59	53	47	29	2.4	10.54 (90)	-Avg	
American Funds New Perspective A ANWPX	★ Gold	FB	★★★★	5.3	5.3	11.3	9.0	7.5	7	7	12	12	4	0.7	10.75 (84)	-Avg	
American Funds SMALLCAP World A SMCWX	★ Bronze	FB	★★★	2.6	2.6	10.5	7.1	7.0	16	16	18	43	10	0.0	11.1 (57)	Avg	
MSCI World Index				-0.9	-0.9	9.6	7.6	5.0									
MSCI EAFE Index				-1.0	-1.0	4.1	3.3	2.8									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- FA Foreign—Small/Mid Value
- FB Foreign—Large Blend
- FG Foreign—Large Growth
- FQ Foreign Small/Mid Blend
- FR Foreign—Small/Mid Growth
- FV Foreign—Large Value
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SU Real Estate
- ST Utilities
- ST Technology

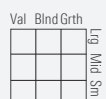
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge		Expense Ratio %		NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other	%	%						
	—	0.9	6,357	55	6	1	17	14	1	—	11	4	95	0	0	—	1.32	—	1,699	—			
Aaipx	■	5.8	34,185	59	4	0	13	10	1	180	23	6	90	0	4	NL	1.06	17.52	2,025	Management Team			
AEPGX	■	6.8	32,741	46	3	1	14	23	2	466	28	8	88	0	4	5.75	0.83	45.37	123,396	Management Team			
IGAAX	■	5.7	23,452	48	7	3	12	19	2	184	25	4	91	1	5	5.75	0.91	28.35	10,058	Management Team			
AINTX	■	8.8	31,173	54	6	0	14	10	0	79	34	10	89	0	0	NL	1.26	12.56	55	Rupal Bhansali (4.0)			
ARTIX	■	8.4	38,455	60	9	3	8	14	0	80	45	4	95	1	0	NL	1.17	28.68	18,733	Management Team			
ARTJX	■	13.6	2,527	63	1	0	1	24	0	48	44	8	92	0	0	Clsd	1.5	24.12	1,008	Hamker/Yockey (3.9/14.0)			
ARTKX	■	7.0	22,147	56	13	2	5	11	0	53	24	14	86	0	0	Clsd	1.2	31.71	10,888	O'Keefe/Samra (9.2/13.2)			
CIVVX	■	5.1	38,231	71	2	0	14	11	0	61	28	3	97	0	0	NL	1.17	13.99	7,052	Management Team			
LAFAX	■	10.3	11,749	46	8	0	21	19	5	45	58	0	98	0	2	5.75	1.47	21.33	140	Kusmierczak/Wald.-Wolf.(0.0/0.7)			
ACINX	■	8.4	3,549	43	6	1	22	25	1	198	28	0	100	0	0	NL	0.93	39.12	6,771	Egan/Mendes (12.7/12.7)			
DFISX	■	5.5	1,517	56	6	0	23	11	1	4103	0	0	98	0	1	NL	0.53	17.21	9,293	Management Team			
DODFX	■	5.3	38,849	43	9	5	13	11	7	93	12	1	96	0	3	Clsd	0.64	36.48	61,812	Management Team			
FDIVX	■	10.2	29,271	53	13	0	15	11	3	240	31	4	95	0	0	NL	1.0	35.06	22,496	William Bower (14.7)			
FIGRX	■	9.2	17,509	59	6	0	16	11	3	221	60	3	97	0	0	NL	0.99	39.41	10,947	William Kennedy (11.2)			
FOSFX	■	10.8	15,500	63	7	0	18	6	2	179	28	3	97	0	0	NL	1.04	40.86	4,905	Vincent Montemaggiore (3.9)			
FSIIX	■	5.7	32,458	63	1	0	23	11	1	961	1	1	99	0	0	NL	0.2	35.93	15,114	Management Team			
SGOVX	■	7.0	13,194	30	6	3	22	12	1	163	12	16	74	1	9	Clsd	1.16	21.97	13,342	Brooker, Jr./McLennan (5.8/7.2)			
FMIJX	■	11.0	18,823	42	19	0	10	9	0	41	9	17	79	0	4	NL	1.0	28.19	2,799	Management Team			
HAINX	■	6.8	44,126	76	6	1	8	2	0	98	11	7	93	0	0	NL	0.75	59.43	41,324	Management Team			
HLMNX	■	10.9	37,003	52	7	1	15	16	4	54	10	4	96	0	0	NL	1.16	17.08	4,997	Management Team			
IVIOX	■	7.4	5,311	19	3	0	12	16	1	106	28	36	52	6	5	Clsd	1.26	15.58	3,786	de Lardemelle/de Vaulx (7.2/7.2)			
JOHAX	■	5.9	23,659	48	11	0	20	13	0	34	51	6	91	0	2	Clsd	1.3	17.83	2,938	Lees/Richyal (6.4/6.4)			
MSILX	■	6.6	26,185	66	6	1	9	7	0	57	70	10	88	0	2	NL	0.99	16.13	1,269	Management Team			
LLINX	■	2.3	7,089	41	0	4	2	45	1	24	54	-4	98	0	6	NL	1.25	12.35	1,118	Management Team			
ICEUX	■	3.9	32,444	69	0	3	14	8	3	39	56	3	97	0	0	NL	0.95	30.8	1,846	Management Team			
EXWAX	■	11.9	29,115	51	17	8	4	16	0	53	43	4	96	0	0	NL	1.08	6.77	1,596	Management Team			
NIQVX	■	10.6	13,805	61	7	0	11	7	4	95	25	5	91	0	4	NL	1.25	20.29	1,358	Benjamin Segal (10.5)			
OAKIX	■	5.0	29,480	62	5	0	17	10	0	73	48	3	96	0	2	Clsd	0.95	21.36	26,566	Herro/Taylor (23.2/7.0)			
OAKEX	■	9.1	1,984	58	1	2	10	22	1	65	46	5	94	0	1	Clsd	1.31	14.17	2,773	Herro/Manelli (20.2/4.6)			
OIGAX	■	11.6	16,100	78	7	1	6	6	1	106	12	2	98	0	0	5.75	1.14	36.08	21,461	Dunphy/Evans (3.7/19.7)			
PRIDX	■	9.4	1,673	41	1	2	20	24	1	213	40	9	90	0	1	NL	1.21	53.95	4,321	Justin Thomson (17.0)			
TRIGX	■	6.0	18,470	56	2	1	16	15	2	127	25	6	93	0	1	NL	0.85	13.07	11,557	Jonathan Matthews (5.5)			
PRITX	■	7.8	25,733	49	7	2	14	23	3	129	32	1	97	0	1	NL	0.83	15.28	14,049	Richard Clattenburg (0.7)			
TROX	■	5.7	31,245	61	2	1	18	13	0	161	13	5	94	0	1	NL	0.84	8.99	11,158	Raymond Mills (9.0)			
TGVAX	■	6.5	42,458	63	7	0	14	9	0	52	71	0	93	0	7	4.50	1.26	24.11	9,253	Management Team			
TBGVX	■	5.5	28,509	60	8	1	1	8	0	114	8	22	78	0	0	NL	1.37	24.46	8,881	Management Team			
USIFX	■	7.3	19,367	62	5	0	20	9	1	524	17	1	97	0	2	NL	1.12	26.73	3,272	Management Team			
VTMGX	■	5.6	28,566	59	1	0	23	14	1	1867	4	1	97	0	1	NL	0.09	11.82	52,176	Christine Franquin (2.8)			
VFWAX	■	5.3	25,917	46	6	2	18	21	3	2493	3	1	97	0	2	NL	0.14	27.01	24,596	Ryan Ludt (7.3)			
VFSVX	■	5.3	1,397	40	12	2	16	27	2	3424	9	1	98	0	1	NL	0.37	35.39	3,305	Jeffrey Miller (0.3)			
VINEX	■	8.0	1,623	55	0	0	22	15	0	337	42	5	92	0	3	NL	0.4	16.95	2,937	Dobbs/Thomas (16.0/5.5)			
VWIGX	■	5.2	28,788	50	7	2	11	18	2	177	29	2	95	0	2	NL	0.47	21.1	22,157	Management Team			
VTRIX	■	4.2	28,182	49	3	1	22	12	5	167	36	6	92	0	3	NL	0.44	31.09	7,826	Management Team			
VTIAX	■	5.3	19,066	46	7	2	18	21	3	5947	3	0	99	0	0	NL	0.14	24.24	187,326	Michael Perre (7.4)			
JVIAX	■	16.7	48,466	61	16	0	2	19	1	48	32	1	99	0	0	5.75	1.43	28.37	1,804	Rajiv Jain (13.8)			
	—	8.3	41,831	29	52	1	6	8	1	—	54	2	97	1	1	—	1.32	—	1,538	—			
CWGIX	■	8.2	43,933	32	43	1	3	15	0	411	36	3	94	1	3	5.75	0.77	43.36	82,119	Management Team			
ANWPX	■	8.6	51,001	31	44	1	7	6	2	311	27	4	91	0	5	5.75	0.75	36.02	60,151	Management Team			
SMCWX	■	8.3	2,696	18	45	2	5	17	2	659	33	5	88	0	7	5.75	1.07	43.63	27,264	Management Team			

Equity Style Box



Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 International Equity	Morningstar Analyst Rating	vs. Category 5=Best	Morningstar Rating	Total Return % 12-31-15					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			★	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr				10 Yr
			★★★★★			3 Yr	5 Yr	10 Yr									
World Stock (cont'd)			—	-1.7	-1.7	8.3	6.5	5.0	—	—	—	—	—	—	11.28 (77)	—	
Artisan Global Opportunities Inv ARTRX	Silver	★★★★★	★★★★★	7.7	7.7	11.1	10.7	—	4	4	14	3	—	0.1	12.0 (74)	+Avg	
Artisan Global Value Investor ARTGX	Silver	★★★★★	★★★★★	-2.9	-2.9	10.0	10.0	—	68	68	24	5	—	0.3	10.54 (77)	-Avg	
BBH Global Core Select N BBGX	—	NR	NR	-2.5	-2.5	—	—	—	65	65	—	—	—	0.6	— (—)	—	
Dodge & Cox Global Stock DODWX	Gold	★★★	★★★	-8.0	-8.0	9.4	7.0	—	90	90	35	45	—	1.7	12.59 (84)	+Avg	
Fidelity Worldwide FWWFX	—	★★★★★	★★★★★	3.5	3.5	11.0	8.7	6.6	12	12	14	15	14	0.6	11.37 (70)	Avg	
Franklin Mutual Global Discovery A TEDIX	Silver	★★★★	★★★★	-3.6	-3.6	8.2	6.9	6.5	72	72	54	49	16	1.5	9.94 (76)	Low	
Franklin Mutual Quest A TEQIX	Silver	★★★	★★★	-5.8	-5.8	6.8	6.0	5.5	80	80	71	67	40	4.4	8.4 (72)	Low	
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★	★★★★	1.2	1.2	8.6	6.5	6.5	27	27	49	56	15	0.1	11.19 (82)	Avg	
Janus Global Research T JAWWX	Bronze	★★★	★★★	-2.3	-2.3	9.2	7.0	7.2	61	61	38	46	7	0.7	11.0 (79)	Avg	
MFS Global Equity A MWFEF	Gold	★★★★	★★★★	-1.7	-1.7	9.1	8.9	7.2	52	52	39	13	7	0.8	11.61 (79)	Avg	
Oakmark Global I OAKGX	Gold	★★★★	★★★★	-4.4	-4.4	10.0	7.1	6.5	74	74	25	42	17	1.1	12.86 (77)	High	
Oakmark Global Select I OAKWX	Silver	★★★★★	★★★★★	1.9	1.9	11.8	10.3	—	21	21	10	4	—	0.8	12.9 (77)	High	
Old Westbury Small & Mid Cap OWSMX	—	★★★★	★★★★	1.5	1.5	8.8	6.8	8.3	25	25	46	50	2	0.8	9.7 (74)	Low	
Oppenheimer Global A OPPAX	Silver	★★★	★★★	3.9	3.9	10.4	8.2	5.8	10	10	20	23	33	0.7	12.33 (80)	+Avg	
Oppenheimer Global Opportunities A OPGIX	Neutral	★★★★	★★★★	13.9	13.9	15.7	9.1	7.4	1	1	2	10	5	0.1	14.1 (23)	High	
Perkins Global Value T JGVAX	Bronze	★★★★	★★★★	-2.1	-2.1	7.7	7.2	4.9	58	58	62	40	57	2.1	8.43 (79)	Low	
Tweedy, Browne Value TWEBX	Silver	★★★	★★★	-5.4	-5.4	6.5	6.5	5.1	78	78	75	58	52	1.0	9.69 (76)	Low	
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★★	★★	-7.5	-7.5	2.9	4.9	—	87	87	94	78	—	2.7	11.08 (90)	Avg	
USAA World Growth USAWX	Silver	↓★★★★	↓★★★★	-1.6	-1.6	9.2	9.0	7.3	51	51	37	12	6	0.7	11.6 (79)	+Avg	
Vanguard Global Equity Inv VHGX	Bronze	★★★★	★★★★	-0.2	-0.2	9.9	7.7	5.1	37	37	25	32	51	1.7	10.55 (83)	-Avg	
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR	NR	5.8	5.8	—	—	—	6	6	—	—	—	1.8	— (—)	—	
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★	★★★	-2.0	-2.0	7.7	6.2	—	57	57	62	64	—	2.3	10.76 (91)	-Avg	
Regional Stock																	
Franklin Mutual European A TEMIX	—	ES	★★★★	0.6	0.6	6.7	5.5	5.7	72	72	42	44	29	2.0	10.94 (60)	Low	
Matthews Asia Dividend Investor MAPIX	Silver	DP	★★★	3.9	3.9	4.8	4.7	—	32	32	50	14	—	1.7	11.41 (79)	-Avg	
Matthews Asian Growth & Inc Investor MACSX	Silver	PJ	★★★★	-4.5	-4.5	-0.2	2.4	6.8	24	24	50	27	63	2.5	10.6 (79)	Low	
Matthews China Investor MCHF	Bronze	CH	↓★★★★	2.4	2.4	1.5	-1.0	10.9	7	7	74	74	12	1.0	18.15 (46)	Avg	
Matthews Emerging Asia Investor MEASX	—	PJ	NR	-2.6	-2.6	—	—	—	16	16	—	—	—	0.0	— (—)	—	
Matthews India Investor MINDX	—	EI	↓★★★★	0.9	0.9	15.8	5.4	11.1	18	18	7	10	1	0.1	21.29 (18)	High	
Matthews Pacific Tiger Investor MAPTX	Silver	PJ	★★★★	-1.3	-1.3	4.6	4.2	9.2	13	13	11	7	11	1.6	13.15 (63)	Avg	
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	-5.1	-5.1	0.3	1.9	9.0	32	32	41	35	16	1.3	11.9 (67)	-Avg	
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★	-1.9	-1.9	4.6	4.2	3.7	83	83	79	70	63	3.2	13.37 (88)	+Avg	
Diversified Emerg. Mkts.																	
American Funds New World A NEWFX	Gold	★★★★★	★★★★★	-6.0	-6.0	-0.1	0.5	5.7	5	5	8	4	7	0.6	10.95 (91)	Low	
DFA Emerging Markets Value I DFEVX	Bronze	★★	★★	-18.8	-18.8	-9.3	-7.9	3.7	85	85	87	93	38	2.5	15.79 (74)	+Avg	
Harding Loevner Emerging Markets Advisor HLEMX	Silver	★★★★	★★★★	-13.5	-13.5	-4.0	-2.2	4.0	43	43	30	16	31	0.5	13.64 (82)	Avg	
Lazard Emerging Markets Equity Open LZOEX	Silver	★★★	★★★	-20.3	-20.3	-9.0	-5.5	3.4	91	91	85	70	48	1.3	16.04 (73)	High	
Oppenheimer Developing Markets A ODMAX	Silver	★★★★	★★★★	-14.1	-14.1	-3.9	-2.6	5.8	49	49	29	21	5	0.4	14.69 (82)	+Avg	
Parametric Emerging Markets Investor EAEMX	Bronze	★★★★	★★★★	-16.6	-16.6	-7.0	-5.0	—	72	72	54	56	—	0.1	12.55 (82)	-Avg	
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	★★★★	★★★★	-11.5	-11.5	-5.1	-3.6	3.1	33	33	40	34	54	0.5	14.05 (71)	Avg	
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	★★★	★★★	-15.3	-15.3	-6.8	-4.8	3.4	62	62	52	52	49	3.2	14.64 (74)	+Avg	
Virtus Emerging Markets Opportunities A HEMZX	Silver	★★★★★	★★★★★	-8.8	-8.8	-3.6	0.8	6.5	16	16	26	2	2	0.7	13.49 (61)	Avg	
World Allocation																	
American Funds Capital Income Bldr A CAIBX	Silver	★★★	★★★	-2.9	-2.9	5.9	6.5	5.4	47	47	13	4	27	3.6	8.75 (86)	+Avg	
Applease APPLX	Neutral	★★	★★	-9.1	-9.1	2.1	3.3	—	90	90	73	67	—	0.0	9.42 (59)	+Avg	
BlackRock Global Allocation Inv A MDLOX	Gold	★★★★	★★★★	-1.1	-1.1	4.9	4.1	5.8	21	21	32	47	21	1.0	6.71 (93)	-Avg	
First Eagle Global A SGENX	Bronze	★★★★	★★★★	-0.9	-0.9	5.6	5.7	7.2	20	20	19	15	5	0.1	7.75 (90)	Avg	
IVA Worldwide A IVWAX	Silver	★★★	★★★	-2.5	-2.5	5.6	4.2	—	41	41	20	44	—	1.4	5.88 (88)	Low	
PIMCO Global Multi-Asset D PGMDX	Neutral	★	★	-0.8	-0.8	-1.1	0.7	—	18	18	89	94	—	0.0	8.59 (65)	Avg	
MSCI Emerging Markets Index				-16.2	-16.2	-8.1	-5.6	2.8									
MSCI World Index				-0.9	-0.9	9.6	7.6	5.0									
MSCI Pacific Index				3.0	3.0	5.8	3.2	2.4									

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
DP Diversified Pacific/Asia Stock
EI India Equity
ES Europe Stock
FA Foreign-Small/Mid Value

FB Foreign-Large Blend
FG Foreign-Large Growth
FR Foreign-Small/Mid Growth
FV Foreign-Large Value
JS Japan Stock

LS Latin America Stock
PJ Pacific/Asia ex-Japan Stock
TV Tactical Allocation

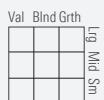
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe		North Amer	Latin Amer	Asia ex-Japan					Cash	Stock	Bond	Other					
	—	8.3	41,831	29	52	1	6	8	1	—	54	2	97	1	1	—	1.32	—	1,538	—	
ARTRX	☐☐	16.6	26,389	17	58	3	7	6	0	54	56	8	91	0	1	NL	1.2	19.54	1,501	Management Team	
ARTGX	☐☐	7.7	44,637	29	55	2	0	6	0	52	19	8	92	0	0	NL	1.32	14.24	1,576	O'Keefe/Samra (8.0/8.0)	
BBGNX	☐☐	11.4	39,006	38	54	0	0	0	0	41	40	8	92	0	0	NL	1.25	10.81	107	Hartch/Lombardi (2.7/2.7)	
DODWX	☐☐	6.1	46,107	24	52	3	3	10	4	95	17	3	97	0	1	NL	0.65	10.46	5,902	Management Team	
FWWFX	☐☐	11.3	28,892	28	55	0	7	5	2	317	151	1	99	0	0	NL	0.96	22.21	1,623	DuFour/Kennedy (8.2/10.0)	
TEDIX	☐☐	6.5	40,538	33	50	0	0	7	3	162	24	4	92	2	2	5.75	1.29	28.86	25,298	Management Team	
TEQIX	☐☐	5.9	19,164	18	34	0	0	5	1	152	66	8	59	27	6	5.75	1.11	14.29	5,423	Luh/Tumulty (5.0/12.1)	
HLMGX	☐☐	13.7	29,579	21	57	1	9	8	4	73	30	1	99	0	0	NL	1.15	30.77	821	Management Team	
JAWWX	☐☐	9.6	31,068	20	66	0	5	7	0	128	51	0	97	0	3	NL	0.79	61.77	2,652	Carmel Wellso (1.0)	
MWAFX	☐☐	12.0	42,577	38	56	1	1	1	1	102	8	2	98	0	0	5.75	1.23	34.26	2,133	Mannheim/Morley (23.7/6.2)	
OAKGX	☐☐	5.6	33,358	32	47	0	8	10	0	42	36	1	98	0	1	Clsd	1.11	27.11	3,052	McGregor/Taylor (12.2/10.2)	
OAKWX	☐☐	7.5	55,716	32	50	0	5	5	0	24	48	6	94	0	0	NL	1.13	15.45	2,265	Herro/Nygren (9.2/9.2)	
OWSMX	☐☐	8.8	3,601	19	56	1	8	11	2	5893	38	2	97	0	0	NL	1.14	14.88	5,043	Management Team	
OPPAX	☐☐	5.5	37,261	35	45	1	12	5	0	93	11	1	98	0	0	5.75	1.14	75.12	10,130	Rajeev Bhaman (11.4)	
OPGIX	☐☐	13.0	3,365	46	45	0	7	1	0	94	16	1	99	0	0	5.75	1.18	44.83	3,495	Frank Jennings (20.2)	
JGVAX	☐☐	9.0	35,808	26	50	3	5	4	0	74	25	11	89	0	0	NL	1.01	12.99	250	Chessen/Kolb (2.0/10.6)	
TWEBX	☐☐	5.5	62,072	43	43	0	0	4	0	48	6	10	90	0	0	NL	1.37	19.81	526	Management Team	
TBHDX	☐☐	5.9	61,902	62	20	0	0	6	0	32	7	12	88	0	0	NL	1.36	8.88	368	Management Team	
USAWX	☐☐	11.3	41,868	38	56	1	1	1	1	106	9	0	98	0	2	NL	1.17	26.14	1,141	Mannheim/Morley (13.5/6.2)	
VHGEV	☐☐	5.3	19,805	19	53	1	10	11	2	799	36	3	95	0	1	NL	0.61	23.64	4,435	Management Team	
VMVFX	☐☐	9.5	7,423	19	56	2	4	15	1	413	57	1	97	0	2	NL	0.3	11.3	1,293	Management Team	
VTWSX	☐☐	7.4	30,274	22	55	1	8	10	2	7382	7	1	99	0	0	NL	0.27	23.45	7,206	Christine Franquin (2.8)	
TEMIX	☐☐	5.9	15,412	86	2	0	0	0	0	76	54	11	88	0	1	5.75	1.34	18.95	3,274	Brugere- Trelat/Dudley (11.0/9.0)	
MAPIX	☐☐	5.1	9,181	0	2	0	30	66	0	72	20	0	100	0	0	NL	1.05	15.36	4,791	Management Team	
MACSX	☐☐	9.0	12,915	3	3	0	6	78	0	58	17	0	91	0	9	NL	1.08	16.03	2,877	Horrocks/Lowe (6.7/4.0)	
MCHFX	☐☐	3.5	20,946	0	0	0	0	90	0	41	10	0	100	0	0	NL	1.13	18.42	735	Management Team	
MEASX	☐☐	6.3	842	0	0	0	0	99	0	83	8	1	99	0	0	NL	1.48	11.27	170	Harvey/Ishida (2.7/2.7)	
MINDX	☐☐	22.1	3,699	0	4	0	0	91	5	49	15	0	100	0	0	NL	1.12	26.43	1,507	Asnani/Shroff (5.2/9.5)	
MAPTX	☐☐	7.1	10,956	3	3	0	0	91	0	66	11	0	97	0	3	NL	1.08	23.54	6,693	Management Team	
PRASX	☐☐	10.6	19,178	2	0	0	0	93	0	83	53	4	95	0	0	NL	0.94	15.26	2,700	Anh Lu (1.6)	
VEUSX	☐☐	7.0	30,876	98	1	0	0	0	0	1236	13	1	99	0	1	NL	0.12	62.51	20,119	Gerard O'Reilly (7.3)	
	—	5.4	17,594	3	1	13	0	62	16	—	73	5	97	-2	0	—	1.53	—	1,176	—	
NEWFX	☐☐	9.5	19,487	19	12	5	4	32	6	504	41	6	78	10	6	5.75	1.04	50.0	22,321	Management Team	
DFEVX	☐☐	2.9	5,459	0	0	14	0	69	14	2283	6	0	98	0	2	NL	0.55	20.4	13,612	Management Team	
HLEMX	☐☐	6.3	17,031	9	0	15	0	53	19	76	28	2	98	0	0	NL	1.45	39.22	2,204	Management Team	
LZOEX	☐☐	3.8	18,020	0	0	13	0	57	21	87	12	5	92	0	3	Clsd	1.37	13.82	9,233	Management Team	
ODMAX	☐☐	10.5	19,984	7	1	16	0	58	12	103	36	5	94	0	1	Clsd	1.3	30.4	28,545	Lech/Leverenz (0.2/8.7)	
EAEMX	☐☐	4.4	6,108	3	1	18	0	43	32	1676	9	1	97	0	3	NL	1.36	11.5	3,020	Atwill/Seto (1.6/8.8)	
PRMSX	☐☐	8.4	20,919	4	0	12	0	65	16	101	16	2	97	0	1	NL	1.24	28.5	8,564	Gonzalo Pangaro (7.2)	
VEMAX	☐☐	4.1	15,653	0	0	14	0	66	17	3098	7	0	98	0	1	NL	0.15	27.33	63,139	Michael Perre (7.3)	
HEMZX	☐☐	16.2	27,961	14	0	15	0	58	5	75	28	8	92	0	0	5.75	1.56	8.68	9,730	Rajiv Jain (9.6)	
	—	7.5	35,770	13	27	1	5	5	1	—	62	20	53	26	1	—	1.31	—	2,758	—	
CAIBX	☐☐	7.7	45,458	27	44	0	1	6	0	1379	63	2	78	18	2	5.75	0.59	55.85	94,745	Management Team	
APPLX	☐☐	7.3	6,819	9	53	0	6	12	2	42	52	-5	78	3	24	NL	1.3	10.92	186	Management Team	
MDLOX	☐☐	6.2	35,909	11	29	1	9	3	1	954	75	18	52	19	11	5.25	1.13	17.84	48,537	Management Team	
SGENX	☐☐	7.4	27,487	15	45	1	13	5	0	184	15	13	78	2	7	5.00	1.11	51.35	45,900	Brooker, Jr./McLennan (4.8/7.2)	
IVWAX	☐☐	8.5	18,816	13	23	0	7	7	1	103	30	38	50	6	6	Clsd	1.26	16.33	8,761	de Lardemelle/de Vaulx (7.2/7.2)	
PGMDX	☐☐	7.5	41,554	6	24	0	0	1	0	313	444	-52	55	81	15	NL	1.57	10.93	1,031	Sundstrom/Worah (0.4/1.9)	

Equity Style Box



Bold # = Cheapest Quintile

Morningstar 500 Bond Funds			Historical Performance											Historical Risk			
			Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 12-31-15					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
					YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
High-Quality Bond			—	—	-0.5	-0.5	0.4	2.6	3.6	—	—	—	—	—	—	3.29 (66)	—
AMG GW&K Core Bond Service MBDFX	—	CI	★★★★		-0.6	-0.6	0.8	3.1	5.2	69	69	68	57	13	2.3	3.56 (93)	High
AMG Managers Bond Service MGFIX	—	CI	★★★★		-2.2	-2.2	1.5	4.5	5.7	94	94	29	7	5	2.3	3.31 (60)	+Avg
Baird Aggregate Bond Inst BAGIX	—	CI	★★★★★	↑	0.6	0.6	2.0	4.3	4.8	22	22	13	9	25	2.5	3.05 (98)	Avg
Dodge & Cox Income DODIX	★	Gold	★★★★		-0.6	-0.6	1.8	3.6	5.0	70	70	18	30	18	3.1	2.49 (73)	-Avg
DoubleLine Total Return Bond I DBLTX	—	Not Rated	★★★★★		2.3	2.3	3.0	5.5	—	2	2	2	1	—	3.8	2.52 (81)	-Avg
Fidelity GNMA FGMNX	★	Gold	★★★★★		1.2	1.2	1.7	3.2	4.8	21	21	8	7	6	2.2	2.78 (77)	+Avg
Fidelity Government Income FGOVX	★	Gold	★★★★		0.5	0.5	1.1	2.7	4.2	50	50	34	26	25	1.6	2.8 (95)	+Avg
Fidelity Intermediate Bond FTHRX	★	Silver	★★★★		0.7	0.7	1.1	2.9	4.0	17	17	52	71	65	2.2	2.23 (92)	Low
Fidelity Investment Grade Bond FBNDX	★	Silver	★★★★		-1.6	-1.6	0.8	3.2	4.0	90	90	71	50	65	3.0	3.11 (91)	Avg
Fidelity Mortgage Securities FMSFX	—	CI	★★★★		1.5	1.5	1.9	3.3	3.9	6	6	14	46	68	2.4	2.53 (85)	-Avg
Fidelity Spartan US Bond Idx Investor FBIDX	★	Bronze	★★★★		0.4	0.4	1.3	3.1	4.1	28	28	44	62	59	2.4	3.07 (99)	Avg
Fidelity Total Bond FTBFX	★	Gold	★★★★		-0.4	-0.4	1.4	3.6	4.8	64	64	38	32	26	3.4	3.11 (89)	+Avg
Harbor Bond Institutional HABDX	★	Bronze	★★★★		0.2	0.2	1.1	3.2	5.3	36	36	50	52	11	2.7	3.51 (85)	High
Harbor Real Return Instl HARRX	★	Silver	★★★★		-2.4	-2.4	-3.1	1.9	3.8	63	63	68	30	12	0.7	5.88 (69)	+Avg
Janus Flexible Bond T JAFIX	—	Under Review	★★★★★		0.1	0.1	1.5	3.8	5.5	44	44	29	23	7	2.7	2.73 (94)	-Avg
Loomis Sayles Investment Grade Bond A LIGRX	★	Gold	★★★★		-5.3	-5.3	0.1	3.3	5.7	98	98	92	45	5	2.6	4.72 (31)	High
Metropolitan West Total Return Bond M MWTRX	★	Gold	★★★★★		0.0	0.0	2.0	4.4	6.2	51	51	14	7	1	1.6	2.79 (90)	Avg
PIMCO Investment Grade Corp Bd Instl PIGIX	★	Silver	★★★★★		0.3	0.3	2.4	5.7	7.1	13	13	7	10	8	3.7	4.84 (82)	+Avg
PIMCO Low Duration D PLDDX	★	Bronze	★★★★		0.4	0.4	0.2	1.6	3.4	44	44	73	45	23	1.1	1.68 (42)	+Avg
PIMCO Real Return D PRRDX	★	Silver	★★★★		-3.1	-3.1	-3.3	1.8	3.7	85	85	77	37	17	-1.1	5.98 (72)	High
PIMCO Short-Term D PSHDX	★	Silver	★★★★		1.1	1.1	0.8	1.1	2.3	4	4	9	24	11	1.6	0.92 (0)	High
PIMCO Total Return Instl PTTRX	★	Bronze	★★★★		0.7	0.7	1.1	3.5	5.8	15	15	51	34	3	2.9	3.71 (84)	High
Scout Core Plus Bond Instl SCPZX	★	Silver	★★★★		0.1	0.1	0.7	4.0	6.5	44	44	75	16	1	2.1	2.01 (59)	Low
T. Rowe Price Corporate Income PRPIX	—	TW	★★★★		-0.7	-0.7	2.0	4.9	5.2	34	34	19	29	42	3.4	4.45 (89)	+Avg
T. Rowe Price GNMA PRGMX	—	GI	★★★★		0.9	0.9	1.2	2.6	4.2	32	32	25	34	26	2.1	2.6 (75)	Avg
T. Rowe Price New Income PRCIX	★	Bronze	★★★★		0.2	0.2	1.2	3.1	4.6	39	39	50	59	34	2.4	3.08 (95)	Avg
T. Rowe Price Short-Term Bond PRWBX	★	Neutral	★★★★		0.6	0.6	0.5	1.2	2.9	26	26	54	68	47	1.3	0.87 (56)	Avg
TCW Total Return Bond I TGLMX	★	Bronze	★★★★★		1.1	1.1	2.8	5.1	6.8	10	10	3	2	1	3.0	2.59 (79)	-Avg
USAA Income USAIX	—	CI	★★★★		-1.1	-1.1	1.5	3.6	4.9	81	81	31	28	24	3.6	2.98 (87)	Avg
Vanguard GNMA Inv VFIIIX	★	Gold	★★★★★	↓	1.3	1.3	1.9	3.1	4.6	16	16	5	9	12	2.4	2.83 (79)	+Avg
Vanguard Inflation-Protected Secs Inv VIPSX	★	Gold	★★★★		-1.8	-1.8	-2.4	2.3	3.7	37	37	28	6	16	0.5	5.21 (79)	+Avg
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	↑	1.3	1.3	1.5	4.4	5.5	8	8	30	8	7	2.7	4.41 (97)	High
Vanguard Interm-Term Invmt-Grade Inv VFICX	★	Silver	★★★★		1.5	1.5	1.9	4.4	5.3	1	1	19	48	39	2.9	3.53 (93)	Avg
Vanguard Interm-Term Treasury Inv VFITX	★	Silver	★★★★		1.5	1.5	0.9	3.0	4.6	11	11	45	14	12	1.6	3.46 (90)	High
Vanguard Long-Term Investment-Grade Inv VWESX	★	Silver	★★★★★	↑	-2.2	-2.2	2.8	7.3	6.5	74	74	2	3	16	4.2	8.28 (89)	High
Vanguard Long-Term Treasury Inv VUSTX	★	Silver	★★★★		-1.5	-1.5	2.4	7.5	6.5	52	52	31	31	46	2.7	11.03 (84)	Avg
Vanguard Short-Term Bond Index Adm VBIRX	★	Silver	★★★★		0.9	0.9	0.8	1.5	3.3	8	8	32	48	29	1.4	1.22 (80)	Avg
Vanguard Short-Term Federal Inv VSGBX	★	Silver	★★★★		0.7	0.7	0.5	1.1	3.0	14	14	15	24	18	1.0	0.98 (80)	Avg
Vanguard Short-Term Investment-Grade Inv VFSTX	★	Silver	★★★★		1.0	1.0	1.3	2.0	3.5	7	7	11	21	22	2.1	1.23 (72)	Avg
Vanguard Short-Term Treasury Inv VFISX	★	Silver	★★★★		0.5	0.5	0.4	0.8	2.6	30	30	27	45	38	0.9	0.84 (67)	Avg
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	★★★★★		-0.2	-0.2	-1.0	—	—	3	3	3	—	—	0.3	1.72 (30)	Low
Vanguard Total Bond Market Index Adm VBTIX	★	Silver	★★★★		0.4	0.4	1.3	3.1	4.5	28	28	39	56	43	2.4	3.01 (99)	Avg
Western Asset Core Bond I WATFX	★	Silver	★★★★★	↑	1.2	1.2	2.2	4.2	5.1	8	8	10	12	16	2.5	3.05 (94)	Avg
Western Asset Core Plus Bond I WACPX	★	Silver	★★★★★		1.3	1.3	2.6	4.5	5.7	8	8	5	6	4	3.1	3.24 (90)	+Avg
High-Yield Bond			—	—	-4.0	-4.0	1.3	4.1	5.6	—	—	—	—	—	—	5.19 (11)	—
Eaton Vance Income Fund of Boston A EVIBX	★	Silver	★★★★		-2.0	-2.0	2.5	5.0	6.2	25	25	18	20	25	5.9	4.77 (15)	-Avg
Fairholme Focused Income FOCIX	—	Neutral	★★★★★	↓	-1.5	-1.5	7.3	5.2	—	18	18	1	13	—	—	13.84 (3)	High
Fidelity Capital & Income FAGIX	★	Silver	★★★★★		-0.9	-0.9	4.9	5.7	7.8	11	11	1	6	1	4.5	5.8 (13)	+Avg
BarCap US Agg Bond TR USD					0.5	0.5	1.4	3.1	4.3								

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CI Intermediate Government Bond
 CL Long-Term Bond
 CS Short-Term Bond
 GI Intermediate Government Bond
 GL Long Government Bond
 GS Short Government Bond
 IP Inflation-Protected Bond
 TW Corporate Bond
 UB Ultrashort Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.0	—	—	8	5	0	0	22	14	0	87	-1	—	0.77	—	1,670	—
MBDFX	5.3	5.0	A	60	40	0	0	177	5	0	94	1	NL	0.57	9.9	484	Mary Kane (0.8)
MGFIX	4.1	5.0	BBB	34	55	10	0	26	25	0	71	3	NL	1.0	26.2	2,474	Management Team
BAGIX	5.6	5.0	A	58	41	1	0	32	3	0	97	0	NL	0.3	10.61	6,808	Management Team
DODIX	4.1	5.0	BBB	48	41	11	0	27	1	0	96	2	NL	0.44	13.29	43,898	Management Team
DBLTX	3.5	5.0	BB	72	4	17	6	13	8	0	92	0	NL	0.47	10.78	51,638	Barach/Gundlach (5.7/5.7)
FGMNX	3.0	4.2	AAA	100	0	0	0	450	6	0	94	0	NL	0.45	11.52	5,911	Castagliuolo/Irving (6.0/11.2)
FGOVX	5.0	4.2	AA	99	0	0	1	83	2	0	98	0	NL	0.45	10.3	4,334	Castagliuolo/Irving (6.1/9.0)
FTHRX	3.8	5.0	A	51	46	3	0	53	3	0	95	3	NL	0.45	10.73	3,080	Foley/Galusza (2.2/6.5)
FBNDX	5.5	5.0	A	53	39	8	0	182	7	0	87	6	NL	0.45	7.58	7,179	Jeffrey Moore (11.1)
FMSFX	3.4	5.0	A	91	2	1	6	439	2	0	98	0	NL	0.45	11.25	1,037	Castagliuolo/Irving (6.0/7.7)
FBIDX	5.3	5.0	AA	78	22	0	0	75	3	0	97	0	NL	0.2	11.49	20,563	Bettencourt/Small (1.6/0.7)
FTBFX	5.3	5.0	BBB	45	40	14	1	140	6	0	94	0	NL	0.45	10.26	22,014	Management Team
HABDX	—	5.0	—	—	—	—	—	439	11	0	84	5	NL	0.51	11.47	2,830	Management Team
HARRX	—	6.7	—	—	—	—	—	427	4	0	91	5	NL	0.57	8.87	122	Banet/Worah (0.9/8.0)
JAFIX	5.4	5.0	BBB	55	31	12	2	124	2	0	95	3	NL	0.69	10.3	9,197	Smith/Watters (8.6/8.6)
LIGRX	4.5	5.0	BBB	37	51	8	3	23	10	5	76	10	4.25	0.83	10.84	8,313	Management Team
MWTRX	4.8	5.0	BBB	74	20	6	0	246	5	0	93	1	NL	0.69	10.62	69,596	Management Team
PIGIX	6.4	6.7	—	—	—	—	—	86	-61	0	156	5	NL	0.5	9.92	6,544	Mark Kiesel (13.1)
PLDDX	1.1	2.1	—	—	—	—	—	110	0	0	96	4	NL	0.75	9.86	11,210	Mather/Schneider (1.2/1.2)
PRRDX	7.5	6.7	—	—	—	—	—	117	-14	0	111	2	NL	0.85	10.51	11,595	Banet/Worah (1.0/8.0)
PSHDX	0.0	0.3	—	—	—	—	—	283	16	0	78	7	NL	0.7	9.73	13,617	Jerome Schneider (5.0)
PTTRX	5.0	5.0	—	—	—	—	—	265	-37	0	133	4	NL	0.46	10.07	91,978	Management Team
SCPZX	3.1	5.0	BBB	56	34	10	0	187	17	0	81	2	NL	0.4	31.34	781	Management Team
PRPIX	7.3	6.7	BBB	5	82	12	0	49	4	0	92	4	NL	0.62	9.26	708	David Tiberii (12.2)
PRGMX	4.2	4.2	AA	99	0	0	1	430	1	0	99	0	NL	0.59	9.43	1,559	Andrew McCormick (7.7)
PRCIX	5.4	5.0	BBB	58	34	7	1	145	9	0	90	1	NL	0.59	9.36	28,119	Daniel Shackelford (13.1)
PRWBX	1.8	2.1	A	53	44	3	0	53	13	0	86	1	NL	0.52	4.71	5,725	Reinartz/Wiese (0.9/21.0)
TGLMX	4.5	5.0	BB	75	8	17	0	288	5	0	95	1	NL	0.49	10.13	8,870	Management Team
USAIX	5.8	5.0	BBB	32	59	7	2	10	1	2	91	6	NL	0.53	12.6	5,861	Management Team
VFIIX	4.5	4.2	AAA	100	0	0	0	685	2	4	93	1	NL	0.21	10.66	25,834	Michael Garrett (9.0)
VIPSX	8.0	6.7	AAA	100	0	0	0	39	1	0	99	0	NL	0.2	12.84	23,394	Gemma Wright-Casparius (4.3)
VBILX	6.5	5.0	A	61	39	0	0	60	1	0	99	0	NL	0.1	11.26	20,898	Joshua Barrickman (7.7)
VFICX	5.5	6.7	A	34	65	0	1	88	1	0	99	0	NL	0.2	9.64	20,747	Gregory Nassour (7.6)
VFITX	5.1	4.2	AA	99	0	0	1	63	0	0	99	1	NL	0.2	11.26	5,868	Gemma Wright-Casparius (1.0)
VWESX	13.0	6.7	A	42	57	0	1	21	5	0	95	0	NL	0.22	9.9	14,086	Management Team
VUSTX	16.1	15.5	AA	100	0	0	0	59	0	0	100	0	NL	0.2	12.19	3,244	Gemma Wright-Casparius (1.0)
VBIRX	2.7	2.1	AA	76	24	0	0	45	2	0	98	0	NL	0.1	10.43	41,341	Barrickman/Pu (2.8/2.8)
VSGBX	2.1	2.1	A	94	0	0	6	361	10	0	90	0	NL	0.2	10.71	5,106	Brian Quigley (1.0)
VFSTX	2.6	2.1	A	41	56	2	1	79	13	0	87	0	NL	0.2	10.56	53,017	Gregory Nassour (7.6)
VFISX	2.2	2.1	AA	100	0	0	0	87	2	0	98	0	NL	0.2	10.65	7,139	Gemma Wright-Casparius (1.0)
VTIPX	2.5	6.7	AAA	100	0	0	0	26	20	0	80	0	NL	0.2	24.14	12,865	Barrickman/Wright-Casparius (3.2/3.2)
VBTLX	5.7	5.0	AA	74	26	0	0	72	4	0	96	0	NL	0.07	10.64	147,690	Joshua Barrickman (2.8)
WATFX	5.8	5.0	A	64	36	2	-2	93	2	0	98	0	NL	0.45	12.13	4,716	Management Team
WACPX	6.2	5.0	BB	50	35	13	2	78	0	0	99	1	NL	0.45	11.43	15,262	Management Team
—	3.9	—	B	3	5	89	3	76	5	1	93	1	—	1.07	—	1,280	—
EVIBX	3.9	3.9	B	0	3	96	1	36	8	0	89	3	4.75	1.0	5.4	5,179	Concannon/Weilheimer (1.2/20.0)
FOCIX	—	3.9	—	—	—	—	—	39	26	9	50	15	Clsd	1.01	9.75	215	Bruce Berkowitz (6.0)
FAGIX	—	3.9	B	7	5	63	24	41	9	19	70	2	NL	0.72	9.15	10,235	Mark Notkin (12.4)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 Bond Funds	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 12-31-15					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
					3 Yr	5 Yr	10 Yr									
High-Yield Bond (cont'd)			—	-4.0	-4.0	1.3	4.1	5.6	—	—	—	—	—	—	5.19 (11)	—
Fidelity High Income SPHIX	★ Gold	★★★★	-5.4	-5.4	0.8	4.0	6.1	77	77	69	57	29	7.6	5.48 (12)	+Avg	
Hotchkis & Wiley High Yield A HWHAX	★ Bronze	★★★★	-4.6	-4.6	1.4	4.6	—	62	62	50	36	—	8.2	5.0 (6)	-Avg	
Janus High-Yield T JAHYX	Under Review	★★★★	-1.4	-1.4	2.1	4.7	6.4	17	17	27	33	19	5.4	4.82 (15)	-Avg	
Metropolitan West High Yield Bond M MWHYX	★ Bronze	↑★★★★	-2.2	-2.2	1.6	3.7	6.4	28	28	44	69	19	4.6	4.62 (13)	-Avg	
PIMCO High Yield D PHYDX	★ Bronze	↑★★★★	-2.2	-2.2	2.0	4.7	5.8	28	28	32	34	41	5.3	5.09 (17)	Avg	
Specialty Bond			—	-3.1	-3.1	0.7	2.7	4.4	—	—	—	—	—	5.09 (32)	—	
American Funds Capital World Bond A CWBFX	Neutral IB	★★★★	-4.2	-4.2	-1.9	1.1	3.7	49	49	48	47	55	1.7	4.3 (50)	Avg	
Calamos Convertible A CCVIX	Neutral CV	★★	-3.8	-3.8	6.7	4.2	5.0	54	54	70	88	68	—	7.98 (82)	Avg	
Dodge & Cox Global Bond DODLX	— IB	NR	-6.2	-6.2	-0.7	—	—	77	77	—	—	—	—	4.63 (23)	—	
Eaton Vance Floating Rate A EVBLX	★ Bronze BL	↑★★★★	-1.9	-1.9	1.0	2.6	3.1	67	67	71	59	44	4.2	2.09 (3)	-Avg	
Fidelity Floating Rate High Income FFRHX	★ Bronze BL	★★★★	-1.2	-1.2	1.0	2.3	3.6	48	48	69	78	15	5.1	2.31 (4)	Avg	
Fidelity New Markets Income FNMIX	★ Silver EB	★★★★	0.2	0.2	-0.7	4.9	7.0	11	11	12	5	12	6.5	7.62 (19)	Avg	
Fidelity Strategic Income FSICX	★ Silver MU	★★★★	-1.6	-1.6	0.8	3.5	5.7	44	44	49	51	19	4.1	4.11 (37)	Avg	
FPA New Income FPNIX	★ Bronze NT	★★★★	0.1	0.1	0.7	1.3	2.8	26	26	39	65	68	2.8	0.74 (51)	Low	
Janus Global Unconstrained Bond D JUCDX	— NT	NR	-0.6	-0.6	—	—	—	38	38	—	—	—	1.8	— (—)	—	
Loomis Sayles Bond Retail LSBRX	★ Gold MU	★★★★	-7.1	-7.1	0.8	4.0	5.8	93	93	51	34	12	4.1	5.41 (13)	High	
Loomis Sayles Global Bond Retail LSLGX	★ Bronze IB	★★★★	-5.2	-5.2	-2.7	0.5	3.7	67	67	63	58	52	1.9	4.13 (41)	Avg	
PIMCO Emerging Local Bond Instl PELBX	★ Bronze EB	★★	-16.2	-16.2	-11.2	-4.3	—	91	91	89	86	—	5.1	11.02 (17)	High	
PIMCO Foreign Bond (Unhedged) D PFBDX	★ Bronze IB	★★★★	-7.2	-7.2	-4.3	0.1	4.3	86	86	84	71	38	1.2	5.88 (18)	+Avg	
PIMCO Foreign Bond (USD-Hedged) D PFDX	★ Bronze IB	★★★★★	0.0	0.0	3.6	5.6	5.7	10	10	4	2	7	1.1	3.41 (61)	-Avg	
PIMCO Income D PONDV	★ Silver MU	★★★★★	2.3	2.3	4.6	8.1	—	4	4	2	3	—	3.0	3.62 (25)	Avg	
PIMCO Unconstrained Bond D PUBDX	Neutral NT	↑★★★★	-2.6	-2.6	-1.0	1.1	—	74	74	83	73	—	2.8	2.55 (14)	Avg	
T. Rowe Price International Bond RPIBX	Neutral IB	★★	-5.7	-5.7	-4.4	-1.0	2.7	72	72	86	89	83	1.1	5.72 (16)	+Avg	
T. Rowe Price Spectrum Income RPSIX	★ Bronze MU	★★★★	-2.0	-2.0	1.6	3.8	5.2	50	50	35	41	43	3.3	3.86 (31)	Avg	
Templeton Global Bond A TPINX	★ Gold IB	★★★★	-4.3	-4.3	-0.2	2.4	7.2	51	51	30	29	1	2.9	5.76 (71)	+Avg	
Vanguard Convertible Securities Inv VCVSX	★ Bronze CV	★★★★	-1.4	-1.4	6.3	5.1	6.6	26	26	80	62	15	1.8	7.05 (76)	-Avg	
Vanguard Total Intl Bd Idx Investor VTIBX	— IB	NR	1.0	1.0	—	—	—	4	4	—	—	—	1.1	— (—)	—	
Municipal Bond National			—	2.6	2.6	2.4	4.7	3.6	—	—	—	—	—	3.51 (85)	—	
American Funds Tax-Exempt Bond A AFTEX	★ Bronze MI	★★★★	3.1	3.1	3.2	5.7	4.4	18	18	14	12	13	1.7	3.53 (98)	+Avg	
Baird Quality Intermediate Muni Bd Inst BMBIX	— MI	★★★★	2.2	2.2	1.8	3.4	4.1	68	68	79	88	40	1.6	2.61 (90)	-Avg	
Fidelity Intermediate Municipal Income FLTIX	★ Gold MI	★★★★	2.2	2.2	2.4	4.0	4.0	64	64	44	70	45	1.5	2.64 (98)	-Avg	
Fidelity Limited Term Municipal Income FSTFX	★ Gold MS	★★★★	1.2	1.2	1.2	2.0	2.8	22	22	24	32	26	0.9	1.32 (81)	Avg	
Fidelity Municipal Income FHIGX	★ Gold ML	★★★★	3.3	3.3	3.5	5.8	4.7	35	35	23	49	25	1.9	3.82 (99)	Avg	
Fidelity Tax-Free Bond FTABX	★ Gold ML	★★★★	3.2	3.2	3.6	5.9	4.9	43	43	20	42	15	2.1	3.82 (99)	Avg	
Franklin Federal Tax-Free Income A FKTIX	★ Silver ML	★★★★	2.4	2.4	2.9	5.9	4.6	85	85	56	42	33	1.7	4.11 (98)	Avg	
Franklin High Yield Tax-Free Inc A FRHIX	★ Silver HM	★★★★	3.2	3.2	3.1	6.5	4.8	80	80	76	65	19	2.8	5.15 (94)	Avg	
T. Rowe Price Summit Municipal Intm PRSMX	★ Gold MI	★★★★	2.8	2.8	2.9	4.5	4.3	31	31	22	47	19	1.4	2.94 (97)	-Avg	
T. Rowe Price Tax-Free High Yield PRFHX	★ Gold HM	★★★★	3.8	3.8	4.5	7.5	5.0	64	64	21	31	11	3.0	4.96 (94)	Avg	
T. Rowe Price Tax-Free Income Inv PRTAX	★ Gold ML	★★★★	3.1	3.1	3.3	5.7	4.7	46	46	35	53	29	1.8	3.9 (98)	Avg	
T. Rowe Price Tax-Free Shrt-Interm PRFSX	★ Gold MS	★★★★	1.1	1.1	1.2	2.0	2.9	27	27	23	31	25	0.6	1.48 (70)	+Avg	
USAA Tax Exempt Intermediate-Term USATX	★ Bronze MI	★★★★★	2.6	2.6	2.9	5.2	4.5	40	40	20	23	11	1.7	2.77 (98)	-Avg	
Vanguard High-Yield Tax-Exempt VWAHX	★ Silver MI	★★★★★	4.1	4.1	4.0	6.4	4.9	5	5	5	4	2	2.7	4.12 (98)	High	
Vanguard Inter-Term Tx-Ex Inv VWITX	★ Silver MI	★★★★	2.9	2.9	2.8	4.7	4.3	29	29	23	37	20	1.6	3.01 (98)	Avg	
Vanguard Long-Term Tax-Exempt VWLTX	★ Silver ML	★★★★	4.0	4.0	3.9	6.0	4.8	11	11	12	36	21	2.2	4.02 (99)	Avg	
Vanguard Ltd-Term Tx-Ex VMLTX	★ Silver MS	★★★★	1.3	1.3	1.2	1.8	2.7	19	19	21	41	30	0.9	1.2 (72)	Avg	
Vanguard Short-Term Tx-Ex VWSTX	★ Silver MS	★★	0.4	0.4	0.5	0.8	1.9	62	62	66	83	73	0.6	0.39 (51)	Low	
BofAML US HY Master II TR				-4.6	-4.6	1.6	4.8	6.8								
BarCap Municipal TR USD				3.3	3.3	3.2	5.3	4.7								

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
 CI Intermediate-Term Bond
 CV Convertibles Bond
 EB Emerging Market Bond
 HM High-Yield Muni
 IB World Bond
 MI Muni National, Intermediate
 ML Muni National, Long
 MS Muni National, Short
 MU Multisector Bond
 NT Nontraditional Bond

Current Portfolio Style

Costs

Operations

	Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					High	Mid	Low	Other		Cash	Stock	Bond	Other					
	—	3.9	—	B	3	5	89	3	76	5	1	93	1	—	1.07	—	1,280	—
SPHIX	☐☐	—	3.9	B	4	1	93	1	37	3	0	94	2	NL	0.72	7.95	4,162	Fred Hoff (15.6)
HWHAX	☐☐	4.6	3.9	B	0	4	92	3	44	2	2	91	5	3.75	0.95	10.98	2,254	Management Team
JAHYX	☐☐	3.9	3.9	B	8	3	85	4	71	9	1	88	2	NL	0.87	7.94	2,014	Smith/Watters (12.1/7.5)
MWHYX	☐☐	3.7	3.9	B	7	7	84	2	61	13	0	79	8	NL	0.85	9.11	1,052	Management Team
PHYDX	☐☐	3.9	3.9	—	—	—	—	—	39	4	0	93	2	NL	0.9	8.26	8,530	Andrew Jessop (5.9)
PRHYX	☐☐	3.8	3.9	B	3	2	92	3	59	5	1	89	5	Clsd	0.74	6.18	9,114	Mark Vaselkiv (19.5)
VWEHX	☐☐	4.6	3.9	B	3	4	92	1	35	2	1	92	5	NL	0.23	5.54	17,683	Michael Hong (7.8)
	—	0.2	—	—	5	5	5	1	34	23	2	62	13	—	1.17	—	1,290	—
CWBFX	☐☐	6.8	5.4	BBB	42	48	7	3	185	2	0	96	2	3.75	0.93	18.91	12,367	Management Team
CCVIX	☐☐	4.1	3.7	B	0	19	32	49	63	4	7	5	84	4.75	1.11	15.87	1,063	Management Team
DODLX	☐☐	3.5	5.4	BBB	23	61	16	0	36	3	0	93	3	NL	0.6	9.67	70	Management Team
EVBLX	☐☐	0.3	0.4	B	0	4	93	3	19	1	0	92	7	2.25	0.99	8.69	7,681	Page/Russ (14.9/8.1)
FFRHX	☐☐	—	0.4	B	5	3	89	3	26	7	0	93	0	NL	0.7	9.13	9,507	Eric Mollenhauer (2.7)
FNMIX	☐☐	—	5.2	BB	15	36	46	3	146	4	0	96	0	NL	0.9	14.52	3,978	John Carlson (20.5)
FSICX	☐☐	4.7	3.8	BB	27	18	50	6	118	6	1	84	10	NL	0.69	10.15	7,334	Management Team
FPNIX	☐☐	1.4	1.3	BB	78	0	11	10	29	9	0	90	1	NL	0.56	9.95	5,573	Attebery/Patwardhan (11.1/0.1)
JUCDX	☐☐	1.3	1.3	BB	11	56	26	8	107	-46	17	123	5	NL	0.96	9.57	1,316	Gross/Palghat (1.2/0.5)
LSBRX	☐☐	4.2	3.8	BB	29	31	31	9	22	18	7	64	11	NL	0.91	12.82	16,932	Management Team
LSGLX	☐☐	6.5	5.4	BBB	34	57	8	1	117	6	0	90	4	NL	0.98	14.65	1,671	Management Team
PELBX	☐☐	4.6	5.2	—	—	—	—	—	60	-8	0	102	6	NL	0.9	6.64	5,465	Michael Gomez (9.0)
PFBDX	☐☐	8.5	5.4	—	—	—	—	—	312	36	0	58	6	NL	0.9	9.04	1,459	Management Team
PFODX	☐☐	8.5	5.4	—	—	—	—	—	317	34	0	56	10	NL	0.9	9.91	8,096	Management Team
PONDX	☐☐	3.0	3.8	—	—	—	—	—	164	-17	0	110	7	NL	0.79	11.73	52,389	Ivascyn/Murata (8.7/2.7)
PUBDX	☐☐	-0.6	1.3	—	—	—	—	—	270	129	0	-34	5	NL	1.3	10.31	6,461	Management Team
RPIBX	☐☐	6.9	5.4	BBB	35	57	5	2	73	3	0	93	4	NL	0.83	8.27	5,252	Husain/Rothery (2.0/3.2)
RPSIX	☐☐	5.2	3.8	BB	39	30	30	2	20	5	12	80	2	NL	0.67	11.89	6,054	Charles Shriver (4.7)
TPINX	☐☐	-0.1	5.4	BB	24	56	20	0	43	50	0	47	3	4.25	0.89	11.58	58,792	Desai/Hasenstab (5.0/14.0)
VCVIX	☐☐	5.7	3.7	B	0	7	25	68	85	3	1	6	91	Clsd	0.41	12.1	1,741	Management Team
VTIBX	☐☐	7.3	5.4	A	50	50	0	0	13	3	0	95	2	NL	0.23	10.55	50,501	Barrickman/Pu (2.6/2.6)
	—	0.7	—	—	18	6	0	0	9	5	0	96	-1	—	0.85	—	1,671	—
AFTFX	☐☐	5.7	5.0	BBB	50	41	4	5	14	7	0	92	0	3.75	0.54	13.09	10,961	Management Team
BMBIX	☐☐	4.4	5.0	AA	97	3	0	0	5	5	0	95	0	NL	0.3	11.74	1,148	Management Team
FLTMX	☐☐	4.9	5.0	A	61	36	1	2	17	12	0	88	0	NL	0.37	10.51	5,624	Management Team
FSTFX	☐☐	2.7	2.7	A	61	34	0	4	21	14	0	86	0	NL	0.48	10.63	3,797	Management Team
FHIGX	☐☐	6.8	7.1	A	59	38	1	2	9	1	0	99	0	NL	0.47	13.44	5,756	Management Team
FTABX	☐☐	7.1	7.1	A	64	34	1	2	5	1	0	99	0	NL	0.46	11.66	2,983	Management Team
FKTIX	☐☐	—	7.1	A	70	28	2	0	5	2	0	98	0	4.25	0.62	12.38	10,761	Management Team
FRHIX	☐☐	—	7.3	BBB	35	49	11	6	8	1	0	99	0	4.25	0.65	10.51	8,194	Management Team
PRSMX	☐☐	5.4	5.0	A	54	42	2	2	12	2	0	98	0	NL	0.5	12.0	3,908	Charles Hill (22.2)
PRFHX	☐☐	7.9	7.3	BB	6	58	15	20	4	0	1	99	0	NL	0.69	11.97	3,375	James Murphy (14.9)
PRTAX	☐☐	6.2	7.1	A	35	60	1	4	8	0	0	100	0	NL	0.51	10.37	2,521	Konstantine Mallas (8.5)
PRFSX	☐☐	2.8	2.7	A	67	32	0	1	19	13	0	87	0	NL	0.49	5.63	2,088	Charles Hill (20.9)
USATX	☐☐	4.9	5.0	BBB	43	54	2	2	4	1	0	99	0	NL	0.55	13.52	4,070	Hoffmann/Shافر (0.1/12.6)
VWAHX	☐☐	6.3	5.0	BBB	34	52	7	7	21	3	0	97	0	NL	0.2	11.32	9,135	Mathew Kiselak (5.4)
VWITX	☐☐	4.8	5.0	A	75	23	1	1	12	6	0	94	0	NL	0.2	14.26	45,263	James D'Arcy (2.5)
VWLTX	☐☐	6.3	7.1	A	67	30	1	2	18	1	0	99	0	NL	0.2	11.75	9,107	Mathew Kiselak (5.4)
VMLTX	☐☐	2.5	2.7	AA	74	25	1	1	16	9	0	91	0	NL	0.2	11.02	21,198	Marlin Brown (7.8)
VWSTX	☐☐	1.0	2.7	AA	78	20	0	2	32	22	0	78	0	NL	0.2	15.8	12,372	Pamela Wisehaupt Tynan (19.0)

Fixed Income Style Box

Ltd	Mod	Ext
☐	☐	☐
☐	☐	☐
☐	☐	☐

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Blue # = Cheapest Quintile

AMG Funds 835-3879
 AMG GW&K Core Bond Service MBDFX **42**
 AMG Managers Bond Service MGFIX **42**
 AMG Managers Skyline Special Equities SKSEX **32**
 AMG Yacktman Focused Service YAFFX **26**
 AMG Yacktman Service YACKX **26**
 Akre Focus Retail 877-862-9556 AKREX **28**
 Allianz Funds 988-8380
 AllianzGI NFJ Large-Cap Value A PNBAX **26**
 AllianzGI NFJ Small-Cap Value A PCVAX **32**
 AllianzGI Technology Institutional DRGTX **36**
 Amana 888-732-6262
 Amana Growth Investor AMAGX **24**
 Amana Income Investor AMANX **26**
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The Corrections

Did you feel it? The plate tectonics of the markets shifted in January. Oil prices hit new lows, equities sold off hard, and junk bonds took a hit. Following soon after the Federal Reserve's first interest-rate hike, we're seeing renewed signs of economic weakness. Let's take a look at what's going on. Although many asset classes have lost value, we really have three distinct corrections in commodities emerging markets and developed-markets equities.

Here are some details on where we stand at the end of January 2016:

- The S&P 500 is down 5% for the year to date but up 11% annualized over the past three and five years.
- Within the Morningstar 500, 29 funds are down double digits for the year.
- Only 69 Morningstar 500 funds are in the black, and they are all bond funds.
- From May 17, 2015, 41 Morningstar 500 funds are down more than 20%, and 260 are down more than 10%.
- Treasuries have shown their safe-haven appeal with a 5% gain for long maturities for the year to date.

The Commodity Meltdown and Your Portfolio

Economic cycles show it is quite common to see something steadily rising in price, only to fall back as

more production comes on line to meet greater demand. So it is not at all surprising that this would happen to oil, copper, or coal. But the extremes of both the rally and decline are remarkable. Oil has fallen from a peak of \$145 a barrel in 2008 to \$30 a barrel in January 2016. Copper prices have fallen more than 50% from their 2008 peak, and coal is down about 70%.

This has caused pockets of severe pain in the fund world, although diversified portfolios have not been hurt too badly. For example, **PIMCO Commodity Real Return Strategy** PCRDX has lost 21% annualized in the past three years, 14% in the past five years, and 6% in the past 10 years. **Vanguard Energy** VGENX has lost 10% annualized in the past three years, 6% in the past five years, and is flat for the past 10 years. The former fund has direct exposure to commodities, while the latter owns energy stocks with a bias toward the more stable oil majors. **Vanguard Precious Metals and Mining** VGPMX owns shares of metal producers and miners of a variety of commodities and is down a horrific 26% annualized in the past three years, 21% in the past five, and 8% in the past 10.

Of course, the biggest driver in this story is China. China's remarkable growth over the past two decades sucked in an amazing amount of natural resources, and that inspired unprecedented investments to bring more commodity production on line. Today, China's rate of growth is slowing much faster than expected at the same time that production of commodities has ramped up. Hence, your plummeting commodity prices.

In addition, the shale oil revolution in the United States has turned the U.S. into a net exporter of oil, and Saudi Arabia's conflict with Iran has led it to go

Continued on Page 2



Russel Kinnel, Director of Manager Research and Editor

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The 25 Hardest-Hit

Name	Ticker	Morningstar Analyst Rating	Total Rtn % YTD (Mo-End)	Total Rtn % Rank Cat YTD (Daily)	Return % (Day to Day) 05-17-15 to 01-31-16	Notes
Vanguard Precious Metals and Mining	VGPMX	—	-2.20	91	-37.24	A rebound in commodities could be explosive for this fund.
DFA Emerging Markets Value	DFEVX	Bronze	-5.64	50	-29.96	A low-cost play on emerging markets.
Matthews China	MCHFV	Bronze	-14.88	91	-29.21	More pure play on China, which hurt in January.
Harbor Commodity Real Return ST	HACMX	Silver	-1.79	44	-28.50	Invests in energy, agriculture, and metals.
PIMCO Commodity Real Ret Strat	PCRDV	Silver	-1.62	34	-28.47	Same as above Harbor Fund.
Vanguard Emerging Mkts Stock Idx	VEMAX	Bronze	-6.00	63	-28.09	Soon to have one third of assets in China.
Delafield Fund	DEFIX	—	-9.06	97	-27.73	A big materials bet is killing this fund.
Oppenheimer Gold & Special Minerals	OPGSX	—	0.48	71	-27.27	A closed gem with a bias toward China and India.
Vanguard Energy	VGEXX	Neutral	-1.51	3	-27.04	A pending manager change gives us pause.
Dodge & Cox International Stock	DODFX	Gold	-9.40	97	-26.66	Great fund, bad stretch. I may buy some more.
Lazard Emerging Markets Equity	LZOEX	Silver	-2.82	3	-26.57	Contrarians betting on Russia.
Fidelity Select Energy Portfolio	FSENX	—	-2.30	5	-26.23	A little more exploration exposure than Vanguard Energy.
Longleaf Partners	LLPFV	Silver	-7.27	88	-25.87	Taking shots on many fronts, but good managers remain.
Vanguard Capital Value	VCVLX	Neutral	-9.89	98	-25.42	A long slump has moved us to downgrade the fund.
Parametric Emerging Markets	EAEMX	Bronze	-4.43	23	-25.16	Dials back weighting in China, Korea, and Brazil.
T. Rowe Price New Era	PRNEV	Neutral	-3.23	8	-24.31	New manager shifted to defensive stocks.
FPA Capital	FPPTX	Bronze	-7.11	66	-24.20	Big energy bet has hurt this normally cautious fund.
T. Rowe Price Emerging Markets Stock	PRMSX	Bronze	-5.93	60	-23.95	Growth bias helped in 2015, but less so in January 2016.
Harding Loevner Emerging Markets	HLEMX	Silver	-5.15	38	-23.34	A little less risk than most emerging-markets funds.
Longleaf Partners International	LLINX	Neutral	-10.93	98	-23.21	We downgraded this fund in July 2015.
Fairholme	FAIRX	Silver	-11.35	99	-22.87	Financials and Sears have taken a hit.
Eventide Gilead	ETGLX	Neutral	-12.49	97	-22.74	Biotech and small-cap tech are down.
Westport Select Cap	WPSRX	—	-10.99	98	-22.33	United Rentals down 33% in January.
Oppenheimer Developing Markets	ODMAX	Silver	-5.82	56	-22.32	A closed gem with a bias toward China and India.
Bogle Small Cap Growth	BOGLX	—	-10.35	97	-22.27	Tech and biotech hurt in January 2016.

Data as of 01/31/2016.

full-throttle on oil production in order to hurt its chief rival for dominance in the Middle East.

Bankruptcies and bond defaults are soaring in commodity-land. Arch Coal filed for bankruptcy in January, making it the fourth major coal company to do so.

This has put stress on high-yield and bank-loan funds as energy is a significant part of their markets.

Although most conservative high-yield funds have been light on energy, they've all felt some degree of pain. Investors have likewise responded by pulling billions out of bank-loan and high-yield funds to the tune of \$20 billion and \$11 billion, respectively, in 2015.

Emerging Markets—A Regular Bear Market

It stands to reason that slowing Chinese growth would have an impact on emerging markets, as China is the largest one. But it goes beyond that. Many other

big emerging markets are commodities producers and therefore have been pummeled by the plunging prices. Many of the Latin American countries, as well as Russia and many Middle Eastern nations, are dependent upon commodities.

Vanguard Emerging Markets Stock Index VEMAX is down 9% annualized over the past three years, 5% over the past five, and up 2% over the past 10. Things are not quite as bleak for some of my favorite Asia funds such as **Matthews Asia Dividend MAPIX**, which has slightly positive trailing returns owing to its defensive nature and a lack of exposure to Brazil and Russia.

Developed-Markets Equities and High Yield—A Correction

Stocks and high-yield bonds have given back a chunk of their gains going back to the 2009 rally, but if

you held since 2009, you have to still feel pretty flush. Energy-heavy stock and bond funds have given back a bigger chunk.

Meanwhile, energy troubles have caused pain in high yield. The average high-yield fund is off 6% for the past 12 months, is about flat for the past three years, but is up 3% annualized for the past five years. That's less pain than in some equities, but, by the standards of high yield, it is still a significant event as return swings are typically less dramatic.

Our stock analysts estimate the fair value of every stock they cover, and, at the end of January, their estimates show the stock market trading at 91% of fair value. That's a nice change from much of 2015, when stocks were slightly overvalued by analysts' estimates. The market last hit a discount that big in 2012, though that's well above the 55% price/fair value that the market hit in November 2008.

Conservative Funds Worked Well in January

Some funds that we expect to generally lose less in down markets had a rough 2015. But, in January 2016, a lot of the classic defensive funds worked nicely. Treasuries gained both because of expectations of low inflation and as a safe haven. Gold gained value, unlike most commodities. And high-quality stocks lost less than the rest of the market.

IVA International IVIOX and **First Eagle Overseas** SGOVX, two funds with similar capital-preservation philosophies, were among the standouts, with modest losses of around 3% and 4%, placing them near the top of their peer groups. Both held cash and gold bullion as well as defensive stocks.

Vanguard Dividend Growth VDIGX and **Aston/Montag & Caldwell Growth** MCGFX have a lot of high-quality stocks and have lost significantly less than peers because of it. The Vanguard fund's strategy of finding companies with the potential to boost dividends is really an indirect quality screen because it requires companies with growth potential and strong balance sheets. And Montag plies the steadier side of large growth. It can look a bit sleepy when

fast-growing tech and biotech stocks dominate, but it usually plays great defense.

Some Funds Have Had a Rough Year

To be more specific, funds have had a rough seven months. I've gathered the funds that lost the most from a top in energy and equity in May 2015 through January into a table with a short comment on each one. The January sell-off hasn't prompted many ratings changes, but we will certainly dial up the scrutiny on the hardest hit, especially if they now lag over a manager's tenure.

Is Now the Time to Buy?

The nasty thing about bear markets is they always overshoot past a reasonable point, just as bull markets overdo it on the upside. So, everything below comes with the caveat that there's no reason that everything can't grind lower for another year or more.

Emerging markets are dependent upon China, and our stock analysts believe China's rate of economic growth is lower than even the now-reduced estimates of Wall Street. But China is still growing, even if at a slower rate. In addition, natural-resources prices are likely near the bottom. We've seen these cycles in emerging markets before, even if China has made it more extreme.

So, if you're investing with a time horizon of 10 years or more, emerging markets ought to be a rewarding investment.

The same goes for commodities and the stocks of commodity producers, only they are going to provide a much more volatile ride. I would keep any funds dedicated to commodities or commodity producer stocks down to 5% or less of my portfolio.

As for developed-markets equities and high-yield bonds, it seems a reasonable time to buy, but not at the level of emerging markets or commodities. You're buying on a dip at this point, and that usually works but not always. As our fair value figures suggest, this is a decent entry point if you have cash you want to put to work, but it is not the deal of the century. ■■

Data through January 31, 2016 FINRA members: For internal or institutional use only.

FMI Large Cap

Benchmark 1: Russell 1000 TR USD
 Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 01-22-16



Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊕ Positive
- Price ⊙ Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Pillar Spectrum



Performance 01-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	4.74	1.83	-14.05	10.71	1.49
2012	11.08	-2.07	4.76	0.79	14.86
2013	11.40	3.10	4.48	8.74	30.48
2014	2.49	5.75	-1.77	5.53	12.36
2015	1.79	0.19	-7.58	3.52	-2.44

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-6.00	0.78	0.19	21	9,400
6 Mo	-8.61	-0.72	-1.84	46	9,139
1 Yr	-3.08	-1.26	-2.42	51	9,692
3 Yr Avg	9.32	-1.62	-1.98	56	13,063
5 Yr Avg	9.48	-1.20	-1.43	48	15,726
10 Yr Avg	7.38	0.86	0.90	6	20,388
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	6.73	57	2.37	71
5 Yr (estimated)	7.64	53	1.68	73
10 Yr (estimated)	6.18	5	1.12	65

Potential Capital Gain Exposure: 13% of assets

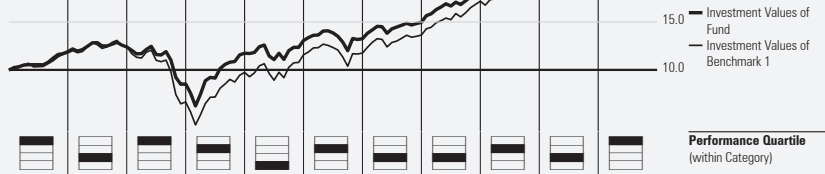
Morningstar's Take by Gretchen Rupp 01-22-16

A rocky 2015 highlights the risk of FMI Large Cap's relatively concentrated approach to investing, but there's still plenty of reason to hold this fund, which has a Morningstar Analyst Rating of Gold, in high regard. Portfolio manager Pat English and his team generally populate this portfolio with fewer than 30 stocks, so individual holdings can meaningfully affect fund returns. That was largely the case in 2015, when stock prices for Potash Corp POT and Devon Energy DVN dropped by almost half. These losses contributed significantly to the fund's overall 2.4% loss in 2015, which put it behind two thirds of its large-blend peers.

The team focuses on the long-term, though, and it continues to hold on to and believe in the potential of both stocks. Management's research-intensive process takes a "business owner's" approach to investing, focusing on companies with strong recurring revenues and attractive returns on invested capital. The team members also pay close attention to industry dynamics and trends, examining competitive environments and how businesses stand apart in areas such as cost structure and distribution. As the world's largest potash producer

Historical Profile

Return Above Avg
 Risk Low
 Rating ★★★★★
 Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	History
NAV	15.19	15.26	11.04	14.14	15.61	15.25	17.10	20.86	21.22	18.61	17.99	NAV
Total Return %	16.68	4.11	-26.91	29.68	11.41	1.49	14.86	30.48	12.36	-2.44	-3.33	Total Return %
+/- Bmark 1	1.22	-1.67	10.69	1.25	-4.68	-0.01	-1.56	-2.63	-0.88	-3.35	2.05	+/- Bmark 1
+/- Bmark 2	0.88	-1.39	10.09	3.22	-3.65	-0.62	-1.14	-1.90	-1.33	-3.82	1.63	+/- Bmark 2
Income Return %	0.74	0.89	0.75	1.55	0.97	1.14	1.29	1.03	0.87	0.98	0.00	Income Return %
Capital Return %	15.94	3.22	-27.66	28.13	10.44	0.35	13.57	29.45	11.49	-3.42	-3.33	Capital Return %
Total Rtn % Rank Cat	13	71	3	34	81	26	58	67	39	69	9	Total Rtn % Rank Cat
Income \$	0.10	0.13	0.11	0.17	0.14	0.18	0.20	0.18	0.18	0.21	0.00	Income \$
Capital Gains \$	0.33	0.43	0.00	0.00	0.00	0.42	0.21	1.24	2.05	1.84	0.00	Capital Gains \$
Expense Ratio %	1.11	1.03	1.11	0.97	0.97	0.97	0.96	0.96	0.94	0.93	—	Expense Ratio %
Income Ratio %	0.88	1.06	1.13	1.80	1.18	1.03	1.25	0.95	0.87	0.87	—	Income Ratio %
Turnover Rate %	29	19	30	32	20	28	21	30	31	18	—	Turnover Rate %
Net Assets \$mil	301	639	1,543	2,404	3,676	4,477	6,233	8,689	9,631	8,245	7,734	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-3.08			
3 Yr	9.32	Avg	Low	★★★★
5 Yr	9.48	Avg	-Avg	★★★★
10 Yr	7.38	High	Low	★★★★★
Incept	8.02			

Other Measures

	Standard Index	Best Fit Index
Alpha	-0.6	1.5
Beta	0.88	0.88
R-Squared	93	93
Standard Deviation	9.99	
Mean	9.32	
Sharpe Ratio	0.94	

with a number of mines at the lower part of the cost curve, Potash readily fits the bill.

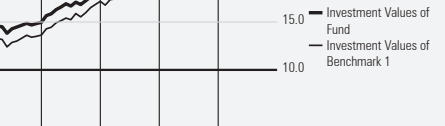
English, who has managed the fund since its 2001 inception, has built a compelling long-term record executing this process. From his start through the end of 2015, the fund's 8.3% annualized gain easily outpaces the typical competitor's 5.3% return. In a hallmark of the higher-quality names that tend to populate this portfolio, the fund does so with a measure of downside protection; over English's tenure, the fund beats the category average more than 70% of the time. (Of course, it also tends to lag peers in up markets, another common characteristic of a higher-quality portfolio.) The fund's disappointing results in 2015's volatile environment demonstrate how the team's concentrated approach can sometimes set those patterns off course. But investors who share the team's patient ways continue to have much to like here.

Ticker FMIHX
 Yield 1.1%
 Total Assets \$7,734 mil
 Mstar Category Large Blend

Investment Style

Equity

Growth of \$10,000



Performance Quartile (within Category)

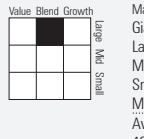
History

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	History
NAV	15.19	15.26	11.04	14.14	15.61	15.25	17.10	20.86	21.22	18.61	17.99	NAV
Total Return %	16.68	4.11	-26.91	29.68	11.41	1.49	14.86	30.48	12.36	-2.44	-3.33	Total Return %
+/- Bmark 1	1.22	-1.67	10.69	1.25	-4.68	-0.01	-1.56	-2.63	-0.88	-3.35	2.05	+/- Bmark 1
+/- Bmark 2	0.88	-1.39	10.09	3.22	-3.65	-0.62	-1.14	-1.90	-1.33	-3.82	1.63	+/- Bmark 2
Income Return %	0.74	0.89	0.75	1.55	0.97	1.14	1.29	1.03	0.87	0.98	0.00	Income Return %
Capital Return %	15.94	3.22	-27.66	28.13	10.44	0.35	13.57	29.45	11.49	-3.42	-3.33	Capital Return %
Total Rtn % Rank Cat	13	71	3	34	81	26	58	67	39	69	9	Total Rtn % Rank Cat
Income \$	0.10	0.13	0.11	0.17	0.14	0.18	0.20	0.18	0.18	0.21	0.00	Income \$
Capital Gains \$	0.33	0.43	0.00	0.00	0.00	0.42	0.21	1.24	2.05	1.84	0.00	Capital Gains \$
Expense Ratio %	1.11	1.03	1.11	0.97	0.97	0.97	0.96	0.96	0.94	0.93	—	Expense Ratio %
Income Ratio %	0.88	1.06	1.13	1.80	1.18	1.03	1.25	0.95	0.87	0.87	—	Income Ratio %
Turnover Rate %	29	19	30	32	20	28	21	30	31	18	—	Turnover Rate %
Net Assets \$mil	301	639	1,543	2,404	3,676	4,477	6,233	8,689	9,631	8,245	7,734	Net Assets \$mil

Portfolio Analysis 12-31-15

Total Stocks: 27	Share change since 09-30-15	Sector	YTD Ret %	% Assets
⊖ Honeywell International I		Industri	-0.36	5.02
⊖ UnitedHealth Group Inc		Hlth Care	-2.11	4.90
⊖ Berkshire Hathaway Inc Cl		Finan Svcs	-1.72	4.83
⊖ Comcast Corp Class A		Comm Svcs	-0.83	4.68
⊖ Microsoft Corp		Technology	-0.70	4.48
⊖ Progressive Corp		Finan Svcs	-1.73	4.48
⊖ Bank of New York Mellon C		Finan Svcs	-11.72	4.31
⊖ Accenture PLC Class A		Technology	1.00	4.21
⊖ Omnicom Group Inc		Cnsmr Cyc	-3.05	4.17
⊖ Danone ADR		Cnsmr Def	—	4.11
⊖ Dollar General Corp		Cnsmr Def	4.44	4.10
⊖ Ross Stores Inc		Cnsmr Cyc	4.55	4.05
⊖ Schlumberger Ltd		Energy	3.61	3.90
⊖ TE Connectivity Ltd		Technology	-11.53	3.82
⊖ Nestle SA ADR		Cnsmr Def	—	3.35
⊖ eBay Inc		Cnsmr Cyc	-14.63	3.23
⊖ Comerica Inc		Finan Svcs	-18.00	3.16
⊖ Potash Corp of Saskatchewan		Basic Mat	—	3.15
⊖ Expeditors International		Industri	0.04	3.01
⊖ Stanley Black & Decker In		Industri	-11.61	2.97

Current Investment Style

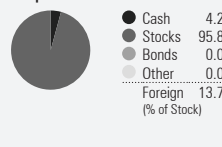


Value Blend Growth	Market Cap %
Giant	41.5
Large	42.3
Mid	16.3
Small	0.0
Micro	0.0
Avg \$mil:	46,949

Sector Weightings

% of Stocks	% of Assets
Cyclical	35.83
BasicMat	3.29
CnsmrCyc	11.95
FinanSvcs	20.59
Real Est	0.00
Sensitive	42.30
CommSvcs	4.89
Energy	6.65
Industri	17.70
Technlgy	13.06
Defensive	21.87
CnsmrDef	14.66
Hlthcare	7.21
Utilities	0.00

Composition - Net



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Inception: 12-31-01
 Advisor: Fiduciary Management, Inc. of Milwaukee
 Subadvisor: None

Minimum Purchase: \$1000 Add: \$100 IRA: \$1000
 Min Auto Inv Plan: \$1000 Add: \$50
 Sales Fees: No-load
 Management Fee: 0.75% mx./0.60% mn.
 Actual Fees: Mgt:0.69% Dist:—
 Expense Projections: 3Yr:\$278 5Yr:\$482 10Yr:\$1073
 Income Distribution: None

Profitability %
 Return on Equity 18.91
 Return on Assets 7.01
 Net Margin 8.89

Data through January 31, 2016 FINRA members: For internal or institutional use only.

PIMCO Foreign Bond (USD-Hedged) D

Ticker PFODX **Yield** 6.7% **SEC Yield** 1.11% **Total Assets** \$7,653 mil **Mstar Category** World Bond

Benchmark 1: Citi WGBI NonUSD USD
Benchmark 2: Barclays US Agg Bond TR USD

Morningstar Analyst Rating 01-08-16

Bronze

Morningstar Pillars

- Process + Positive
- Performance + Neutral
- People + Positive
- Parent + Neutral
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 01-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	0.09	1.12	2.72	2.29	6.35
2012	2.15	1.49	4.94	1.78	10.74
2013	1.43	-3.11	0.96	1.28	0.50
2014	2.43	2.15	2.51	3.21	10.71
2015	2.47	-4.09	1.19	0.56	0.00

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	0.83	1.34	0.05	4	10,083
6 Mo	1.01	0.02	-0.32	7	10,101
1 Yr	-0.90	2.19	-0.74	14	9,910
3 Yr Avg	4.00	7.48	1.85	2	11,248
5 Yr Avg	5.80	6.90	2.29	2	13,255
10 Yr Avg	5.84	2.87	1.18	6	17,641
15 Yr Avg	5.78	1.25	0.89	20	23,241

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	1.24	3	2.66	98
5 Yr (estimated)	3.19	3	2.47	97
10 Yr (estimated)	3.55	8	2.16	95

Potential Capital Gain Exposure: -8% of assets

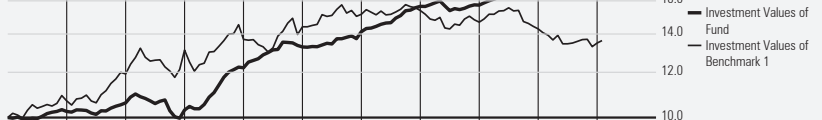
Morningstar's Take by Karin Anderson 01-08-16

PIMCO Foreign Bond (USD-Hedged), steered by Andrew Balls since September 2014, uses the same flexible and diversified approach that predecessor Scott Mather plied successfully for several years. While this management change is relatively recent, Balls has a good deal of experience running global and European mandates, and the significant analytical resources and sound process backing this fund remain intact. The fund also gets a perennial edge on the competition from its low fees. The fund retains its Morningstar Analyst Rating of Bronze.

When Balls took over, two new comanagers, both longtime members of PIMCO's global fixed-income team, were added to this fund: Sachin Gupta, a credit and interest-rate derivatives specialist, and Lorenzo Pagani, who heads up the European government bond and rates team. Balls has successfully run the firm's European fixed-income strategies since 2008, and remains in charge there, and since 2011 he's been on the management team of PIMCO Global Advantage Strategy, a world-bond Morningstar Category offering, although it has struggled in recent years because of its heavier focus on emerging-markets debt and currencies.

Historical Profile

Return High
Risk Below Avg
Rating ★★★★★
Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	NAV	Total Return %	+/- Bmark 1	+/- Bmark 2	Income Return %	Capital Return %	Total Rtn % Rank Cat	Income \$	Capital Gains \$	Expense Ratio %	Income Ratio %	Turnover Rate %	Net Assets \$mil	
10.18	10.22	9.08	10.00	10.43	10.58	10.79	10.52	10.77	9.91	10.01	10.01	1.05	0.05	0.05	0.05	0.05	0.05	7	0.00	0.00	—	0.00	—	—	—
2.48	3.51	-2.83	18.54	8.75	6.35	10.74	0.50	10.71	0.00	1.05	1.05	0.05	0.05	0.05	0.05	0.05	0.05	7	0.00	0.00	—	0.00	—	—	—
-4.46	-7.94	-12.93	14.15	3.54	1.18	9.24	5.06	13.39	5.54	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	7	0.00	0.00	—	0.00	—	—	—
-1.85	-3.45	-8.07	12.61	2.21	-1.49	6.53	2.52	4.75	-0.55	-0.33	0.04	0.04	0.04	0.04	0.04	0.04	0.04	7	0.00	0.00	—	0.00	—	—	—
2.81	3.08	3.47	4.03	2.32	3.81	4.39	1.85	7.97	6.56	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	7	0.00	0.00	—	0.00	—	—	—
-0.33	0.43	-6.29	14.51	6.43	2.54	6.35	2.54	6.35	-1.36	2.74	-6.56	1.01	1.01	1.01	1.01	1.01	1.01	7	0.00	0.00	—	0.00	—	—	—
87	86	65	22	19	14	18	16	2	10	7	7	0.00	0.00	0.00	0.00	0.00	0.00	7	0.00	0.00	—	0.00	—	—	—
0.29	0.31	0.35	0.36	0.23	0.39	0.45	0.20	0.82	0.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7	0.00	0.00	—	0.00	—	—	—
0.21	0.00	0.49	0.37	0.21	0.11	0.46	0.12	0.04	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7	0.00	0.00	—	0.00	—	—	—
0.95	0.95	1.27	1.13	0.92	0.90	0.90	0.93	0.92	0.92	—	—	—	—	—	—	—	—	7	—	—	—	—	—	—	—
2.95	3.11	3.42	4.27	3.96	2.40	2.47	2.37	2.27	1.83	—	—	—	—	—	—	—	—	7	—	—	—	—	—	—	—
571	653	969	779	411	236	355	383	175	317	—	—	—	—	—	—	—	—	7	—	—	—	—	—	—	—
220	135	125	159	307	310	386	450	734	1,058	—	—	—	—	—	—	—	—	7	—	—	—	—	—	—	—

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-0.90			
3 Yr	4.00	High	-Avg	★★★★★
5 Yr	5.80	High	-Avg	★★★★★
10 Yr	5.84	High	-Avg	★★★★★
Incept	5.80			

Other Measures

	Standard Index	Best Fit Index
Alpha	2.0	2.7
Beta	0.91	0.33
R-Squared	61	70
Standard Deviation	3.43	
Mean	4.00	
Sharpe Ratio	1.15	

Portfolio Analysis 09-30-15

	Date of Maturity	Value \$000	% Assets
Total Fixed Income: 719			
Irs Usd 1.30000 05/06/16-	05-06-17	3,617,950	3,635,944 45.50
10 Year US Treasury Note	12-21-15	1,627,300	2,094,894 26.21
Irs Usd 1.50000 12/16/15-	12-16-17	1,218,200	1,233,627 15.44
Irs Usd 2.25000 12/16/15-	12-16-22	1,096,300	1,131,015 14.15
Irs Jpy 0.15000 03/22/16-	03-22-18	119,300,000	996,866 12.47
Euro BOBL Future Dec15	12-08-15	611,800	881,105 11.03
Irs Usd 2.50000 12/16/15-	12-16-25	662,000	-688,646 8.62
Fed Natl Mort Assc 4.5%	10-15-43	492,900	-534,388 6.69
Irs Eur 0.49300 03/16/16-	03-16-21	428,900	479,939 6.01
Euro QAT Future Dec15	12-08-15	280,100	474,057 5.93
Irs Gbp 1.75000 09/16/16-	09-16-18	286,500	-437,992 5.48
Japanese Govt Bond (20y)	09-20-32	45,930,000	432,156 5.41
Japanese Govt Bond (20y)	09-20-34	48,320,000	427,479 5.35
US Treasury Note	01-15-25	365,738	350,899 4.39
Irs Gbp 1.75000 03/16/16-	03-16-21	222,700	340,705 4.26
Irs Eur 1.00000 03/16/16-	03-16-26	284,200	315,593 3.95
Mini 10 Year Japanese Gov	12-11-15	25,100,000	310,509 3.89
Japanese Govt Bond (30y)	09-20-44	33,460,000	300,996 3.77
Italian Btp Bond	08-01-23	209,900	291,010 3.64
Japanese Govt Bond (20y)	03-20-33	31,230,000	288,740 3.61

Current Investment Style

Duration	Ltd	Mod	Ext
Avg Eff Duration ¹	8.5	Yrs	
Avg Eff Maturity	11.7	Yrs	
Avg Credit Quality			
Avg Wtd Coupon	3.51%		
Avg Wtd Price	—		

Sector Breakdown

	% Assets
Government	20
Government Related	27
Corporate	3
Agency MBS	0
Non-Agency Residential MBS	1
Commercial MBS	1
Covered Bond	0
Asset Backed	2
Municipal	0
Cash & Equivalents	43
Other	3

Coupon Range

% of Bonds	
0% PIK	0.3
0% to 4%	53.1
4% to 6%	43.6
6% to 8%	1.6
8% to 10%	1.1
More than 10%	0.4

Composition - Net

Cash	34.1	Bonds	55.6
Stocks	0.3	Other	10.0

Credit Analysis

	% bonds
AAA	—
AA	—
A	—
BBB	—

Address:	PIMCO Investments LLC distributor New York NY 10019 888-877-4626	Minimum Purchase:	\$1000	Add: \$50	IRA: —
Web Address:	https://www.pimco.com/	Min Auto Inv Plan:	\$250	Add: \$50	
Inception:	04-08-98	Sales Fees:	No-load		
Advisor:	Pacific Investment Management Co LLC	Management Fee:	0.25%, 0.40%A		
Subadvisor:	None	Actual Fees:	Mgt:0.65% Dist:0.25%		
		Expense Projections:	3Yr:\$293 5Yr:\$509 10Yr:\$1131		
		Income Distribution:	Monthly		

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Data through January 31, 2016 FINRA members: For internal or institutional use only.

Royce Special Equity Invmt

Ticker: RYSEX Yield: 1.2% Total Assets: \$1,402 mil Mstar Category: Small Value

Benchmark 1: Russell 2000 Value TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 01-15-16



Morningstar Pillars

- Process: Positive
- Performance: Positive
- People: Positive
- Parent: Positive
- Price: Neutral

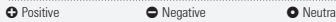
Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Pillar Spectrum



Performance 01-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	5.65	-2.40	-14.73	13.83	0.08
2012	10.91	-4.44	5.65	3.02	15.36
2013	8.66	3.44	8.25	6.32	29.36
2014	-0.76	0.93	-7.06	8.60	1.09
2015	2.41	-2.86	-11.35	-0.62	-12.36

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-8.50	0.62	-2.31	29	9,150
6 Mo	-12.14	-0.23	-5.37	46	8,786
1 Yr	-11.22	-1.28	-10.55	76	8,878
3 Yr Avg	2.09	-2.44	-9.22	86	10,639
5 Yr Avg	5.21	-0.96	-5.69	70	12,893
10 Yr Avg	5.99	1.98	-0.49	15	17,897
15 Yr Avg	9.52	2.05	1.59	12	39,144

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-0.44	80	2.47	63
5 Yr (estimated)	3.14	66	1.97	68
10 Yr (estimated)	4.44	16	1.47	64

Potential Capital Gain Exposure: 11% of assets

Morningstar's Take by Alex Bryan 01-15-16

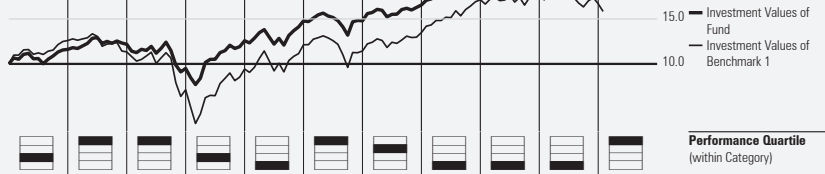
Royce Special Equity's robust investment process and record of success, particularly during market downturns, support its Morningstar Analyst Rating of Gold.

Charles Dreifus and comanager Steven McBoyle target stocks with high returns on capital, strong balance sheets, attractive valuations, and conservative accounting practices. The managers' preference for profitable, conservatively managed businesses is evident in the portfolio's high average return on invested capital and low debt/capital relative to the Russell 2000 Index. They won't pay up for future earnings growth. Instead, they look for companies that are generating attractive earnings before interest and taxes relative to enterprise value, using the lower of trailing one-year EBIT or estimated EBIT over the next year. They aren't afraid to make concentrated bets and will allow the portfolio's cash balance to climb when they can't find bargains.

Because the fund sticks to highly profitable and conservatively financed businesses and often carries sizable cash reserves, it should lag its small-cap peers during strong bull markets, but weather market downturns better than most. Over the past 15 years, the

Historical Profile

Return: Average
Risk: Low
Rating: ★★★★★
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	History
NAV	19.72	18.27	13.69	17.50	20.87	19.70	21.13	25.02	22.86	17.94	17.37	NAV
Total Return %	14.00	4.74	-19.62	28.38	19.61	0.08	15.36	29.36	1.09	-12.36	-3.18	Total Return %
+/- Bmark 1	-9.48	14.52	9.31	7.80	-4.89	5.58	-2.69	-5.16	-3.12	-4.89	3.54	+/- Bmark 1
+/- Bmark 2	-1.80	-0.75	17.38	1.91	4.55	-2.03	-0.64	-3.03	-12.60	-13.74	1.79	+/- Bmark 2
Income Return %	0.60	0.61	1.15	0.53	0.35	0.45	2.37	0.14	0.48	1.05	0.00	Income Return %
Capital Return %	13.40	4.14	-20.77	27.85	19.26	-0.37	13.00	29.22	0.61	-13.40	-3.18	Capital Return %
Total Rtn % Rank Cat	68	6	2	51	90	15	50	93	79	89	3	Total Rtn % Rank Cat
Income \$	0.11	0.12	0.21	0.07	0.06	0.09	0.46	0.03	0.12	0.24	0.00	Income \$
Capital Gains \$	1.51	2.32	0.75	0.00	0.00	1.08	1.10	2.20	2.26	1.86	0.00	Capital Gains \$
Expense Ratio %	1.13	1.12	1.15	1.17	1.17	1.15	1.13	1.13	1.12	—	—	Expense Ratio %
Income Ratio %	0.51	0.57	1.32	0.62	0.78	0.23	2.20	0.13	0.47	—	—	Income Ratio %
Turnover Rate %	16	29	27	10	21	23	31	28	21	—	—	Turnover Rate %
Net Assets \$mil	438	386	316	841	1,485	1,677	2,049	2,510	1,957	1,045	1,045	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-11.22			
3 Yr	2.09	-Avg	-Avg	★★
5 Yr	5.21	Avg	-Avg	★★★★
10 Yr	5.99	+Avg	Low	★★★★★
Incept	8.14			

Other Measures

	Standard Index	Best Fit Index
Alpha	-7.7	-4.5
Beta	0.93	0.94
R-Squared	59	90
Standard Deviation	13.34	
Mean	2.09	
Sharpe Ratio	0.22	

Portfolio Analysis 12-31-15

Stock	Sector	YTD Ret %	% Assets
Unifirst Corp	Cnsmr Cyc	1.06	9.61
AVX Corp	Technology	-5.44	6.96
Bed Bath & Beyond Inc	Cnsmr Cyc	-10.53	5.64
Children's Place Inc	Cnsmr Cyc	17.93	4.90
Meredith Corp	Cnsmr Cyc	-2.17	4.90
Neenah Paper Inc	Basic Mat	-3.19	4.87
Standard Motor Products I	Cnsmr Cyc	-1.94	4.75
Scholastic Corp	Cnsmr Cyc	-10.58	4.31
Hubbell Inc Class B	Industrl	-10.50	4.18
Weis Markets Inc	Cnsmr Def	-8.31	3.67
Teradyne Inc	Technology	-6.00	3.61
Applied Industrial Techno	Industrl	-5.06	3.16
Finish Line Inc	Cnsmr Cyc	4.76	3.03
EnerSys	Technology	-13.41	2.66
Cal-Maine Foods Inc	Cnsmr Def	10.53	2.59
National Presto Industrie	Industrl	-4.55	2.53
Hawkins Inc	Basic Mat	4.75	2.03
Minerals Technologies Inc	Basic Mat	-10.62	1.87
Park Electrochemical Corp	Technology	8.10	1.83
Buckle Inc	Cnsmr Cyc	-3.61	1.81

Current Investment Style

Value Blend Growth	Market Cap %
Giant	0.0
Large	0.0
Mid	14.6
Small	49.8
Micro	35.7
Avg \$mil:	1,481

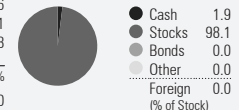
Value Measures	Rel Category
Price/Earnings	14.52 0.95
Price/Book	1.68 1.22
Price/Sales	0.89 1.14
Price/Cash Flow	9.24 1.35
Dividend Yield %	2.25 1.04

Growth Measures	% Rel Category
Long-Term Erngs	9.88 0.95
Book Value	4.93 1.17
Sales	3.96 3.26
Cash Flow	3.20 -1.81
Historical Erngs	2.93 0.68

Profitability	%
Return on Equity	14.40
Return on Assets	8.56
Net Margin	7.39

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	61.04	1.07
BasicMat	11.41	3.54
CnsmrCyc	48.07	4.83
FinanSvcs	0.99	0.04
Real Est	0.57	0.03
Sensitive	30.27	1.16
CommSvcs	0.00	0.00
Energy	0.00	0.00
Industrl	13.22	1.15
Technlgy	17.05	1.68
Defensive	8.68	0.52
CnsmrDef	8.68	2.05
Hlthcare	0.00	0.00
Utilities	0.00	0.00

Composition - Net



Address:	Royce Fund New York, NY 10151 800-221-4268	Minimum Purchase:	\$2000	Add: \$50	IRA: \$1000
Web Address:	www.roycefunds.com	Min Auto Inv Plan:	\$1000	Add: \$50	
Inception:	05-01-98	Sales Fees:	No-load, 1.00%R		
Advisor:	Royce & Associates, LLC	Management Fee:	1.00% mx./0.85% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.98% Dist:0.00%		
		Expense Projections:	3Yr:\$356 5Yr:\$617 10Yr:\$1363		
		Income Distribution:	Annually		

Data through January 31, 2016. FINRA members: For internal or institutional use only.

Vanguard Wellesley® Income Inv

Ticker VWINX **Yield** 3.0% **Total Assets** \$40,928 mil **Mstar Category** Conservative Allocation

Benchmark 1: Morningstar Mod Con Tgt Risk TR USD
Benchmark 2: Morningstar Mod Tgt Risk TR USD

Morningstar Analyst Rating 01-06-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

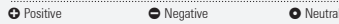
Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Pillar Spectrum



Performance 01-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	2.68	2.34	-1.68	6.11	9.63
2012	3.66	1.48	3.88	0.72	10.06
2013	3.99	-0.53	1.76	3.73	9.19
2014	2.63	3.21	-0.30	2.33	8.07
2015	1.27	-1.68	-0.84	2.58	1.28

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-0.99	2.06	3.92	2	9,901
6 Mo	0.27	3.93	6.50	1	10,027
1 Yr	0.52	3.09	4.71	1	10,052
3 Yr Avg	5.54	2.80	2.07	2	11,755
5 Yr Avg	7.41	3.15	2.50	2	14,296
10 Yr Avg	6.85	2.11	1.85	1	19,405
15 Yr Avg	6.79	1.70	1.52	2	26,779

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	3.62	4	1.81	79
5 Yr (estimated)	5.79	2	1.51	78
10 Yr (estimated)	5.29	1	1.46	79

Potential Capital Gain Exposure: 10% of assets

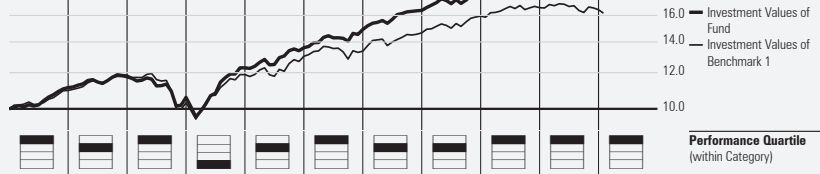
Morningstar's Take by Alec Lucas 01-06-16

Vanguard Wellesley's outperformance in 2015 epitomizes why it receives a Morningstar Analyst Rating of Gold. In a rough market, the fund's 1.3% gain doubled the return of its customized benchmark (weighted 65% in the Barclays U.S. Credit A or Better Index, 35% in the FTSE High Dividend Yield Index) and placed in the conservative-allocation Morningstar Category's top percentile. The fund's longer-term record is also superior. Since the shared tenure of fixed-income manager John Keogh and equity manager Michael Reckmeyer began in July 2008, the fund's 7% annualized gain through December 2015 places second out of about 140 peers, while its Morningstar Risk-Adjusted Return places first.

A conservative process has helped here. Reckmeyer invests the roughly 35% equity sleeve in above-average dividend-payers, like Caterpillar CAT, which he tries to buy when they're out of favor. Meanwhile, Keogh tilts the 65% bond portion toward corporates rated in the A range, which offer a better payout than more highly rated securities but still have little default risk. He eschews big interest-rate bets, but the fund usually sports a longer-than-average duration because he keeps interest-rate

Historical Profile

Return High
Risk Below Avg
Rating ★★★★★
Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	History
21.81	21.82	18.40	20.37	21.70	22.93	24.11	24.85	25.57	24.52	24.47	24.47	NAV
11.28	5.61	-9.84	16.02	10.65	9.63	10.06	9.19	8.07	1.28	-0.20	-0.20	Total Return %
1.56	-2.40	3.21	0.71	0.99	7.03	0.39	0.36	3.77	2.31	1.49	1.49	+/- Bmark 1
-1.67	-3.03	12.35	-5.75	-1.69	9.04	-1.99	-5.12	3.18	3.07	2.97	2.97	+/- Bmark 2
4.42	4.38	4.60	4.93	4.00	3.84	3.39	3.18	3.29	3.02	0.00	0.00	Income Return %
6.86	1.23	-14.44	11.10	6.65	5.79	6.67	6.00	4.78	-1.74	-0.20	-0.20	Capital Return %
10	34	10	79	40	2	44	32	6	2	2	2	Total Rtn % Rank Cat
0.92	0.94	0.99	0.89	0.80	0.82	0.77	0.76	0.81	0.76	0.00	0.00	Income \$
0.67	0.26	0.32	0.00	0.00	0.00	0.34	0.68	0.45	0.61	0.00	0.00	Capital Gains \$
0.25	0.25	0.25	0.31	0.28	0.25	0.25	0.25	0.25	0.23	—	—	Expense Ratio %
4.21	4.21	4.60	5.00	3.99	3.76	3.39	3.03	3.19	2.96	—	—	Income Ratio %
19	21	27	53	30	48	33	36	109	59	—	—	Turnover Rate %
7,743	7,941	6,876	8,478	8,323	10,279	11,647	11,363	12,324	11,941	12,004	12,004	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	0.52			
3 Yr	5.54	High	Avg	★★★★★
5 Yr	7.41	High	-Avg	★★★★★
10 Yr	6.85	High	-Avg	★★★★★
Incept	9.83			

Other Measures

	Standard Index	Best Fit Index
Alpha	3.3	3.0
Beta	0.60	0.90
R-Squared	76	83
Standard Deviation	4.58	
Mean	5.54	
Sharpe Ratio	1.19	

Portfolio Analysis 09-30-15

Total Stocks: 58

Share change since 06-30-15

Company	Sector	YTD Ret %	% Assets
⊕ Microsoft Corp	Technology	-0.70	1.64
⊕ Wells Fargo & Co	Finan Svcs	-7.60	1.61
⊕ JPMorgan Chase & Co	Finan Svcs	-9.22	1.36
⊕ Merck & Co Inc	Hlth Care	-4.07	1.31
⊕ Johnson & Johnson	Hlth Care	1.67	1.27
⊕ Exxon Mobil Corporation	Energy	-0.13	1.19
⊕ General Electric Co	Industri	-6.58	1.13
⊕ Verizon Communications In	Comm Svcs	9.34	1.13
⊕ Cisco Systems Inc	Technology	-11.62	1.07

Total Fixed Income: 1285

Instrument	Maturity	Amount '000	Value \$'000	% Assets
US Treasury Note 1.75%	09-30-19	665,000	679,131	1.72
US Treasury Note 1.375%	09-30-18	616,100	624,183	1.59
US Treasury Note 1%	09-15-17	553,000	556,976	1.41
US Treasury Note 2%	02-15-25	450,700	449,082	1.14
US Treasury Bond 2.875%	05-15-43	416,960	415,851	1.06
US Treasury Bond 3.375%	05-15-44	376,000	412,893	1.05
Fed Natl Mort Assc 4.5%	10-15-43	282,950	-306,735	0.78
US Treasury Note 0.625%	07-31-17	298,000	298,140	0.76

Equity Style

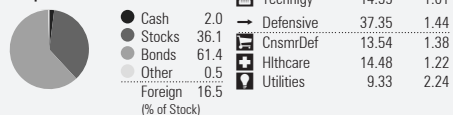
Style: Value
Size: Large-Cap

Value Measures	Rel Category	Avg Eff Duration ¹	6.4 Yrs
Price/Earnings	16.89	0.98	9.3 Yrs
Price/Book	2.09	1.05	A
Price/Sales	1.67	1.15	3.61%
Price/Cash Flow	8.57	1.03	
Dividend Yield %	3.74	1.23	

Growth Measures

	% Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1
Long-Term Emrgs	8.19	Cyclical	21.12	0.56
Book Value	5.14	BasicMat	2.78	0.64
Sales	1.88	CnsmrCyc	3.22	0.28
Cash Flow	0.65	FinanSvcs	15.12	0.88
Historical Emrgs	1.54	Real Est	0.00	0.00
Market Cap %		Sensitive	41.52	1.13
Giant	69.0	CommSvcs	4.32	1.10
Large	28.8	Energy	11.26	1.75
Mid	2.2	Industri	11.35	0.95
		Technlgy	14.59	1.01
		Defensive	37.35	1.44

Composition - Net



Address: Vanguard Wellesley Income Fund
Valley Forge PA 19482
800-662-7447
www.vanguard.com
Inception: 07-01-70
Advisor: Wellington Management Company LLP
Subadvisor: None

Minimum Purchase: \$3000
Add: \$1
IRA: —
Min Auto Inv Plan: \$3000
Add: —
Sales Fees: No-load
Management Fee: 0.21%
Actual Fees: Mgt:0.21% Dist:—
Expense Projections: 3Yr:\$74 5Yr:\$130 10Yr:\$293
Income Distribution: Quarterly

Who Is Really in It for the Long Haul?

Morningstar Research | Leo Acheson

Morningstar has consistently stressed that shareholders of actively managed mutual funds must maintain long-term investment horizons. Short-term market fluctuations can cause even the most skilled managers to perform out of step with competitors at times. It's more likely that a talented manager can identify long-term drivers of value, and investors should prepare to wait patiently for their theses to play out. Likewise, investment firms should compensate their managers based on long-term performance. Most firms tie manager bonuses directly to fund performance versus an appropriate benchmark or peer group. However, firms evaluate results over different measurement periods; some emphasize shorter time frames, while others focus on the long haul.

This study compares the performance time periods that the most prominent active investment shops use when determining manager bonuses. Table 1 includes the 20 largest managers of active mutual funds, excluding firms that use multiple subadvisors, which contend with numerous compensation plans. Most of the information in Table 1 came directly from each firm's Statement of Additional Information.

The majority of investment firms' compensation plans base portfolio manager bonuses on performance over one-, three-, and five-year periods. Very few asset managers take a longer-term view. In fact, of the 20 asset managers listed in the table, only three explicitly consider returns beyond five years.

An Exceptional Focus on the Long Haul

T. Rowe Price and Oakmark stand out for their long-term focus. Both base compensation on fund performance relative to appropriate benchmarks or peer groups over one, three, five, and 10 years, with an equal weighting on each time frame. Their inclusion of a 10-year evaluation period is unusual in the industry and is in shareholders' best interests.

American Funds' structure also stands out in its long-term orientation, which has been one of the keys to its investment success. The firm pays bonuses based on one-, three-, five-, and eight-year returns relative to a benchmark and competitors. (Prior to 2016, the firm determined bonuses by evaluating returns over one, four, and eight years, with greater weight placed on the four- and eight-year periods.) As shown in Table 1, the firm uses a progressive weighting scheme, meaning it places increasing weight on each succeeding measurement period, which also represents an industry best-practice.

While there's still room for improvement, the industry in general has increasingly favored the long term. For instance, Wellington, which serves as the subadvisor for all of the Hartford's funds and many prominent Vanguard funds, historically compensated managers based on one- and three-year results. However, in 2012, it began phasing in five-year returns, which will be fully implemented by the end of 2016. More recently, JPMorgan has added a 10-year measure when evaluating managers, though that language has not been added to the firm's SAI.

Can't Shake the Short-Term

Despite the general trend to favor longer-term returns, short-term results continue to influence bonuses at most firms. Of the asset managers included in Table 1 that determine bonuses based on performance, all but two—Fidelity and Putnam—consider one-year returns when determining bonuses. The former rewards managers for three- and five-year returns, while the latter only looks at results over three years. Their decision to eschew near-term performance is commendable.

Two firms stand out for having manager-compensation structures with unusually short-term focuses. Waddell & Reed skippers receive bonuses based on one- and three-year results relative to peers, with an equal weighting on both periods. The firm has a history of not keeping up with industry best-practices; Morningstar has previously criticized it for poor oversight of its captive advisor network and subpar risk management. Additionally, PIMCO's compensation plan is based on one-, two-, and three-year performance versus predetermined benchmarks.

Table 1 How the Largest Active Management Shops Determine Portfolio-Manager Bonuses

Investment Firm	Active Mutual Fund AUM Bill (\$) ¹	Time Periods (years) Evaluated to Determine Manager Bonuses										Time Period Weighting Scheme ²	Avg Horizon (years) ³	Average Equity Fund Turnover (%) ⁴	Average Longest Manager Tenure (years)
		1	2	3	4	5	6	7	8	9	10				
T. Rowe Price	447.3	•	•	•					•			Equal	4.75	44	7.1
Oakmark	79.2	•	•	•						•		Equal	4.75	34	17.1
American Funds	1,198.1	•	•	•			•					Progressive	>4.25	27	11.4
Fidelity	1,073.6			•	•							Equal	4	91	6.0
JPMorgan	270.3	•	•	•								Progressive	>3	80	7.9
Janus	106.2	•	•	•								Progressive	>3	55	6.3
American Century	100.8	•	•	•								Progressive	>3	97	8.4
The Hartford (Wellington)	93.4	•	•	•								Progressive	>3	84	7.4
Oppenheimer	181.4	•	•	•								Progressive	>3	55	7.2
Invesco	138.6	•	•	•								Progressive	>3	41	7.0
Columbia	138.9	•	•	•								Progressive	>3	71	6.8
BlackRock	216.3	•	•	•								Equal	3	86	5.7
Franklin Templeton	409.7	•	•	•								Equal	3	33	14.6
MFS	178.4	•	•	•								Three-year emphasized	3	48	9.9
Lord Abbett	101.5	•	•	•								Equal	3	111	7.6
Goldman Sachs	90.5	•	•	•								Equal	3	90	7.6
Putnam	71.3			•								Equal	3	80	8.8
PIMCO	299.5	•	•	•								Dollar-weighted	2	—	3.4
Waddell & Reed (& Ivy)	82.5	•	•									Equal	2	58	9.2 (5.9)
Dodge & Cox	183.4											—	—	15	21.7
Median												0.20	>3	58	7.6

¹As of 11/30/2015. Excludes fund-of-fund and money market assets. ²Equal means the firm places even weight on each measurement period; progressive means the firm places increasing weight on each succeeding measurement period. ³Calculated as the average of time periods (in years) used to determine bonuses; if performance is more heavily weighted to the long term, the greater-than symbol (>) is added before the average.

⁴The average turnover of a firm's equity funds during the past five years through 2014. Source: Morningstar.

An Outlier

Dodge & Cox does not explicitly link bonuses to fund performance. It believes that tying compensation directly to returns might adversely promote competition instead of constructive teamwork. Instead, the firm focuses on the caliber of investment ideas and industry insight. Morningstar generally favors a compensation structure that specifically links portfolio-manager pay to long-term fund results, but there is no reason to question Dodge & Cox's focus on the long haul. Over the past five years, the firm's equity funds had an average turnover of just 15%, and it has one of the highest manager-retention rates.

Does Compensation Structure Influence Portfolio Turnover or Manager Tenure?

One might expect firms that emphasize long-term returns to have funds with low portfolio turnover, and vice versa. That appears to be the case in some

circumstances. American Funds, Oakmark, and T. Rowe Price's equity funds had below-average turnover during the past five years as compared with other firms in Table 1. However, the relationship is weak in other instances. For example, Lord Abbett and Franklin Templeton use the same compensation structure, though the former had an average turnover of 111% versus 33% for the latter.

It also would be reasonable to assume that including a longer assessment period leads to greater retention of managers, by encouraging skippers to stay put. That seems to be the case with Oakmark and American Funds, though T. Rowe Price's average manager tenure ranks lower than most peers' in Table 1. PIMCO has the shortest average tenure of the bunch, but that owes largely to Bill Gross' recent departure. ■■■
Contact Leo Acheson at leo.acheson@morningstar.com

Why High Quality Means Lower Risk

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

With a market downturn, talk of high quality has returned as funds that focus on high-quality stocks have held up wonderfully, just as they did in the 2008–09 bear market. These funds had less impressive performance in the intervening rally because quality is less economically sensitive and because they already have pretty good news priced into the stocks. Of course, quality sounds like a rather fuzzy term, so I thought I'd take some time to explain it and share some of the Morningstar 500 funds that qualify.

Grantham, Mayo, and Van Otterloo runs a fund dedicated to high quality (unfortunately it's only available to institutions), and it defines high quality as companies with low leverage, high profitability, and low earnings volatility.

How do you get to be a company like that? You have a brand name that people will pay up for and you have high barriers to competition. The GMO fund's top names are mostly household brands: **Johnson & Johnson JNJ**, **Microsoft MSFT**, **Procter & Gamble PG**, **Oracle ORCL**, and **Alphabet GOOG**.

I mentioned high barriers to competition, and at Morningstar we call those moats (borrowed from Warren Buffett). Our stock analysts assign a Morningstar Economic Moat Rating to each stock: wide, narrow, or none. We roll those figures up for mutual funds, so one way to screen for high quality is to take the percentage a fund has in wide-moat stocks and subtract the percentage of no-moat stocks. Here are the five funds with the highest moat figures:

- **Vanguard Dividend Growth** VDIGX has 74% in wide-moat stocks and just 2% in no-moat stocks.
- **Bridgeway Blue Chip 35 Index** BRLIX has 75% in wide-moat stocks and 3% in no-moat stocks.

- **Jensen Quality Growth** JENSX has 68% in wide-moat stocks and nothing in no-moat stocks.
- **Dreyfus Appreciation** DGAGX has 67% in wide-moat stocks and 3% in no-moat stocks.
- **Columbia Dividend Income** GSFTX has 62% in wide-moat stocks and 2% in no-moat stocks.

That's a pretty good list of high-quality funds that you can expect to hold up well in a downturn. In January 2016, all five had top-quintile performance, led by Jensen Quality Growth, which was in the top 1%.

Just using debt/capital yields a less satisfying list, as this is a trait shared by many faster-growing companies, some of which are vulnerable to a sell-off. For example, **Touchstone Sands Capital Select Growth** PTSGX has a debt/capital ratio of 25%, tops in the M500, but its January 2016 losses were in the bottom 3% of the large-growth Morningstar Category.

So, how can one use high-quality funds like those listed above? A couple of ways come to mind. You can use them to tone down risk in your equity portfolio. If you have a number of higher-risk funds or stocks, these are names that come through in the clutch most of the time. (Don't look for guarantees here, just probabilities.) Both deep-value and fast-growth funds go through extreme bouts of high returns and severe losses. So, a high-quality fund can smooth some of that out. But you have to understand going in that these funds will lag when your other funds are racing, or you'll miss the good part.

A second way to use them is to buy them during a bear market. They are less risky than the market as a whole, so you can sleep at night knowing that the Johnson & Johnsons of the world will do just fine come hell or high water. True, you won't make as much money if you timed the market bottom correctly with a deep-value or high-growth fund, but it's better than not putting your money to work in a bear market or selling into a bear market. I bought Jensen Quality Growth in early 2009 in this way. ■■■

Outflows Dial Up Pressure on These Funds

Red Flags | Greg Carlson

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

Actively managed funds in general have seen plenty of outflows lately, but several management teams and firms stood out for hefty redemptions at multiple funds. Let's take a closer look at some of them.

AMG Yacktman YACKX, AMG Yacktman Focused YAFFX

This pair of large-blend funds is mired in a slump, partly because managers Don Yacktman, Stephen Yacktman, and Jason Subotky are more valuation-sensitive than most peers, and growth has outperformed in recent years. There have also been stock-specific issues; in 2015, for example, top holdings **Procter & Gamble** PG and **Twenty-First Century Fox** FOXA lost 10.0% and 28.5%, respectively. Investors haven't been patient: AMG Yacktman, which has a Morningstar Analyst Rating of Gold, saw \$4.3 billion in net redemptions during the past year and now has \$8.5 billion in assets. Silver-rated AMG Yacktman Focused has taken an even bigger hit: \$5.1 billion was pulled out during the past year, and the fund has roughly the same amount remaining in its coffers. The funds have heavily emphasized mega-cap stocks in recent years, thus selling shares to meet redemptions shouldn't be too onerous a task. Still, this trend merits watching.

Artisan Mid Cap Value ARTQX, Artisan Small Cap Value ARTVX, Artisan Value ARTLX

The team that runs these three funds has struggled mightily of late, tarnishing what had previously been stellar records. A couple of issues have hurt performance. First, the managers tend to favor companies with relatively healthy balance sheets and steady revenue streams; that bias has left the funds out of step with the market. Meanwhile, some of the funds' most prominent economically sensitive holdings have been in the energy and materials sectors, which have been hammered lately. Investors have responded by pulling out in droves. Artisan Mid Cap

Value and Artisan Small Cap Value, which are both closed to new investors, saw net redemptions of \$3.9 billion and \$800 million during the past 12 months, and their asset bases now stand at \$6 billion and \$450 million. We lowered the Analyst Rating of Artisan Small Cap Value to Bronze last year because of concerns that large outflows could further hamper performance. (Artisan Mid Cap Value is rated Silver.) Bronze-rated Artisan Value, meanwhile, saw \$380 million in redemptions and has \$1 billion in assets. While this fund is concentrated, it tends to own liquid large-cap stocks.

Columbia Acorn ACRNX, Columbia Acorn International ACINX, Columbia Acorn International Select LAFAX, Columbia Acorn Select ACTWX, Columbia Acorn USA AUSAX

Poor recent performance, coupled with a raft of personnel changes, has spurred outflows at these funds. Columbia Acorn International earns a Silver rating, while Columbia Acorn and Columbia Acorn International Select have Neutral ratings. The lead manager of Columbia Acorn International, Zach Egan, also took over flagship fund Columbia Acorn (which invests primarily in U.S. small-growth stocks) in mid-2015. The latter fund has struggled and saw a massive \$8.3 billion pulled out over the trailing year; it's now down to \$6.6 billion.

While Columbia Acorn International had a poor 2015, redemptions have been much smaller at \$800 million, and the fund has \$6.3 billion in assets. Columbia Acorn USA, which longtime skipper Rob Mohn left in October 2015, saw \$400 million in outflows and is down to \$900 million in assets. Columbia Acorn International Select and Columbia Acorn Select are smaller and lost about half their assets to redemptions during the past year. Most of the funds focus on small- and mid-cap stocks, so selling to meet redemptions is a bigger problem that could harm performance as prices might be pushed lower by selling less-liquid names. ■■■

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A Brutal Start to 2016

Market Overview | Robert Goldsborough

Stocks and oil prices plummeted in January 2016. Slowing growth in China underpinned both moves. There, investors were surprised by an unexpectedly large decrease in the Caixin Purchasing Manager Index near the start of the month. Not surprisingly, investors have flocked to Treasury bonds, and credit spreads have widened. Also not surprisingly, emerging markets—which include both oil-exporting geographies and China—again suffered meaningfully in January, with the MSCI Emerging Markets Index declining more than 6.5% for the month. The S&P 500 slid almost 5% in January.

Some U.S. economic data also caused investors heartburn. Industrial production and retail sales numbers disappointed and showed outright declines, while the Consumer Price Index posted a modest deflationary report. While most economists didn't in turn make major downward revisions to their full-year gross domestic product forecasts, the negative economic data certainly did nothing to calm anxious investors.

Within emerging markets, Chinese funds felt the greatest pain in January, declining 13%. **Matthews China** MCHF, which has a Morningstar Analyst Rating of Bronze, fared worse, sliding almost 15%. U.S. crude-oil prices continued to fall, declining 9.3% in January. Late in the month, oil prices rose on prospects of an output cut after hitting a bottom early in January. As a result, energy wasn't the month's worst-performing sector (although energy funds still were down about 5% for the month). The health-care sector did the worst in January, with healthcare funds falling 13.8%. Gold-rated **Vanguard Health Care** VGHX held up better than the sector but still was down 9% for the month. Financials funds also struggled (down 8.7%), as did technology funds (down 8.2%), and industrial funds (down 6.9%). ■■■

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Benchmark Performance

Total Return % Through 01-31-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	-7.1	-7.1	10.7	9.6	6.2
Large Blend	-5.5	-5.5	9.2	9.0	5.5
Large Value	-5.3	-5.3	7.6	8.1	4.7
Mid-Cap Growth	-8.4	-8.4	7.4	7.4	5.5
Mid-Cap Blend	-6.3	-6.3	6.8	7.3	5.3
Mid-Cap Value	-6.4	-6.4	6.7	7.1	5.3
Small Growth	-9.8	-9.8	6.3	7.0	5.2
Small Blend	-7.4	-7.4	5.4	6.4	4.6
Small Value	-6.7	-6.7	4.8	6.1	4.5
Aggressive Allocation	-4.7	-4.7	4.7	5.3	3.8
Conservative Allocation	-1.8	-1.8	1.9	3.7	3.8
Moderate Allocation	-3.4	-3.4	4.6	5.5	4.6
Communications	-2.2	-2.2	6.6	6.4	3.7
Financial	-8.7	-8.7	6.3	6.2	1.0
Global Real Estate	-4.6	-4.6	1.6	4.9	2.8
Health	-13.8	-13.8	17.7	17.5	10.1
Natural Resources	-6.3	-6.3	-11.8	-8.3	-2.3
Equity Precious Metals	1.7	1.7	-27.0	-21.7	-6.0
Real Estate	-4.1	-4.1	7.5	9.5	5.5
Technology	-8.2	-8.2	12.2	8.1	6.7
Utilities	1.8	1.8	6.6	7.9	6.2
S&P 500	-5.0	-5.0	11.3	10.9	6.5
S&P MidCap 400	-5.7	-5.7	8.0	9.0	6.9
Russell 2000	-8.8	-8.8	6.1	7.3	4.9
Diversified Pacific/Asia	-5.9	-5.9	2.2	2.1	2.6
Diversified Emerging Mkts	-5.5	-5.5	-8.0	-5.0	1.5
Europe Stock	-6.0	-6.0	2.5	3.0	3.1
Foreign Large Blend	-5.8	-5.8	0.3	1.1	1.5
Foreign Large Growth	-6.0	-6.0	1.6	2.5	2.6
Foreign Large Value	-5.7	-5.7	-0.3	0.5	0.6
Foreign Small/Mid Growth	-6.3	-6.3	5.3	5.0	4.1
Foreign Small/Mid Value	-6.9	-6.9	2.5	1.9	2.6
World Stock	-5.4	-5.4	4.5	5.0	3.7
MSCI World	-6.0	-6.0	5.6	5.8	3.9
MSCI Emerging Markets	-6.5	-6.5	-9.2	-5.6	1.8
MSCI EAFE	-7.2	-7.2	0.7	1.6	1.7
MSCI Europe	-6.6	-6.6	0.2	1.7	2.0
MSCI Latin America	-4.6	-4.6	-21.6	-14.4	-0.9
MSCI Pacific	-8.4	-8.4	1.3	1.5	1.0
High Yield Bond	-1.6	-1.6	0.3	3.3	5.3
Inflation-Protected Bond	0.8	0.8	-2.4	1.7	3.1
Intermediate-Term Bond	0.8	0.8	1.5	3.3	4.3
Muni National Long	1.0	1.0	3.0	6.1	4.3
World Bond	0.1	0.1	-1.4	1.3	3.8
BarCap US Agg Bond TR USD	1.4	1.4	2.2	3.5	4.7
BofAML US HY Master II TR	-1.6	-1.6	0.6	4.1	6.5
BarCap Municipal TR USD	1.2	1.2	3.4	5.8	4.8

Quality Limits Damage at Fidelity Small Cap

Leaders & Laggards | Robert Goldsborough

Ten Best-Performing Funds

Fund Name	YTD Cat Rank %
FAM Value Investor	1
FMI International	1
GoodHaven	1
Jensen Quality Growth J	1
Matthews Asian Growth & I	1
Vanguard Inter-Term Bond	1
Vanguard LifeStrategy Inc	1
Vanguard Total Intl Bd Id	1
AMG Yackman Service	2
ASTON/River Road Small Ca	2

Ten Worst-Performing Funds

Fund Name	YTD Cat Rank %
Dodge & Cox Global Bond	100
T. Rowe Price Media & Tel	100
CGM Focus	99
Dreyfus Opportunistic Sma	99
Fairholme	99
Fairholme Focused Income	99
Fidelity Leveraged Compan	99
Fidelity OTC Portfolio	99
Longleaf Partners Interna	99
Oppenheimer Global Opport	99

Leaders

Bronze-rated **Fidelity Small Cap Stock** FSLCX has posted terrific relative performance, topping 99% of its small-blend peers over the past year and losing 1.1% in the 12 months ended January 2016. Lionel Harris looks for high-quality companies with dependable business models and seasoned management teams. Helping fuel the fund's strong returns over the past year have been investments in **Coca-Cola Bottling** COKE, IT distributor **Ingram Micro** IM, medical-device maker **LivaNova** LIVN, IT outsourcing firm **Genpact** G, and software firms **Global Payments** GPN and **SolarWinds** SWI. Also benefiting the fund was a position in Synageva BioPharma, a biotech firm that was acquired shortly after the fund made an investment.

Over the trailing 12 months, **Oppenheimer Global Opportunities** OPGIX has bested fully 95% of the funds in the world-stock category. Manager Frank Jennings runs a quirky, small-cap-heavy portfolio that often produces extreme results. Over the past year, this fund, which has large weightings in technology and health care, has enjoyed strong performance on the backs of investments in Swedish fingerprint-recognition technology firm Fingerprint Cards—which has surged from speculative status into a profitable, growing business—cancer-oriented biotech firm **Genmab** GEN, and boron chemical firm **Anacor Pharmaceuticals** ANAC, whose 250% return in 2015 was driven by a successful recent product launch and good results in drug trials for another drug.

Silver-rated **Vanguard High-Yield Tax-Exempt** VWAHX has topped 94% of its competitors in the municipal intermediate-term Morningstar Category in the past 12 months. The fund is run conservatively relative to most funds with a high-yield muni moniker,

but with low fees, the fund can thrive in whichever of the two categories it's placed in. Over the past year, the fund outperformed its high-quality peer group because of its aggressive credit exposure during a relatively healthy muni credit environment.

Ariel International Equity AINTX has continued to generate impressive performance, topping 98% of its foreign large-value peers during trailing one- and three-year periods. Its recent outperformance in a down market has followed benchmark-topping gains during up markets in 2013 and 2014. The fund has benefited from a number of good value plays including **Deutsche Boerse** DB1, **Ahold** NV, Nintendo, **Ryanair Holdings** RYAA, Reckitt Benckiser, and **Philip Morris** PM.

Laggards

RiverPark Wedgewood RWGFX has struggled recently, lagging fully 94% of its large-growth peers over the past 12 months. Extreme performance is not rare for this fund, whose focused portfolio of just 18 stocks isn't beholden to any index. However, the fund has been in a prolonged slump—it's trailed 93% of peers during the past three years and nearly two out of three competitors over the past five years. Major detractors of late include investments in **Qualcomm** QCOM, **Perrigo** PRGO, **Mead Johnson Nutrition** MJN, **Stericycle** SRCL, and energy firms **National Oilwell Varco** NOV and **Schlumberger** SLB.

Weitz Partners Value WPVLX has trailed 96% of its large-blend peers over the past 12 months. Three major positions have hurt performance: **Avon Products** AVP, **Iconix Brand Group** ICON, and **Range Resources** RRC, all of which fell more than 50% in 2015. Managers Wally Weitz and Brad Hinton maintain both a contrarian focus and a willingness to bet on firms in turnaround mode such as Avon. And while that's common in the value space, investors should pay close attention the managers' willingness to tolerate companies with above-average debt. ■■■

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Fund Manager Changes

Fidelity Small Cap Discovery FSCRX Impact: Neutral Date: 03/14/2016

Chuck Myers will take a six-month leave of absence. Derek Jansen will fill in while he is gone. Jansen runs Fidelity Small Cap Value FCPVX, where he worked with Myers before replacing him there. **Our Take:** For a low-turnover fund, we don't see much risk in Myers taking six months off. We will watch closely, though, to be sure he comes back on time. Usually managers come back after leaves of absence and pick up right where they left off, but occasionally they decide not to come back.

Janus High-Yield JAHYX and Janus Flexible Bond JAFIX Impact: Negative Date: 03/31/2016

Gibson Smith is leaving Janus. Comanager Darrell Waters will take over as lead manager. **Our Take:** We have downgraded the funds to **Neutral** as this is a big blow to two formerly appealing funds. Smith built up Janus' bond effort over the past 12 years and was vital to the team.

MainStay ICAP International ICEUX Impact: Negative Date: 09/30/2016

Lead manager Jerry Senser will retire at the end of September 2016. The firm named Tom Cole co-chief investment officer and said Matthew Swanson will step down to focus on U.S. strategies. **Our Take:** Senser has led ICAP since Rob Lyons' death in 2007. We've lowered our rating to **Neutral** from **Bronze**.

T. Rowe Price Health Sciences PRHSX Impact: Negative Date: 07/01/2016

Manager Taymour Tamaddon is moving to run T. Rowe Price Institutional Large Cap Growth TRLGX. Ziad Bakri will take his place on July 1, 2016. Bakri has been a healthcare analyst with the firm since 2011. He is an M.D. and had previously worked as a biotech analyst for Cowen and Co. **Our Take:** This is a challenge for T. Rowe because it follows the loss of a manager and two healthcare analysts in 2014. The firm says it plans to hire additional analysts. This is Bakri's first time serving as a portfolio manager.

T. Rowe Price New America Growth PRWAX Impact: Negative Date: 04/01/2016

Dan Martino will be stepping down as portfolio manager in order to join T. Rowe's value team. Justin White will take over T. Rowe Price New America Growth. White has been an analyst at T. Rowe Price since 2008, covering cable and satellite television, Internet infrastructure, and telecom. **Our Take:** It's a surprising move, as Martino had been managing the fund only since May 2013. You don't often see managers go from the growth side to the value side. We have placed our Morningstar Analyst Rating for T. Rowe Price New America Growth **Under Review**.

Thornburg International Value Impact: Negative Date: 12/31/2016

Wendy Trevisani gave up her comanager duties on the fund in April 2014 and left the firm in early 2015. Bill Fries will give up his comanager position on this fund at the end of 2016. Lei Wang is staying put, and he now has 10 years of experience as a comanager here as well as two decades of investment experience overall. Di Zhou, who became a comanager on this fund on Dec. 8, 2015, has spent 13 years in the investment field, including 14 months as an associate manager here. **Our Take:** Two thirds of the three-person team that owns this fund's long-term record will be gone at the end of 2016, so we have lowered our Morningstar Analyst Rating to **Neutral**.

Vanguard Energy VGENX Impact: Negative Date: 06/01/2016

Lead manager Karl Bandtel of Wellington Management will retire. Vanguard named Greg LeBlanc, also of Wellington, comanager of the fund and said he will become the lead manager when Bandtel retires. **Our Take:** Bandtel has a strong track record, so he will be missed. The fund is **Under Review**.

Vanguard Windsor II VWNFX Impact: Negative Date: 01/01/2016

Longtime lead manager James Barrow has retired. Comanagers Jeff Fahrenbruch and David Ganucheau have replaced him. The two have been comanagers since 2013, and eight years ago Vanguard had said they would eventually succeed Barrow. Barrow will continue to manage Vanguard Selected Value VASVX. **Our Take:** We knew Barrow would retire in the relatively near future, so this is not a surprise. Still, Barrow's outstanding record makes this a real loss. His replacements are seasoned but do not have long track records of their own. We have lowered our rating to **Bronze** from **Silver**.

Fund News

U.S. Domestic-Stock Fund Manager of the Year

Keith A. Lee, Robert E. Hall, Kempton M. Ingersol, Damien Davis, and Andrew J. Fones

Brown Capital Management Small Company BCSIX

This fund's top-percentile finish in 2015 marks a rebound from its subpar showing the prior year. The fund has hardly been a laggard, though. It has placed in the small-growth Morningstar Category's top-quartile or better in eight of the past 10 calendar years, including 2008's bear market as well as the rallies of 2009, 2012, and 2013.

Lead manager Keith Lee and fellow-longest-tenured manager Robert Hall own the entirety of that record, as does Kempton Ingersol. Lee and Hall started here in July 1992 and Ingersol at year-end 2000.

The fund's benchmark-agnostic, bottom-up stock-picking leads it to concentrate in certain sectors, and that worked to its benefit last year. As of late 2015, it had an 86% combined stake in healthcare and tech versus 53% for the Russell 2000 Growth Index. Treading so heavily in these two sectors also reflects the managers' preference for firms with the potential "to save lives, time, money, or headaches." To find them, the managers look for companies with good business models and annual operating revenue of \$250 million or less. Picks that work out can reward the fund's shareholders for decades. For example, top-10 holding **Incyte** INCY gained 48% in 2015 thanks largely to a promising rheumatoid arthritis drug currently in its drug pipeline.

U.S. International-Stock Fund Manager of the Year

Robert Lovelace and Team

American Funds New Perspective ANWPX

This world-stock fund is run by seven named managers located in the United States, the United Kingdom, and Asia, each running a sleeve of the portfolio independently. Two come from Capital Group subsidiary Capital International Investors, while the others work for another subsidiary, Capital World Investors. The

CII and CWI managers communicate within their respective teams and with their respective analyst groups, but they don't share investment ideas across subsidiaries. That makes for a more diverse fund, as does the firm's practice of having each manager run a separate sleeve of the portfolio. Robert Lovelace, the longest-tenured manager, oversees CII's side and the fund as a whole, while Joanna Jonsson oversees CWI's side. Although Lovelace and Jonsson don't share investment ideas, they talk regularly to ensure that balance and diversification characterize each side's respective subportfolios and the entire fund.

Over the years, the fund has amassed an impressive record. Through the end of 2015, its three- and five-year rankings were in the 12th percentile of the world-stock Morningstar Category, and its 10-year return landed in the fourth percentile. The fund also comfortably topped the returns of the relevant indexes in those stretches. What's more, its Morningstar Risk rating was below average (indicating that it had milder-than-average volatility) for all three periods. That's a powerful combination.

U.S. Fixed-Income Fund Manager of the Year

Jerome Schneider

PIMCO Short-Term PTSHX

It is unusual to see a manager nominated for the performance of a fund in the ultrashort-bond Morningstar Category, a relatively conservative group typically run with durations of less than a year. However, in a year when short-term rates rose sharply and many bond funds failed to earn a positive return, Jerome Schneider's performance at PIMCO Short-Term stands out. This fund earned a 1.37% return in 2015, placing it in the top 1% of the ultrashort-term bond category. The fund's returns also compare strongly with the short-term bond category norm, where portfolio durations range between roughly 1.0 and 3.5 years. Schneider actively adjusted the fund's curve positioning and rate sensitivity over the course of the year, which contributed a healthy portion of its returns. Schneider maintained a very short duration for the first half of the year, even briefly taking duration into slightly negative territory in January and February. He then lengthened duration

modestly later in the year, generally avoiding issues in the ultrashort reaches of the curve, sensitive to changing expectations surrounding Federal Reserve policy.

U.S. Allocation Fund Manager of the Year

Michael Reckmeyer and John Keogh

Vanguard Wellesley Income VWINX

Stability has been the key to this fund's success. Unlike many conservative-allocation peers, it doesn't make tactical shifts between stocks and bonds. Michael Reckmeyer invests between 35% and 40% of the fund's assets in equities that pay above-average dividends, which he tries to buy when they are out of favor. Meanwhile, John Keogh tilts the remaining 60%–65% bond portion toward corporates rated in the A range, and he eschews big interest-rate bets. The duo uses the market's fluctuations to rebalance the fund's mix of stocks and bonds and relies primarily on security selection to come out ahead. The fund boasts a superior longer-term record. Since the shared tenure of fixed-income manager Keogh and equity manager Reckmeyer began in July 2008, the fund's 7% annualized gain through December 2015 places second out of about 140 peers, while its Morningstar Risk-Adjusted Return places first.

U.S. Alternatives Fund Manager of the Year

James Troyer, Michael Roach, and James Stetler

Vanguard Market Neutral VMNIX

This team was also nominated in 2014. Simply put, Vanguard Market Neutral has produced what investors want from alternative strategies: very low correlation, solid returns when equity markets go south, and, on top of that, the lowest fees of any alternatives fund. The three managers are all long-tenured members of Vanguard's quantitative-equity group; James Troyer has been a named manager on the fund since 2007, while Michael Roach and James Stetler were added in 2012. Vanguard has been the sole manager of the fund since October 2010, when it dropped AXA Rosenberg as a subadvisor. From that point, the fund's 4.2% annualized return and 0.95 Sharpe ratio are the best in the market-neutral category through December 2015. The lowest minimum investment is a steep \$250,000, as Vanguard wants investors to go through financial planners to get to the fund. ■■

6 Big Mistakes to Avoid in Your Retirement Portfolio

Portfolio Matters | Christine Benz

The size of your retirement nest egg and the pace at which you plan to spend it—your withdrawal rate—are the key determinants of the viability of your financial plan for retirement.

But when it comes to your actual investment portfolio, no other factor will have a bigger impact on your portfolio's success or failure than your asset-allocation plan—your mix of stocks, bonds, and cash. Be too meek and you heighten the risk of a shortfall; maintain a too aggressive portfolio and you run the risk of incurring a bigger loss than you could reasonably recoup over your in-retirement time horizon. Although it's hard to go terribly wrong with a simple 50% stock/50% bond mix, there aren't any one-size-fits-all asset-allocation frameworks for retirement portfolios. An individual's age, other income-producing retirement assets (like pensions or Social Security), and spending rate, among other factors, can all dictate higher or lower equity or bond weightings.

As you evaluate your retirement portfolio, making sure you're sidestepping the following asset-allocation pitfalls is a good way to steer your portfolio in the right direction.

1 | Being Too Conservative

Survey market experts' outlooks for the stock and bond markets, and you'll notice that true equity bulls are in short supply. Even more scant are experts who are expecting very strong returns from the bond market; most agree that owners of high-quality bonds will be lucky to earn a positive return once inflation is factored. Cash looks like an even worse bet from the standpoint of preserving purchasing power. That means that on a long-term real basis, seemingly safe securities aren't all that safe.

The fact that most retirees need to hold a significant position in stocks is not a terribly comforting message in a period in which equity-market volatility is spiking. But stocks give retired investors a fighting chance at outgunning inflation, something cash and high-quality bonds will be hard-pressed to do. That explains why most all-in-one investments geared toward retirees maintain healthy allocations to stocks, as do my model in-retirement bucket portfolios.

2 | Confusing Risk Tolerance With Risk Capacity

Many retirees and pre-retirees are way out on the other extreme: They're equity true believers and don't see much of a role for anything BUT stocks in their portfolios. This describes many baby boomer investors I run into. They've had a good experience with stocks over their investing careers, whereas bonds' prospects seem downright questionable given the headwinds of higher interest rates.

But it's important to make sure you're not confusing your ability to tolerate risk—in this case, not getting too bugged about equity losses—with risk capacity, a much more important consideration. Risk capacity refers to what sorts of losses you can handle without having to meaningfully alter your plans. For retirees who encounter big losses in equity portfolios that they're actively spending from, the net effect is that less of their portfolios are in place to recover when stocks eventually do. This can be a big problem for a portfolio's longevity, especially if those losses occur early in the retiree's time horizon.

That's the reason that most in-retirement asset-allocation frameworks call for holding significant shares of the portfolio in cash and bonds to meet in-retirement living expenses in years when stock returns are poor. They also call for reducing equities in a retirement portfolio over time to reflect the fact that risk capacity shrinks with an individual's time horizon.

3 | Ignoring Your Behavioral Track Record

Yet, even as risk capacity should supersede considerations about your comfort level with risk, it's important to take your past investing behavior into account

when determining your portfolio's asset allocation. Do you have a track record of running for the exits when the going gets rough for your stock portfolio? If so, consider nudging your equity allocation down a bit and your cash and bond cushion up relative to recommended allocations for investors at your same life stage to improve the odds that you'll stick with the program in periods of volatility. Just remember that a more conservative portfolio may necessitate changes elsewhere in your plan—for example, the lower your equity weighting, the lower your withdrawal rate should generally be.

4 | Not Factoring in Nonportfolio Income Sources

The reason that making one-size-fits-all asset-allocation recommendations is so difficult is that no one but you knows all of the pieces of your financial life. (This is why a financial advisor can be so valuable, in that he or she can make recommendations based on your own variables.) One of the biggest factors that can affect an individual's asset allocation, both leading up to and during retirement, is the presence of other in-retirement income sources, above and beyond what the portfolio will supply. Here, I'm talking about Social Security or pensions, mainly, but fixed annuities as well.

If those stable income sources will supply most or all of your needed income in retirement, your risk capacity (see above) is high and you should be able to withstand a higher equity weighting, at least in theory. Retirees with limited stable income sources, by contrast, will need to batten down the hatches with the parts of their portfolios they'll spend within the next several years. They'll need higher weightings in cash and bonds.

5 | Not Factoring in Nonretirement Goals

In a related vein, successful asset-allocation plans should take into account other goals—in addition to providing cash flows during retirement—that you have for your portfolio later in life.

A common example of such a goal would be to leave assets behind for children, grandchildren, or charity; individuals for whom this is a priority will generally want to maintain a more equity-heavy posture in their long-term portfolios than individuals who aren't aiming to make bequests. Not only do they have a greater incentive to make their portfolios grow, but they also have a longer time horizon for their assets than investors who are using the "last breath, last dollar" approach to portfolio management. (Of course, some retirees view their homes as the chief asset that would eventually be sold to benefit their heirs; a desire to make that type of bequest wouldn't have an impact on the positioning of the investment portfolios.)

6 | Having a Fuzzy View of Your Asset Allocation

If you hold individual stocks and individual bonds, or your portfolio consists entirely of index funds, it's easy to keep tight rein on your portfolio's asset allocation. But maintaining oversight and control over your portfolio's asset allocation can be trickier if you hold actively managed funds. That's because what you see isn't always what you get. Domestic-equity funds may hold foreign stocks, bond funds may be hoarding cash, and allocation funds may shift their stock/bond weightings around. Your portfolio's asset allocation may not be what you thought it was.

Morningstar.com's portfolio X-Ray function can help solve this issue by letting you view your portfolio's actual allocations, based on the composition of your holdings. For investors who own actively managed funds, they're often surprised by their large cash weightings in the X-Ray view. That cash is apt to give the portfolio better downside performance than if it were fully invested, but it isn't available to serve as spending money or your emergency cushion. For that reason, it makes sense to consider your cash needs for near-term expenses—bucket one in my bucket framework—apart from what you see in X-Ray. ■■■

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Medalists Where the 10-Year Record Tells the Story

Tracking Morningstar Analyst Ratings | Russel Kinnel

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

The best time period by which to judge a fund is over the entire manager's entire tenure. Whether that's 29 months or 29 years, you want as much data as possible. Obviously, the longer the better, in order to assess manager skill over a variety of markets. However, we can't provide 500 different time periods in the *FundInvestor* data tables, so we present the standard trailing time periods. As it happens, some of our Morningstar Medalists recently crossed the 10-year threshold for manager tenure. That tells you that they own the Morningstar Rating, or star rating, as well as all the total returns displayed. Thus, it seems like a good time to look at five funds where the 10-year record really is the best to go with.

Diamond Hill Small-Mid Cap DHMAX

Chris Welch took the reins here at the end of December 2005 and he's had a very nice run. Welch applies a patient value approach that is very much informed by Graham and Dodd. He estimates a firm's intrinsic value and seeks to buy at a sizable discount. He also keeps a fairly compact portfolio of between 55 and 70 names. He's produced a 7% annualized return over the past 10 years, and that's good for the top 11% of the mid-cap value Morningstar Category. The fund has been a very consistent performer, but that means Welch now has the challenge of running quite a bit more money than before. The fund now tops out at \$1.3 billion, whereas it was only \$100 million five years ago. The fund closed to new investors in January 2016, so that should slow the pace of inflows.

American Funds American Mutual AMRMX

While no single manager at American Funds can be said to own his or her fund's entire record, three of the fund's six managers started on this fund (with a Morningstar Analyst Rating of Gold) in January 2006 and one more joined in 2007. The three who began in 2006 are Joyce Gordon, James Lovelace, and James Terrille. During their tenure the fund has

returned 6.3% annualized, to land in the top 16% of large-value category funds. They're skilled stock-pickers who focus on competitively advantaged and attractively valued dividend-payers. Add in a low expense ratio and you get strong results.

Mairs & Power Growth MPGFX

Mark Henneman has helped produce a solid 7.1% return since he started on this fund in January 2006. He can't be said to own the whole record, as William Frels was lead manager until July 2013 and stayed on as comanager until the end of 2014, but Henneman has been an integral part of the process. The strategy is to invest very patiently in a focused portfolio of stable firms with competitive advantages. Results have been quite consistent: Over the past 10 years, the fund has produced three-year returns that land in the top quartile of its peer group for 69% of the time.

Berwyn Income BERIX

George Cipolloni III has produced outstanding 10-year returns that land in the top 1% of conservative-allocation category funds. This Silver-rated fund takes a contrarian value approach. Cipolloni and his comanagers buy dividend-paying stocks, corporate bonds (mainly high-yield), preferreds, and convertibles. Management tends to actively move around the bond market to scoop up the best values.

BBH Core Select BBTEX

Timothy Hartch took the helm at this Silver-rated fund in October 2005 and the fund's 10-year return is an impressive 8.2% annualized, which is well ahead of the S&P 500's 6.5% return. Hartch runs a very disciplined approach that requires stocks trading at 25% or greater discounts and then an automatic sell once that discount drops below 10%. He wants companies with sustainable competitive advantages and strong balance sheets. It's not easy to find such companies trading at big discounts, which may be one reason he runs a concentrated portfolio. The fund lagged its peers in recent years but lost much less in January 2016 thanks to steady names like Comcast CMCSA and Berkshire Hathaway BRK.A. The fund is closed to new investors, but outflows may prompt it to reopen. ■■■

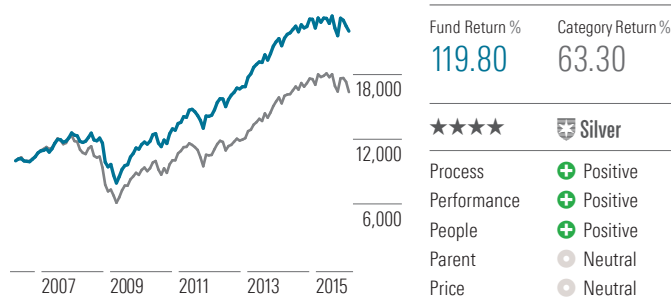
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	80.16	39.15	83.30	40.58	74.86	38.41
Taxable Bond	68.33	40.63	56.94	35.33	43.22	16.55
International Stock	69.72	41.06	65.83	39.09	60.74	40.12
Municipal Bond	64.09	41.94	37.66	18.64	67.66	34.04
Balanced	88.96	51.76	87.16	50.90	79.62	44.08

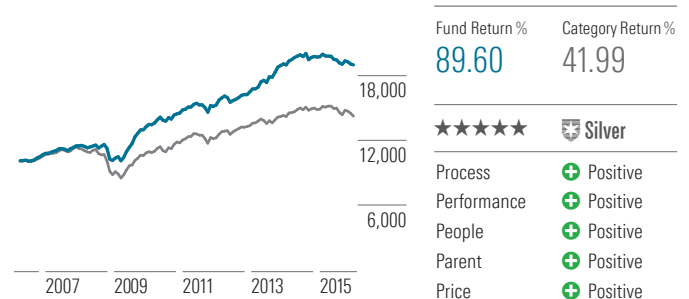
Data through Jan. 31, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

10-Year Tenured

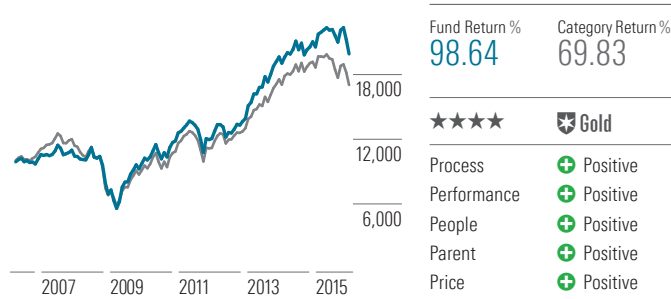
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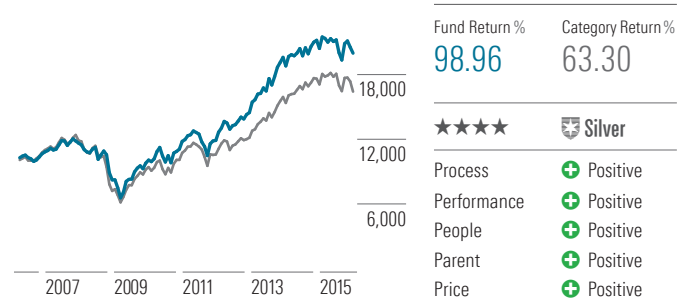
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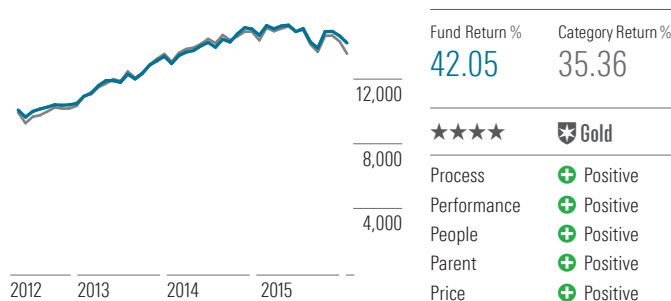
Diamond Hill Small-Mid Cap A DHMAX



Mairs & Power Growth Inv MPGFX



American Funds American Mutual A AMRMX



Return data through Jan. 31, 2016.

Currency Is Key in World-Bond Funds

Income Strategist | Karin Anderson

Solid long-term performance and diversification from U.S. bond and equity markets have made the world-bond fund Morningstar Category one of the fastest-growing categories that Morningstar tracks. Because of the wide variety of approaches (unhedged versus U.S. dollar-hedged, global versus non-U.S., broad-based versus single-sector), funds within the category have a large range of risk exposures. It makes most sense to divvy up the category by various approaches to currency management rather than by credit, regional, or sector focus, as currency movements have the most significant impact on risk/return profiles. World-bond funds tend to follow one of three currency management approaches: unhedged, tactically hedged, and U.S. dollar-hedged.

Tactical: Nearly 60% of world-bond funds employ a tactical approach to currency hedging as of December 2015. The managers of these funds actively manage exposure to non-U.S.-dollar currencies through currency forwards or futures. Some of these funds' managers will make modest adjustments to these exposures relative to an index, while others rely more heavily on currency to add returns. In the latter case, managers will often hold net short positions to individual currencies or will have a positive view on a currency but not own any underlying bonds.

Most in this subgroup are focused on a combination of government and corporate debt, with the Barclays Global Aggregate appearing as the most common benchmark. The government-only Citi World Government Bond Index is also prevalent. More than two thirds of these funds have a global purview; the remaining funds exclude the United States.

Unhedged: Around one fourth of active and passive world-bond category funds leave their overseas currency exposures completely unhedged and, as a

result, carry the most currency risk among the three subgroups examined here. From a regional standpoint, half the group focuses on non-U.S. debt while the rest have a global purview. More than half of these offerings focus mostly, if not solely, on government debt. A smaller subset focuses on global or non-U.S. corporates, and just a few are dedicated to global inflation-linked bonds. Therefore, funds in this cohort sport varying levels of interest-rate and credit risk.

Hedged: The smallest subset (17% of world-bond funds) comprises funds that fully hedge currency exposures back to the U.S. dollar. These funds focus on Treasuries or a mix of Treasuries and corporates, and there are no dedicated high-yield or inflation-protection strategies in the group. Here investors forgo currency risk, with hedged versions of the Barclays Global Aggregate and the Barclays Global Aggregate ex-U.S. serving as common benchmarks.

Our Top Picks

Unhedged world-bond funds are the most volatile of the three category subgroups, largely because of currency movements, so investors need a higher risk tolerance. **PIMCO Foreign Bond Unhedged** PFBDX has experienced nearly twice the volatility (as measured by standard deviation) as its hedged sibling over the past decade through December 2015.

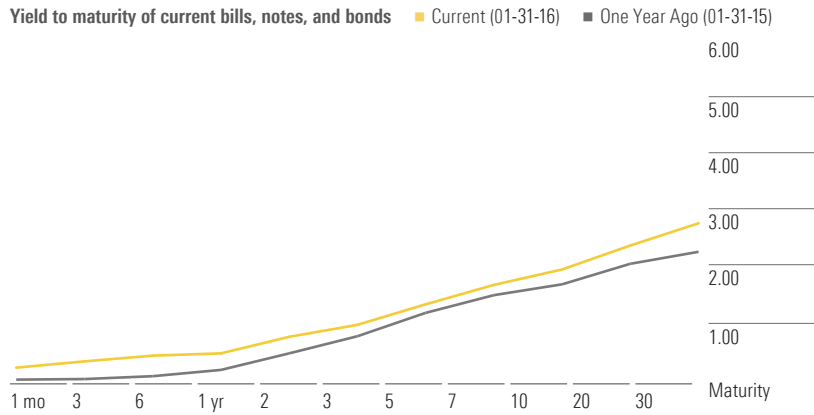
Given that tactical funds court at least some currency risk and many, including **Templeton Global Bond** TPINX and **Loomis Sayles Global Bond** LSG LX, have large helpings of emerging-markets debt, it follows that the tactical group has been closer to the unhedged cohort in experiencing higher levels of standard deviation and steeper sell-offs in downturns.

By contrast, hedged world-bond funds including **PIMCO Foreign Bond USD-Hedged** PFODX and **Vanguard Total International Bond Index** VTIBX have standard deviations more akin to those of the Barclays U.S. Aggregate and other U.S. government debt indexes. Investors looking to diversify equity risk should consider this subgroup as it has displayed lower correlations to the S&P 500 over time. ■■■

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Bond-Market Snapshot

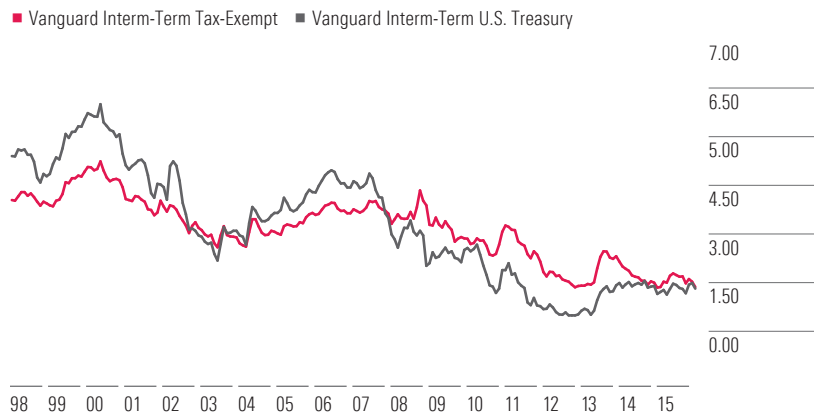
Treasury Yield Curve (%)



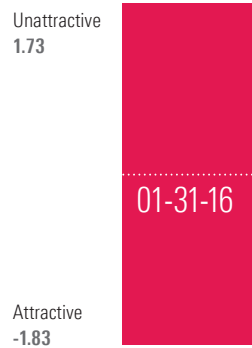
Interest-Rate Review

On the heels of the Fed's announcement to tighten monetary policy, the Treasury yield curve flattened over the course of the month. The Barclays U.S. Aggregate Bond Index returned 1.38%. A rate hike and extreme market volatility led to a big rally in long-maturity Treasuries. Treasury Inflation-Protected Securities made a round-about from the previous month, with the Barclays U.S. Treasury TIPS Index delivering 55 basis points. High-yield bonds continued to sell off because of worries about the impact of lower oil prices on energy companies.

Treasury and Municipal-Bond Yields

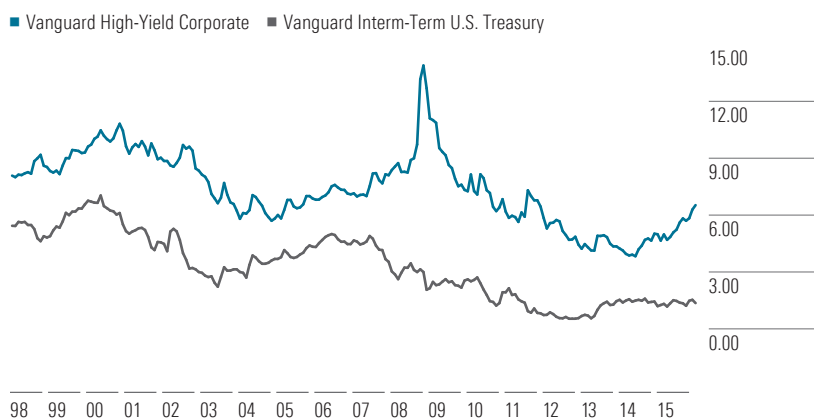


Municipal-Bond Spread Snapshot

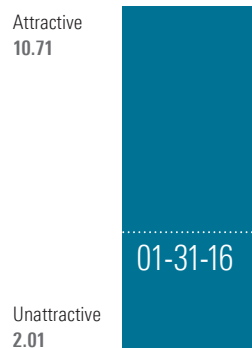


Jan. 31, 2016	-0.05
High	1.73
Low	-1.83
Average	0.09
Last Month (12-31-15)	-0.04
A Year Ago (01-31-15)	-0.19

High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Jan. 31, 2016	5.08
High	10.71
Low	2.01
Average	4.01
Last Month (12-31-15)	4.68
A Year Ago (01-31-15)	3.73

Data as of Jan. 31, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

Andrew Foster Returns to the Morningstar 500

Changes to the 500 | Russel Kinnel

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I am dropping **Aston/Tamro Small Cap** ATASX and **Columbia Acorn International Select** LAFAX. In their place, I'm adding **Seafarer Overseas Growth and Income** SFGIX and **MFS Growth** MFE GX.

Aston/Tamro Small Cap is going to be merged into another fund because subadvisor Tamro is folding up its tent. Tamro has been hit with redemptions in mutual funds and other accounts to the point where it is shutting down the firm. The fund itself has shrunk to \$150 million from \$800 million in the course of a year because of a performance slump. As a result, the fund will merge with **AMG GW&K Small Cap Growth** GWGIX in a few months, but GW&K Investment Management started running the fund as of Feb. 1.

The complete shutdown of the fund is pretty remarkable, but it shows how active managers are more vulnerable than ever to a performance slump. It has a Morningstar Analyst Rating of Neutral.

In its place, I'm adding the steady MFS Growth. It is a \$12 billion large-growth fund run by Eric Fischman. Fischman has been on board since 2002, and he's produced solid returns. In particular, I am impressed by how the fund has outperformed in most up markets and down markets. Fischman seeks companies with strong pricing power and the ability to grow over the long haul. That means names like **Visa V**, **Amazon.com** AMZN, and **Master-Card** MA. Fischman invests more than \$1 million of his own money in the fund. This is a broker-sold fund. See the facing page for more.

I'm dropping coverage of Columbia Acorn International Select, which has also been shrunk by redemptions, though in less-dramatic fashion. The




Neutral-rated fund had \$110 million in outflows in 2015, which shrunk it down to \$140 million in total. Comanager Chris Olson stepped down in January 2016, and Stephen Kusmierczak was elevated to a comanager. Andreas Waldburg-Wolfegg remains as comanager, though he has only been on board since May 2015. Thus, with new management and redemptions, the fund has limited appeal.


I'm adding Seafarer Overseas Growth and Income to take its place. It is an emerging-markets fund run by Andrew Foster, who did an excellent job at **Matthews Asia Dividend** MAPIX and **Matthews Asian Growth and Income** MACSX. Interestingly, though, this fund invests in all emerging markets rather than focusing on Asia like his previous charges. The fund has 58% in Asia, 23% in Latin America, 14% in emerging Europe, and 5% in South Africa. He actually has a bit less in Asia than most emerging-markets managers.

Foster has more than \$1 million invested in the fund. We will be assigning a Morningstar Analyst Rating to the fund soon, but it does have a 5-star Morningstar Rating. Launched in February 2012, it is running well ahead of its peers. The fund charges 1.30%, and it looks like that will be coming down as assets have grown to \$760 million. The fund is available in most No Transaction Fee supermarkets. **III**

Summary of Changes

Add	Drop
MFS Growth	ASTON/TAMRO Small Cap
Seafarer Overseas Growth and Income	Columbia Acorn Intl Select

Rating Change (Downgrades)	From	To
Janus Balanced	 Silver	Neutral
Janus Flexible Bond	 Silver	Neutral
Janus High-Yield	 Bronze	Neutral

New Ratings	To
Vanguard US Value	 Bronze

Data through January 31, 2016 FINRA members: For internal or institutional use only.

MFS Growth A

Benchmark 1: Russell 1000 Growth TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 12-16-15



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 01-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	4.89	-0.50	-12.10	8.35	-0.60
2012	15.30	-5.46	7.60	-0.16	17.10
2013	9.54	1.48	10.68	10.77	36.28
2014	-0.23	2.85	0.78	4.94	8.52
2015	3.42	0.16	-4.61	8.40	7.11

Trading

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-4.99	1.72	1.19	4	9,501
6 Mo	-6.10	1.08	0.67	6	9,390
1 Yr	3.73	2.41	4.39	5	10,373
3 Yr Avg	12.81	-0.21	1.51	18	14,356
5 Yr Avg	11.69	0.02	0.78	13	17,382
10 Yr Avg	7.92	0.20	1.44	10	21,437
15 Yr Avg	3.02	-0.45	3.52	64	15,624

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	9.80	29	0.73	17
5 Yr (estimated)	9.89	18	0.44	14
10 Yr (estimated)	6.94	12	0.33	15

Potential Capital Gain Exposure: 29% of assets

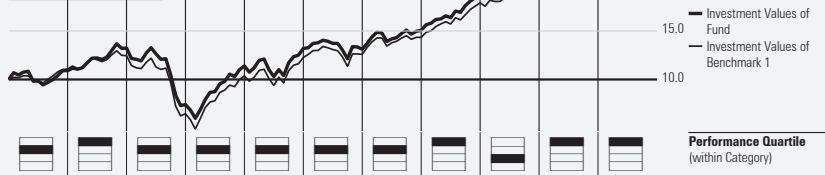
Morningstar's Take by Andrew Daniels 12-16-15

MFS Growth has outperformed its average peer in the large growth Morningstar Category in every calendar year but one since manager Eric Fischman took the lead in April 2004. And even when the fund lagged in 2014, it returned a solid 8.5%, although that trailed the Russell 1000 Growth Index's 13.1% return and its average peer's 10.0% gain. The fund has rebounded so far in 2015 as several of 2014's underperformers, such as Alphabet GOOGL and Amazon AMZN, have rebounded.

The fund has delivered over the long term. Its 9.4% annualized gain under Fischman's leadership through November 2015 beats 86% of its large-growth peers and exceeds the 8.4% annualized gain of the Russell 1000 Growth Index. It's been a tad more volatile than most rivals but has compensated investors with additional returns and decent downside protection. The fund lost 48.6% in the bear market from October 2007 through March 2009, but that was below the 52.6% hit taken by its typical peer. The fund's Sharpe ratio—a measure of risk-adjusted returns—is 0.57, compared with the benchmark's 0.53, and beat 90% of its peers.

Historical Profile

Return Above Avg
Risk Below Avg
Rating ★★★★★
Above Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	01-16	History
NAV	37.35	42.01	26.21	36.22	41.89	41.64	48.76	65.41	68.19	70.33	66.76	NAV
Total Return %	7.54	20.82	-37.61	38.19	15.65	-0.60	17.10	36.28	8.52	7.11	-5.08	Total Return %
+/- Bmark 1	-1.53	9.01	0.83	0.98	-1.06	-3.24	1.84	2.80	-4.53	1.44	0.51	+/- Bmark 1
+/- Bmark 2	-8.25	15.33	-0.61	11.73	0.59	-2.71	1.10	3.89	-5.17	5.73	-0.11	+/- Bmark 2
Income Return %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Income Return %
Capital Return %	7.54	20.82	-37.61	38.19	15.65	-0.60	17.10	36.28	8.52	7.11	-5.08	Capital Return %
Total Rtn % Rank Cat	46	16	26	33	47	35	28	25	69	21	10	Total Rtn % Rank Cat
Income \$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Income \$
Capital Gains \$	0.00	3.08	0.00	0.00	0.00	0.00	0.00	1.00	2.79	2.70	0.00	Capital Gains \$
Expense Ratio %	1.29	1.22	1.29	1.39	1.30	1.21	1.11	1.05	1.02	—	—	Expense Ratio %
Income Ratio %	-0.56	-0.21	-0.12	-0.25	-0.21	0.00	-0.11	0.05	-0.13	—	—	Income Ratio %
Turnover Rate %	124	72	121	108	103	80	50	32	33	—	—	Turnover Rate %
Net Assets \$mil	2,119	2,134	1,219	1,596	1,753	2,219	2,659	3,902	4,227	4,396	4,175	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-2.24			
3 Yr	10.61	Avg	-Avg	★★★
5 Yr	10.38	Avg	-Avg	★★★★
10 Yr	7.29	+ Avg	-Avg	★★★★
Incept	7.88			

Other Measures

	Standard Index	Best Fit Index
Alpha	1.6	0.5
Beta	0.98	0.98
R-Squared	85	94

Standard Deviation

Mean	11.65
Standard Deviation	12.81
Sharpe Ratio	1.09

Ticker MFEGX Yield 0.0% Total Assets \$11,204 mil Mstar Category Large Growth

Investment Style

Equity

Performance Quartile (within Category)

History

Portfolio Analysis 12-31-15

Stock	YTD Ret %	% Assets
Visa Inc Class A	-3.95	3.98
Amazon.com Inc	-13.15	3.89
Alphabet Inc Class A	-2.14	3.75
Facebook Inc Class A	7.21	3.36
MasterCard Inc Class A	-8.36	2.85
Alphabet Inc Class C Cap	—	2.80
Danaher Corp	-8.89	2.60
Thermo Fisher Scientific	-6.90	2.60
Adobe Systems Inc	-5.12	2.38
Apple Inc	-7.52	2.25
American Tower Corp	-5.88	2.19
Ross Stores Inc	4.55	2.05
Allergan PLC	-8.98	1.98
Intercontinental Exchange	2.94	1.88
Salesforce.com Inc	-13.19	1.76
Microsoft Corp	-0.70	1.75
Bristol-Myers Squibb Comp	-5.12	1.73
Starbucks Corp	1.23	1.71
Costco Wholesale Corp	-6.43	1.66
Priceline Group Inc	-16.47	1.65

Current Investment Style

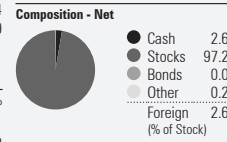
Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Giant	39.8	Cyclical	31.15	1.06
Large	50.8	BasicMat	3.71	1.24
Mid	9.1	CnsmrCyc	16.48	0.86
Small	0.3	FinanSvcs	10.69	2.09
Micro	0.0	Real Est	0.27	0.13
Avg \$mil: 64,351		Sensitive	39.16	0.93
		CommSvcs	5.01	0.93
		Energy	0.24	0.47
		Industrl	10.03	0.82
		Technly	23.88	0.99
		Defensive	29.68	1.05
		CnsmrDef	10.45	0.91
		Hlthcare	19.23	1.14
		Utilities	0.00	0.00

Value Measures

Value Measure	Rel Category
Price/Earnings	25.12 1.16
Price/Book	4.63 1.26
Price/Sales	2.79 1.17
Price/Cash Flow	18.65 1.34
Dividend Yield %	0.87 0.70
Long-Term Emrgs	14.21 1.11
Book Value	13.02 1.34
Sales	10.33 1.19
Cash Flow	10.69 0.91
Historical Emrgs	12.54 1.01

Profitability

Return on Equity	20.91
Return on Assets	9.28
Net Margin	14.86



Address: MFS Series Trust II
Boston, MA 2199
800-225-2606
Web Address: <http://www.mfs.com>
Inception: 09-13-93
Advisor: Massachusetts Financial Services Co
Subadvisor: None

Minimum Purchase: \$1000 Add: — IRA: \$250
Min Auto Inv Plan: — Add: —
Sales Fees: 5.75%L
Management Fee: 0.75% mx./0.50% mn.
Actual Fees: Mgt:0.62% Dist:0.25%
Expense Projections: 3Yr:\$875 5Yr:\$1098 10Yr:\$1738
Income Distribution: Annually

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 01-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	-7.1	-2.1	10.7	9.6	6.2	—	—	—	—	—	12.35	(85)	—
Large Growth																
Amana Growth Investor AMAGX	Silver	★★★★	-4.7	-1.9	8.6	7.4	6.7	6	51	81	87	37	0.5	11.24	(90)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★★	-5.9	-0.2	10.8	9.4	7.1	24	32	53	62	27	0.4	11.43	(93)	-Avg
American Century Ultra Inv TWCUX	Bronze	★★★★★	-6.4	0.1	12.9	11.0	6.4	39	28	17	23	47	0.2	12.53	(88)	Avg
American Funds AMCAP A AMCPX	Gold	★★★★	-6.1	-3.8	11.3	10.5	6.6	28	70	43	32	40	0.0	11.0	(91)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	-7.5	-1.4	10.9	9.9	5.8	64	45	51	47	60	0.7	11.54	(90)	-Avg
American Funds New Economy A ANEFX	Gold	★★★★	-8.8	-5.7	10.1	10.2	6.9	83	85	64	40	31	0.4	12.32	(76)	Avg
ASTON/Montag & Caldwell Growth N MCGFX	Bronze	↑★★★★★	-3.9	3.4	9.6	9.8	6.9	3	6	71	51	32	0.3	10.24	(84)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	↓★★	-8.3	-10.3	10.7	11.2	5.5	76	96	56	20	68	0.0	13.07	(80)	+Avg
Fidelity FFIDX	—	★★★★	-5.3	0.0	10.6	9.6	6.0	13	29	57	55	55	0.7	11.43	(93)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	★★★★★	-8.3	-1.8	14.4	11.9	8.2	76	50	5	10	6	0.0	12.82	(83)	+Avg
Fidelity Capital Appreciation FDCAX	Bronze	★★★★	-8.2	-5.9	10.5	10.6	6.3	73	87	58	31	49	0.8	12.74	(84)	+Avg
Fidelity Contrafund FCNTX	Silver	★★★★★	-5.7	1.8	12.4	11.2	7.5	19	14	24	20	18	0.3	11.02	(88)	-Avg
Fidelity Focused Stock FTQGX	—	★★★★	-5.6	-2.2	9.5	9.7	7.2	18	56	72	53	24	0.2	12.81	(72)	+Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	-10.6	-3.1	13.4	12.2	8.5	97	65	12	7	4	0.0	14.12	(78)	High
Fidelity Growth Discovery FDSVX	—	★★★★	-6.6	0.6	13.5	11.2	7.6	45	24	10	21	15	0.1	12.08	(73)	Avg
Fidelity Independence FDFFX	—	↓★	-11.8	-11.3	9.2	7.9	6.0	98	97	75	83	56	0.1	15.09	(71)	High
Fidelity Magellan FMAGX	Neutral	★★	-6.5	-0.2	12.7	9.1	4.3	41	32	20	68	89	0.6	12.0	(93)	Avg
Fidelity New Millennium FMILX	Bronze	★★★★	-5.7	-4.9	8.3	9.2	6.8	20	79	84	65	36	1.0	11.55	(87)	-Avg
Fidelity OTC Portfolio FOCPX	Bronze	★★★★★	-12.7	-3.1	16.8	12.0	9.8	99	65	1	9	1	0.0	16.08	(66)	High
Harbor Capital Appreciation Instl HACAX	Gold	↓★★★★	-8.5	1.9	14.1	12.1	7.1	79	14	6	8	26	0.1	13.36	(79)	+Avg
Janus Research T JAMRX	—	★★★★	-7.0	-1.4	13.2	10.7	7.9	53	46	14	29	12	0.4	11.83	(92)	Avg
Janus T JANSX	Neutral	★★★★	-6.8	-1.8	11.7	9.5	6.0	48	50	35	59	56	0.6	11.9	(90)	Avg
Janus Twenty T JAVLX	Neutral	↓★★★★	-6.1	2.3	11.9	9.8	7.7	29	11	32	49	14	0.5	12.46	(92)	Avg
Jensen Quality Growth J JENSX	Silver	↑★★★★★	-1.5	3.1	11.7	10.5	7.5	1	8	36	32	17	1.2	10.53	(90)	Low
Lateef A LIMAX	—	★★	-8.1	-3.2	6.4	8.8	—	72	65	95	72	—	0.1	13.82	(82)	+Avg
Laudus US Large Cap Growth LGILX	Bronze	↓★★★★	-8.0	-0.3	11.7	11.5	8.4	70	32	35	16	5	0.0	13.26	(81)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	-7.1	-5.8	8.9	7.9	4.2	56	86	79	83	92	0.4	12.26	(90)	Avg
LKCM Equity Instl LKEQX	Silver	★★★★	-6.2	-4.9	6.2	8.1	6.5	31	78	96	80	44	1.0	11.9	(95)	-Avg
Manning & Napier Equity EXEYX	Bronze	★	-5.9	-6.7	6.2	6.2	5.0	24	92	96	95	78	0.0	12.42	(88)	Avg
Marsico Focus MFOCX	Neutral	★★★★	-6.8	-4.4	11.4	9.4	5.6	48	75	41	60	67	0.0	12.72	(78)	+Avg
Marsico Growth MGRIX	Neutral	★★	-8.0	-5.8	9.1	8.6	4.7	70	86	76	75	83	0.0	12.57	(80)	Avg
MFS Growth A MFEGX	Silver	↑★★★★	-5.1	3.7	12.8	11.7	7.9	10	5	18	13	10	0.0	11.65	(85)	-Avg
Morgan Stanley Inst Growth A MSEGX	Gold	↓★★★★	-9.6	0.2	15.1	11.7	8.0	91	27	2	13	10	0.0	14.74	(60)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	-6.6	-4.9	9.7	8.3	<i>5.9</i>	44	79	70	78	<i>5.9</i>	1.1	11.23	(91)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	↓★★★★	-9.7	-2.2	12.3	11.2	7.8	93	56	25	20	12	0.4	12.92	(75)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	↑★★★★	-5.4	-7.3	6.7	9.1	—	14	94	93	66	—	0.1	11.46	(86)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	↓★★	-10.9	-4.4	12.0	10.0	—	97	75	31	45	—	0.0	17.7	(30)	High
Sequoia SEQUX	Gold	★★★★	-5.0	-11.8	6.6	10.0	7.0	10	98	94	45	28	0.0	13.2	(23)	+Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	★★★★★	-8.7	1.4	14.6	13.1	8.0	82	17	4	3	8	0.0	13.52	(80)	High
T. Rowe Price Growth & Income PRGIX	—	★★★★	-4.9	2.1	12.2	10.9	6.7	9	13	26	25	39	1.1	10.89	(96)	-Avg
T. Rowe Price Growth Stock PRGFX	Neutral	↓★★★★	-9.1	0.9	13.7	12.1	7.8	88	21	9	8	12	0.0	13.27	(79)	+Avg
T. Rowe Price New America Growth PRWAX	Under Review	↓★★★★	-9.7	-1.3	12.4	10.4	8.1	91	44	25	35	7	0.0	13.92	(81)	High
T. Rowe Price Spectrum Growth PRSGX	—	★★	-6.6	-4.9	6.9	7.4	5.4	45	79	92	88	70	1.2	11.29	(91)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★	-6.1	-0.4	11.3	11.2	8.0	30	34	43	21	8	1.2	11.8	(96)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	★★★★	-12.6	-9.2	8.0	10.2	7.1	98	95	86	39	25	0.0	16.19	(72)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	↓★★★★	-8.9	-5.6	13.8	11.5	7.9	85	84	9	17	10	0.6	12.54	(76)	+Avg
Vanguard Growth Index Adm VIGAX	Silver	★★★★	-5.9	-1.3	11.9	11.3	7.5	24	45	32	19	17	1.4	11.88	(94)	Avg
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★★	-6.7	1.1	12.6	10.3	6.5	46	19	22	36	44	0.7	11.94	(90)	Avg
Russell 1000 Growth Index			-5.7	1.0	12.8	11.5	7.6									
S&P 500 Index			-5.0	-0.7	11.3	10.9	6.5									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
—	21.7	3.8	79,796	26	20	19	—	64	2	98	0	0	7	—	1.15	—	2,439	—
AMAGX	20.2	4.0	43,158	41	28	12	46	0	1	99	0	0	13	NL	1.08	30.27	1,664	Kaiser/Klimo (22.0/3.3)
TWCGX	20.5	4.2	62,101	25	19	18	84	49	0	99	0	0	0	NL	0.97	26.41	7,387	Brown/Woodhams (0.0/18.3)
TWCUX	20.3	4.6	66,802	28	24	17	83	16	0	100	0	0	4	NL	1.01	32.77	7,793	Management Team
AMCPX	20.7	3.1	30,886	24	24	12	245	33	10	88	0	2	9	5.75	0.68	24.38	43,749	Management Team
AGTHX	21.1	2.8	55,346	24	20	20	410	29	7	91	0	2	13	5.75	0.65	38.19	132,656	Management Team
ANEFX	20.7	3.1	21,433	31	25	12	199	27	6	88	0	5	26	5.75	0.79	32.8	14,024	Management Team
MCGFX	21.7	4.0	80,712	30	28	14	38	12	5	95	0	0	0	NL	1.04	19.2	1,636	Canakaris/Jung (21.2/0.9)
SHRAX	20.2	2.3	28,213	37	23	11	76	3	6	94	0	0	6	5.75	1.13	171.56	12,138	Bauman/Freeman (6.7/32.2)
FFIDX	19.7	2.8	75,149	19	18	15	97	59	2	98	0	0	5	NL	0.52	39.77	4,463	John Avery (13.9)
FBGRX	21.5	3.5	56,022	32	23	18	385	51	0	100	0	0	9	NL	0.89	63.25	19,216	Sonu Kalra (6.6)
FDCAX	17.8	3.4	51,470	31	31	12	80	126	2	98	0	0	7	NL	0.83	29.75	7,338	J. Shiel (10.2)
FCNTX	20.9	3.6	77,292	27	20	20	350	45	4	96	0	0	9	NL	0.64	93.3	102,931	William Danoff (25.3)
FTQGX	22.0	3.3	48,502	23	22	14	58	189	1	99	0	0	4	NL	0.73	16.96	1,688	Stephen DuFour (8.8)
FDGRX	21.7	4.1	37,456	34	22	18	390	18	1	99	0	0	4	Clsd	0.88	122.06	36,035	Steven Wymer (19.1)
FDSVX	23.6	5.2	50,488	41	18	17	128	51	7	93	0	0	13	NL	0.77	23.59	1,192	Jason Weiner (9.0)
FFDFX	17.1	2.2	40,109	30	22	18	120	48	0	100	0	0	14	NL	0.86	31.73	3,725	Robert Bertelson (9.2)
FMAGX	18.4	2.6	63,369	21	20	19	152	71	1	99	0	0	3	NL	0.7	83.66	14,717	Jeffrey Feingold (4.3)
FMILX	17.3	1.9	28,286	22	17	14	167	57	0	100	0	0	11	NL	0.74	31.38	2,876	John Roth (9.6)
FOCPX	23.5	4.1	27,224	54	18	12	249	66	0	100	0	0	8	NL	0.83	72.8	11,975	Gavin Baker (6.6)
HACAX	26.3	5.8	82,356	31	29	17	65	37	1	99	0	0	12	NL	0.66	55.63	25,079	McCarragher/Segalas (2.9/25.7)
JAMRX	20.8	4.6	40,092	28	19	17	106	45	1	99	0	1	2	NL	1.0	38.74	4,698	Carmel Wellso (1.1)
JANSX	22.1	4.6	43,908	30	21	17	93	53	3	97	0	0	10	NL	0.87	32.65	7,916	Barnard/Wilson (0.0/4.7)
JAVLX	20.1	4.0	83,779	23	18	16	31	68	0	100	0	0	0	Clsd	0.82	51.51	9,118	Marc Pinto (2.7)
JENSX	19.0	4.7	70,652	21	21	16	26	14	3	97	0	0	0	NL	0.87	35.99	4,582	Management Team
LIMAX	25.2	4.7	28,870	34	27	25	17	29	0	100	0	0	19	5.00	1.24	10.24	479	Management Team
LGILX	24.2	2.4	73,392	32	20	14	49	102	0	99	1	0	11	NL	0.77	15.26	2,201	Lawrence Kemp (2.2)
MSEFX	17.3	2.2	26,900	26	25	14	79	53	5	95	0	0	10	NL	1.17	14.94	299	Management Team
LKEQX	19.2	2.6	36,958	18	18	17	69	14	0	100	0	0	0	NL	0.8	20.08	259	Management Team
EXEYX	18.3	3.1	25,796	27	19	14	53	62	1	99	0	0	2	NL	1.06	10.57	125	Management Team
MFOCX	27.7	6.4	91,038	27	27	22	27	48	1	99	0	0	8	NL	1.19	15.11	715	Marsico/Witter (18.1/5.2)
MGRIX	27.8	6.3	77,065	28	27	22	37	81	0	100	0	0	5	NL	1.27	14.43	342	Marsico/Witter (18.1/5.2)
MFEGX	25.1	4.6	64,351	24	19	16	91	33	3	97	0	0	3	5.75	0.98	66.76	11,204	Fischman/Sabel (13.8/1.7)
MSEGX	33.8	5.5	51,055	37	24	19	45	44	3	94	0	3	7	5.25	0.83	35.53	3,302	Management Team
NRAAX	21.3	3.2	28,720	20	20	14	39	28	3	97	0	0	9	5.75	1.05	17.67	2,077	Management Team
POGRX	19.0	2.3	22,054	36	30	13	128	5	8	92	0	0	12	NL	0.63	24.66	6,093	Management Team
RWGFY	18.9	2.5	59,067	27	23	13	19	24	2	98	0	0	0	NL	1.16	15.5	1,801	David Rolfe (5.3)
DWUGX	47.1	9.4	25,513	52	23	12	26	297	1	99	0	0	0	NL	0.84	22.97	71	Noah Blackstein (6.8)
SEQUX	25.3	3.5	41,276	37	19	19	42	8	13	87	0	0	32	Clsd	1.03	196.89	6,307	Goldfarb/Poppe (35.1/9.7)
TRBCX	22.8	4.4	73,708	26	26	20	131	32	0	100	0	0	6	NL	0.72	66.08	31,290	Larry Puglia (22.6)
PRGIX	18.2	2.1	67,940	21	19	13	51	15	6	94	0	0	0	NL	0.67	27.06	1,553	Jeffrey Rottinghaus (0.7)
PRGFY	22.5	4.2	69,194	28	23	23	97	36	2	97	0	1	5	NL	0.68	48.76	45,321	Joseph Fath (2.0)
PRWAX	23.6	3.0	57,731	26	23	21	107	76	3	97	0	0	7	NL	0.79	37.91	4,352	Daniel Martino (2.7)
PRSGX	17.1	2.0	28,874	17	16	16	14	12	3	96	0	1	34	NL	0.78	19.52	3,560	Charles Shriver (4.7)
TIGRX	20.7	2.7	51,493	23	16	15	180	90	0	100	0	0	9	NL	0.42	10.79	4,500	Susan Kempler (10.9)
PTSGX	41.1	6.9	51,728	30	22	18	33	29	1	99	0	0	9	Clsd	1.31	14.35	4,118	Management Team
VHCOX	17.7	3.1	30,000	35	30	17	138	7	6	94	0	0	11	Clsd	0.45	46.83	13,660	Management Team
VIGAX	21.1	4.1	58,752	26	20	15	355	9	0	100	0	0	1	NL	0.09	51.53	48,022	Gerard O'Reilly (21.1)
VMRGX	20.9	3.9	43,197	26	22	20	341	41	4	96	0	0	3	NL	0.4	23.26	11,677	Management Team
	18.4	4.6	57,754															
	16.7	2.4	70,644															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 01-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
					3 Yr	5 Yr	10 Yr									
Morningstar 500 Domestic Equity																
Large Growth (cont'd)																
Vanguard PRIMECAP Core Inv VPCCX	★ Gold	★★★★	-6.2	-3.5	13.2	11.4	8.0	34	68	14	17	8	1.2	11.12 (92)	-Avg	
Vanguard PRIMECAP Inv VPMCX	★ Gold	★★★★★	-6.6	-2.6	14.2	11.9	8.2	43	61	6	11	6	1.1	11.22 (90)	-Avg	
Large Blend																
Amana Income Investor AMANX	★ Silver	↑★★★★	-3.7	-3.5	8.0	8.0	7.4	13	55	74	73	6	1.5	10.86 (94)	-Avg	
American Funds Fundamental Invs A ANCFX	★ Gold	★★★	-5.2	0.5	10.2	9.6	6.5	45	11	38	46	15	1.5	11.34 (96)	Avg	
American Funds Invmt Co of Amer A AIVSX	★ Silver	↑★★★	-3.6	-3.0	10.6	9.4	5.8	11	51	28	49	44	1.8	10.9 (95)	-Avg	
AMG Yacktman Focused Service YAFFX	★ Silver	★★★★	-2.1	-3.1	7.1	8.9	9.6	3	51	83	60	1	1.0	9.91 (83)	Low	
AMG Yacktman Service YACKX	★ Gold	★★★★★	-1.7	-2.8	7.6	9.2	9.3	2	48	79	53	1	1.5	9.1 (87)	Low	
BBH Core Select N BBTEX	★ Silver	★★★★	-2.1	-1.3	7.5	10.2	8.2	4	29	80	30	3	0.6	9.38 (92)	Low	
Bridgeway Blue Chip 35 Index BRLIX	★ Silver	↑★★★★★	-4.1	1.3	10.8	10.9	6.8	16	7	24	10	10	2.7	11.03 (95)	Avg	
CGM Focus CGMFX	—	★	-15.3	-11.0	1.2	-0.5	1.3	99	95	99	100	99	0.0	18.7 (66)	High	
Clipper CFIMX	★ Bronze	★★★	-7.8	1.1	10.4	9.7	4.1	93	8	35	43	88	0.5	12.19 (94)	+Avg	
Davis NY Venture A NYVTX	★ Bronze	★★	-8.4	-2.4	8.3	7.4	4.3	96	42	71	81	85	0.8	12.54 (94)	High	
Dreyfus Appreciation Investor DGAGX	★ Bronze	↑★★★	-3.7	-3.2	5.7	7.7	5.4	13	53	91	78	57	1.7	11.38 (92)	Avg	
Fidelity Dividend Growth FDGFY	Neutral	★★	-5.0	-2.7	9.7	8.0	6.0	38	45	50	73	33	1.5	11.09 (98)	Avg	
Fidelity Large Cap Stock FLCSX	★ Silver	★★★★	-7.7	-6.4	9.1	9.5	6.5	92	79	60	49	15	1.3	12.61 (93)	High	
Fidelity Spartan 500 Index Inv FUSEX	★ Gold	★★★★★	-5.0	-0.7	11.2	10.8	6.4	31	19	13	12	19	2.2	10.94 (100)	Avg	
Fidelity Spartan Total Market Idx Inv FSTMX	★ Gold	★★★★★	-5.7	-2.6	10.4	10.3	6.4	58	44	34	27	19	2.0	11.12 (99)	Avg	
First Eagle US Value A FEVAX	Neutral	★★	-3.2	-6.1	4.1	5.9	5.8	8	77	97	95	43	0.2	8.41 (85)	Low	
FMI Large Cap FMIHX	★ Gold	★★★★★	-3.3	-3.1	9.3	9.5	7.4	9	51	56	48	6	1.0	9.99 (93)	Low	
FPA US Value FPPFX	Neutral	↓★★	-7.3	-4.5	8.3	8.1	6.0	88	63	71	73	34	0.0	13.91 (69)	High	
Gabelli Asset AAA GABAX	—	★★★	-4.9	-6.8	5.5	7.2	6.6	27	82	92	84	13	0.4	11.88 (94)	+Avg	
Janus Growth & Income T JAGIX	Neutral	★★★	-4.9	-1.2	10.6	9.7	4.4	26	27	30	43	83	1.9	11.07 (96)	Avg	
Longleaf Partners LLPFX	★ Silver	★	-7.3	-22.5	-1.4	3.1	2.1	88	100	99	99	99	1.3	14.24 (80)	High	
MainStay ICAP Equity I ICAEX	Neutral	↓★★	-7.5	-5.4	7.1	8.1	5.4	90	71	83	72	56	1.1	12.09 (94)	+Avg	
MainStay ICAP Select Equity I ICSLX	Neutral	★★	-8.2	-8.3	5.5	6.7	5.0	94	90	91	89	67	1.1	12.71 (94)	High	
MainStay MAP I MUBFX	★ Bronze	★★★★	-7.0	-6.7	6.9	7.5	5.1	86	82	84	80	65	1.3	12.06 (98)	+Avg	
Mairs & Power Growth Inv MPGFX	★ Silver	★★★★★	-2.7	-2.2	9.0	10.9	7.1	6	40	61	11	7	1.5	11.55 (90)	Avg	
MFS Research A MFRFX	★ Bronze	★★★	-4.7	-0.6	10.1	9.9	6.6	23	18	41	37	14	0.8	10.77 (97)	-Avg	
Oakmark I OAKMX	★ Gold	★★★★★	-7.0	-6.5	9.0	10.5	7.6	86	81	62	22	4	1.0	12.38 (95)	+Avg	
Oakmark Select I OAKLX	★ Gold	↓★★★★	-8.8	-8.0	9.4	11.0	6.2	98	89	55	9	28	0.3	13.04 (90)	High	
Parnassus Core Equity Investor PRBLX	★ Silver	★★★★★	-4.3	-1.5	11.2	10.9	9.1	18	33	14	11	1	2.1	10.27 (92)	-Avg	
PRIMECAP Odyssey Stock POSKX	★ Gold	★★★★★	-6.7	-2.6	11.5	10.7	7.0	82	44	9	14	8	1.1	10.92 (95)	Avg	
Royce Special Equity Multi-Cap Service RSEMX	★ Bronze	★★	-3.6	-13.2	5.3	8.2	—	11	98	92	70	—	2.4	12.58 (82)	+Avg	
Schwab S&P 500 Index SWPPX	★ Silver	★★★★★	-5.0	-0.8	11.2	10.8	6.4	32	19	13	12	18	2.2	10.92 (100)	Avg	
Schwab Total Stock Market Index SWTSX	★ Silver	★★★★★	-5.6	-2.5	10.4	10.4	6.5	57	43	34	24	15	2.0	11.1 (99)	Avg	
Selected American Shares D SLADX	★ Bronze	↓★★	-8.2	-1.5	8.4	7.7	4.7	94	32	70	77	78	0.9	12.35 (94)	+Avg	
T. Rowe Price Dividend Growth PRDGX	★ Silver	★★★★★	-4.0	1.2	11.0	10.9	7.1	15	8	19	11	7	1.7	10.33 (97)	-Avg	
Thornburg Value A TVAFX	Neutral	★★	-6.2	-1.2	12.6	6.6	5.2	73	27	3	90	62	0.0	11.12 (88)	Avg	
TIAA-CREF Social Choice Eq Retail TICRX	★ Bronze	★★★★	-5.6	-4.9	8.7	8.8	5.7	55	67	66	61	49	1.9	11.19 (98)	Avg	
Vanguard 500 Index Admiral VFIAX	★ Gold	★★★★★	-5.0	-0.7	11.3	10.9	6.5	30	18	12	11	17	2.2	10.93 (100)	Avg	
Vanguard Dividend Appreciation Idx Inv VDAIX	★ Gold	★★★	-2.3	-0.9	8.6	9.6	—	5	22	68	45	—	2.3	10.56 (93)	-Avg	
Vanguard Dividend Growth Inv VDIGX	★ Gold	★★★★★	-2.9	2.4	11.7	11.7	8.3	7	3	7	4	2	1.9	10.0 (93)	Low	
Vanguard FTSE Social Index Inv VFTSX	★ Bronze	★★★★	-5.9	-1.5	12.2	11.5	5.4	66	33	4	5	56	1.6	11.47 (98)	+Avg	
Vanguard Growth & Income Inv VQNPX	Neutral	★★★★	-5.2	-0.9	11.7	11.4	5.7	45	22	8	6	45	1.9	10.79 (99)	-Avg	
Vanguard Tax-Managed Capital App Adm VTCLX	★ Gold	★★★★★	-5.6	-1.3	11.1	10.7	6.5	56	30	17	15	16	1.8	11.13 (99)	Avg	
Vanguard Total Stock Mkt Idx Adm VTSAX	★ Gold	★★★★★	-5.7	-2.6	10.5	10.4	6.5	57	44	31	24	15	2.1	11.09 (99)	Avg	
Weitz Partners Value Investor WPVLLX	★ Silver	★★	-5.3	-11.1	4.8	7.7	5.2	47	96	95	78	61	0.0	9.85 (82)	Low	
Russell 1000 Growth Index			-5.7	1.0	12.8	11.5	7.6									
S&P 500 Index			-5.0	-0.7	11.3	10.9	6.5									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/ Earn Ratio	Price/ Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Hold- ings	Turn- over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
VPCCX	17.3	2.8	50,569	26	20	19	64	2	98	0	0	7	1.15	—	2,439	—		
VPMCX	17.9	3.1	61,223	33	31	16	129	9	3	97	0	0	12	0.4	93.15	46,335	Management Team	
AMANX	18.4	3.7	53,022	25	21	17	49	0	1	99	0	0	10	1.13	40.81	1,204	Kaiser/Klimo (26.1/3.3)	
ANCFX	18.5	2.7	79,336	18	16	15	215	29	3	96	0	1	12	5.75	0.61	48.09	69,051	Management Team
AIVSX	16.7	2.5	73,201	18	18	13	223	29	3	95	0	2	9	5.75	0.59	32.18	69,149	Management Team
YAFFX	15.8	2.5	104,383	40	28	17	26	16	15	84	1	0	12	1.26	19.36	5,088	Management Team	
YACKX	16.5	2.8	89,357	38	23	13	43	9	16	83	1	0	4	0.75	20.52	8,586	Management Team	
BBTEX	17.2	2.5	71,511	25	20	14	34	8	12	88	0	0	12	1.0	19.97	4,178	Hartch/Keller (10.3/7.2)	
BRLIX	16.2	2.4	166,812	22	15	15	38	19	0	98	0	2	0	0.15	11.21	492	Management Team	
CGMFX	13.7	1.5	20,210	52	29	10	21	266	1	141	-42	0	0	2.26	33.21	887	G. Heebner (18.4)	
CFIMX	19.3	1.9	66,514	44	11	10	24	38	2	98	0	0	9	0.74	96.25	1,101	Davis/Goei (10.1/2.1)	
NYVTX	19.8	2.2	59,879	33	18	12	63	23	1	99	0	1	16	4.75	0.86	28.29	12,178	Davis/Goei (20.3/2.1)
DGAGX	18.0	2.8	120,340	28	16	15	57	7	1	99	0	0	21	0.93	38.47	2,429	Management Team	
FDGFX	16.1	2.4	73,506	23	16	15	104	64	4	96	0	0	11	0.69	28.77	7,231	Ramona Persaud (2.1)	
FLCSX	15.5	1.9	60,252	25	19	14	189	36	0	100	0	0	7	0.88	24.12	2,416	Matthew Fruhan (10.7)	
FUSEX	17.2	2.3	73,741	19	16	15	511	4	1	99	0	0	2	0.09	68.23	86,658	Management Team	
FSTMX	17.5	2.3	41,380	18	15	15	3504	2	1	99	0	0	2	0.1	55.34	29,169	Management Team	
FEVAX	18.7	2.1	29,721	25	23	16	86	15	13	80	0	7	4	5.00	1.17	17.79	2,161	Management Team
FMIHX	17.0	2.4	46,949	21	18	15	28	18	4	96	0	0	13	0.87	17.99	7,734	Management Team	
FPPFX	12.9	1.4	27,222	34	29	13	26	5	9	87	0	4	8	0.85	8.68	167	Gregory Nathan (0.4)	
GABAX	17.8	2.2	15,154	22	20	19	505	5	0	100	0	0	16	1.35	51.44	2,631	Management Team	
JAGIX	16.2	3.3	65,228	16	15	15	64	30	0	96	0	4	1	0.87	41.96	4,111	Buckley/Pinto (1.5/8.2)	
LLPFX	17.3	1.2	18,883	29	18	11	23	30	0	99	0	1	31	0.91	19.89	3,302	Cates/Hawkins (21.8/28.7)	
ICAEX	16.7	1.9	52,218	21	17	14	43	76	0	98	0	2	6	0.89	38.77	894	Management Team	
ICSLX	16.6	1.9	55,895	24	19	13	31	86	0	99	0	1	6	0.9	32.91	2,929	Management Team	
MUBFX	17.8	2.0	53,574	21	15	15	160	51	3	97	0	0	13	0.86	33.53	1,559	Management Team	
MPGFX	17.5	2.9	21,866	32	20	13	51	6	1	99	0	0	2	0.65	101.64	3,681	Adams/Henneman (1.1/10.1)	
MFRFX	18.8	2.9	53,666	18	16	15	129	44	1	98	0	1	4	5.75	0.82	34.36	4,602	Joseph MacDougall (7.7)
OAKMX	14.6	1.7	63,093	37	21	14	59	33	5	95	0	0	7	0.85	58.45	15,751	Grant/Nygren (15.8/15.8)	
OAKLX	15.2	1.3	55,513	41	24	8	23	46	7	93	0	0	3	0.95	35.74	5,256	Management Team	
PRBLX	18.6	2.8	33,328	22	18	15	41	14	2	98	0	0	6	0.87	35.37	11,442	Ahlsten/Allen (14.7/3.7)	
POSKX	16.7	2.3	42,299	29	24	14	125	7	8	92	0	0	10	0.63	22.03	5,188	Management Team	
RSEMX	13.4	3.0	23,779	36	34	24	29	39	7	93	0	0	0	1.24	11.94	128	Dreifus/McBoyle (5.1/1.3)	
SWPPX	17.2	2.3	73,759	19	16	15	507	2	1	99	0	0	2	0.09	29.99	21,367	Management Team	
SWTSX	17.5	2.3	41,594	18	15	15	2500	2	1	98	0	0	2	0.09	34.07	4,483	Hong/Juwono (3.9/2.9)	
SLADX	18.5	2.1	55,048	32	16	12	62	26	1	98	0	1	17	0.6	33.95	2,983	Davis/Goei (21.2/2.1)	
PRDGX	18.7	2.7	53,060	19	18	16	108	19	4	96	0	0	2	0.65	32.97	4,667	Thomas Huber (15.8)	
TVAFX	18.4	2.3	21,608	19	16	15	48	60	0	92	0	8	11	4.50	1.37	48.6	893	Browne/MacDonald (10.0/1.0)
TICRX	18.8	2.5	36,393	17	17	14	872	17	0	100	0	0	1	0.46	13.29	2,457	Campagna/Liao (10.1/1.7)	
VFIAX	17.2	2.3	73,727	19	16	15	509	3	0	100	0	0	1	0.05	179.12	211,113	Michael Buek (24.1)	
VDAIX	18.0	3.4	56,004	25	22	15	182	20	0	100	0	0	1	0.2	30.4	23,974	Ryan Ludt (9.7)	
VDIGX	18.2	3.0	83,318	21	18	15	53	23	1	97	0	2	10	0.32	21.78	26,074	Donald Kilbride (10.0)	
VFTSX	17.0	2.5	64,242	24	21	21	441	20	0	100	0	0	1	0.25	12.43	2,037	Coleman/O'Reilly (0.1/0.1)	
VQNPX	16.2	2.4	51,405	16	15	15	786	116	3	97	0	0	1	0.34	37.5	6,195	Management Team	
VTCLX	17.6	2.3	49,872	18	15	15	689	6	1	99	0	0	0	0.12	97.91	6,547	Michael Buek (21.3)	
VTSAX	17.5	2.3	41,420	18	15	15	3766	3	1	99	0	0	1	0.05	47.92	399,369	Gerard O'Reilly (21.1)	
WPVLX	18.5	1.9	16,867	28	15	12	42	26	17	80	0	3	6	1.18	25.76	801	Hinton/Weitz (9.5/32.7)	
	18.4	4.6	57,754															
	16.7	2.4	70,644															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 01-31-16		ANNUALIZED					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	1=Best, 100=Worst		(R ²)		
Morningstar 500 Domestic Equity																	
Large Blend (cont'd)																	
Weitz Value Investor WVALX	Silver	↑★★★★	-3.7	-5.1	8.0	9.4	4.5	13	68	75	49	83	0.0	11.33 (94)	—	Low	
Large Value																	
AllianzGI NFJ Large-Cap Value A PNBAX	—	★★	-6.5	-7.8	6.7	8.1	3.3	74	74	70	50	80	1.9	11.49 (95)	—	Avg	
American Beacon Lg Cap Value Inv AAGPX	Bronze	★★★★	-6.2	-8.3	7.2	7.9	4.6	65	80	62	55	52	1.7	12.2 (94)	—	+Avg	
American Century Equity Income Inv TWEIX	Silver	↑★★★★★	-1.0	1.1	8.5	8.9	6.5	3	4	34	35	13	2.4	7.72 (86)	—	Low	
American Century Value Inv TWVLX	Silver	★★★★	-4.1	-4.7	8.4	9.0	5.5	22	40	35	34	29	1.6	10.44 (94)	—	-Avg	
American Funds American Mutual A AMRMX	Gold	↑★★★★	-3.0	-3.3	9.2	9.5	6.3	11	23	22	23	15	2.2	9.74 (94)	—	Low	
American Funds Washington Mutual A AWSHX	Gold	★★★★	-4.3	-1.3	10.4	10.6	6.2	26	11	8	7	17	2.1	10.48 (98)	—	-Avg	
Artisan Value Investor ARTLX	Bronze	★★	-5.2	-13.9	2.3	5.5	—	46	96	98	90	—	0.5	12.74 (67)	—	+Avg	
Auxier Focus Inv AUXFX	—	↑★★★★	-3.1	-2.1	6.6	7.6	5.9	13	16	72	61	23	1.0	9.9 (94)	—	Low	
Becker Value Equity Retail BVEFX	Bronze	★★★★	-5.3	-8.6	8.0	8.4	5.8	48	82	45	45	25	1.3	11.56 (94)	—	Avg	
Columbia Dividend Income Z GSFTX	Silver	★★★★★	-2.5	1.1	10.6	10.7	7.5	8	3	7	7	3	2.8	10.23 (94)	—	-Avg	
Diamond Hill Large Cap A DHLAX	Gold	★★★★	-6.0	-2.0	9.2	9.5	5.8	62	15	22	21	24	0.8	12.09 (94)	—	+Avg	
Dodge & Cox Stock DODGX	Gold	↓★★★★	-6.9	-5.9	9.1	9.4	4.5	80	57	23	24	54	1.5	12.34 (92)	—	+Avg	
Fairholme FAIRX	Silver	★	-11.4	-13.0	-0.4	-0.8	3.8	99	95	99	99	73	2.1	16.88 (54)	—	High	
Fidelity Equity Dividend Income FEQTX	Neutral	★★★★	-4.2	-3.5	8.4	7.8	3.8	24	26	34	57	72	2.4	10.42 (97)	—	-Avg	
Fidelity Equity-Income FEQIX	Neutral	★★	-4.9	-4.9	6.4	6.7	3.8	40	43	75	80	72	3.8	10.2 (94)	—	-Avg	
Franklin Mutual Beacon A TEBIX	Bronze	★★	-4.8	-7.9	5.6	6.8	3.8	37	76	83	79	71	2.2	10.45 (87)	—	-Avg	
Franklin Mutual Shares A TESIX	Bronze	↑★★★★	-4.4	-6.4	6.0	6.8	4.0	30	62	79	79	68	1.9	10.07 (93)	—	-Avg	
Invesco Comstock A ACSTX	Silver	★★★★	-7.6	-8.6	6.5	7.8	4.9	93	82	74	57	44	1.5	12.4 (93)	—	+Avg	
Invesco Diversified Dividend A LCEAX	Silver	↑★★★★★	-2.1	1.5	11.0	10.5	7.2	6	3	4	9	5	1.7	8.82 (85)	—	Low	
Invesco Growth and Income A ACGIX	Bronze	★★★★	-7.1	-5.5	7.6	7.6	5.1	87	51	54	61	38	1.7	11.66 (93)	—	Avg	
JPMorgan Value Advantage A JVAAX	Silver	★★★★	-5.6	-7.1	8.3	9.7	7.3	52	69	37	20	4	0.6	10.6 (93)	—	-Avg	
Perkins Large Cap Value T JPLTX	—	★★★★	-4.0	-3.7	7.1	7.5	—	21	28	64	64	—	1.5	9.85 (97)	—	Low	
Schwab Fdmtl US Lg Co Idx SFLNX	Bronze	★★★★	-4.2	-3.6	9.7	9.7	—	24	27	16	18	—	2.4	10.77 (98)	—	Avg	
Sound Shore Investor SSSHX	Silver	★★★★	-6.3	-6.6	9.6	8.8	5.4	69	64	17	37	31	0.9	12.83 (93)	—	High	
T. Rowe Price Equity Income PRFDX	Bronze	★★★★	-5.1	-7.8	5.5	7.0	4.8	43	75	84	75	46	2.3	11.04 (95)	—	Avg	
T. Rowe Price Value TRVLX	Bronze	★★★★	-6.2	-4.2	10.4	10.3	6.5	65	34	9	11	12	2.1	11.47 (96)	—	Avg	
TCW Relative Value Dividend Apprec N TGIGX	Neutral	★★★★	-5.9	-6.8	7.0	8.5	4.9	60	66	65	43	43	1.5	12.0 (97)	—	+Avg	
Torrey TORYX	—	★★★★	-5.7	-2.9	9.6	9.1	4.3	55	20	17	30	59	1.1	10.88 (92)	—	Avg	
Vanguard Equity-Income Inv VEIPX	Silver	★★★★★	-3.1	0.7	10.3	11.7	7.3	13	5	10	3	4	2.9	10.23 (95)	—	-Avg	
Vanguard High Dividend Yield Index Inv VHDYX	Silver	★★★★★	-2.8	0.4	10.8	12.0	—	11	6	5	2	—	3.2	10.34 (92)	—	-Avg	
Vanguard US Value Inv VUVLX	Bronze	★★★★	-6.4	-5.2	9.8	11.1	5.0	71	47	15	5	41	2.2	10.94 (93)	—	Avg	
Vanguard Value Index Adm VVIAX	Silver	★★★★	-4.7	-1.6	10.2	10.0	5.6	36	13	12	14	28	2.7	10.59 (97)	—	-Avg	
Vanguard Windsor II Inv VWNFX	Bronze	★★★★	-5.3	-4.5	8.3	9.2	5.3	48	38	38	30	34	2.4	11.09 (97)	—	Avg	
Vanguard Windsor Inv VWNDX	Bronze	↓★★★★	-8.0	-7.3	8.2	8.8	4.8	96	70	41	38	47	1.9	12.33 (92)	—	+Avg	
Mid-Cap Growth																	
Akre Focus Retail AKREX	Silver	★★★★★	-5.2	1.3	12.2	14.1	—	5	1	4	1	—	0.0	11.79 (82)	—	-Avg	
American Century Heritage Inv TWHIX	Bronze	★★★★	-8.1	-6.1	8.0	7.4	8.1	46	38	41	52	9	0.0	12.59 (74)	—	Avg	
Artisan Mid Cap Investor ARTMX	Silver	★★★★	-10.7	-7.3	8.0	8.9	8.0	86	49	41	25	10	0.0	14.46 (61)	—	+Avg	
Baron Asset Retail BARAX	—	★★★★	-8.1	-5.5	9.2	9.1	6.3	45	31	27	23	33	0.0	12.29 (77)	—	Avg	
Baron Growth Retail BGRFX	Bronze	★★★★	-6.7	-9.9	6.4	8.5	6.1	22	75	67	33	37	0.0	11.94 (70)	—	-Avg	
Baron Opportunity Retail BIOPX	—	★★★★	-11.4	-7.6	5.2	5.0	6.3	91	52	80	85	32	0.0	16.55 (57)	—	High	
Buffalo Mid Cap BUFMX	Neutral	★★★★	-8.0	-6.7	5.9	6.2	5.5	43	44	74	71	51	0.0	12.71 (67)	—	Avg	
Champlain Mid Cap Adv CIPMX	Silver	★★★★	-6.6	-2.9	9.1	9.4	—	20	15	28	18	—	0.0	11.62 (83)	—	-Avg	
Columbia Acorn Select Z ACTWX	—	★★	-8.6	-7.0	5.7	3.9	4.7	57	46	77	92	70	0.0	12.1 (74)	—	-Avg	
Columbia Acorn Z ACRNX	Neutral	★★	-9.2	-8.3	3.7	5.8	5.2	67	60	90	76	59	0.0	13.07 (70)	—	Avg	
Eventide Gilead N ETGLX	Neutral	★★★★★	-12.5	-13.1	13.2	12.0	—	96	87	1	3	—	0.0	16.91 (55)	—	High	
Russell 1000 Value Index			-5.3	-5.3	8.5	9.4	5.0										
Russell MidCap Growth Index			-7.6	-6.2	9.7	9.4	6.7										

Legend

Red = Lowest return in group

★ = New this month

Green = Highest return in group

↑↓ = Increase/decrease in rating

Italic = Extended performance

NR = No Morningstar Rating; fund less than three years old.

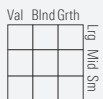
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
WVALX	—	16.6	2.2	97,834	18	16	15	—	61	3	97	0	0	4	—	1.01	—	3,946	—
		21.2	2.5	33,136	23	14	14	35	36	20	79	0	1	8	NL	1.15	37.1	914	Hinton/Perkins (9.5/4.1)
PNBAX	—	15.1	1.8	78,751	21	13	12	—	58	2	97	0	1	6	—	1.08	—	2,203	—
		13.8	1.7	67,171	27	14	14	61	26	0	100	0	0	5	5.50	1.11	18.87	494	Management Team
AAGPX		14.2	1.5	51,766	26	14	12	211	32	2	98	0	0	14	NL	0.94	21.53	8,572	Management Team
TWEIX		17.7	1.9	46,420	18	15	15	89	56	3	75	2	20	4	NL	0.93	7.88	8,549	Management Team
TWVLX		16.4	1.5	47,305	23	19	13	127	45	2	98	0	0	5	NL	0.97	7.28	3,313	Management Team
AMRMX		16.4	2.8	68,492	19	17	12	213	27	5	92	1	2	5	5.75	0.58	32.85	33,760	Management Team
AWSHX		17.9	2.7	89,305	16	15	13	181	24	2	97	0	1	5	5.75	0.58	36.79	72,778	Management Team
ARTLX		14.4	1.0	26,056	25	20	13	44	74	2	98	0	0	16	NL	0.98	10.25	922	Management Team
AUXFX		16.6	2.1	51,325	28	22	21	110	4	11	89	0	0	12	NL	1.14	18.61	246	J. Jeffrey Auxier (16.5)
BVEFX		16.4	1.8	48,664	21	15	14	57	32	3	97	0	0	2	NL	0.78	15.28	322	Management Team
GSFTX		17.0	2.7	93,039	17	15	14	78	27	1	99	0	0	1	NL	0.77	17.15	7,900	Management Team
DHLAX		15.4	2.0	58,632	27	16	16	50	24	2	98	0	0	0	5.00	0.99	20.15	3,260	Management Team
DODGX		15.8	1.7	60,944	27	25	17	68	17	2	98	0	0	9	NL	0.52	151.6	54,845	Management Team
FAIRX		10.1	1.1	12,043	58	18	16	57	2	24	53	3	20	8	NL	1.06	16.4	2,869	Bruce Berkowitz (16.1)
FEQTX		15.6	1.9	67,880	27	16	11	111	49	2	98	0	0	9	NL	0.66	23.53	4,728	Scott Offen (4.2)
FEQIX		14.4	1.8	54,063	23	14	13	174	40	2	98	0	0	8	NL	0.69	48.57	7,407	Management Team
TEBIX		16.4	1.5	44,513	21	20	17	89	40	2	94	3	0	37	5.75	1.13	13.52	3,781	Management Team
TESIX		15.7	1.5	39,462	27	16	15	147	19	7	88	3	2	20	5.75	1.1	24.64	14,754	Management Team
ACSTX		14.1	1.3	52,624	30	14	13	85	17	2	98	0	0	12	5.50	0.83	20.03	11,253	Management Team
LCEAX		18.2	2.0	28,519	31	16	13	84	11	10	90	0	0	12	5.50	0.84	17.21	12,053	Management Team
ACGIX		15.4	1.4	52,980	33	14	12	91	23	3	97	0	0	11	5.50	0.84	21.89	7,389	Management Team
JVAAX		14.5	1.3	28,332	32	16	10	120	17	3	97	0	0	0	5.25	1.25	26.25	10,500	Management Team
JPLTX		16.3	2.0	71,844	26	18	14	68	39	5	95	0	0	5	NL	0.87	14.32	156	Perkins/Preloger (7.1/7.1)
SFLNX		15.8	1.9	57,718	14	13	13	631	12	0	100	0	0	1	NL	0.35	13.44	4,646	Management Team
SSHFX		15.4	1.5	42,044	28	23	15	38	47	5	94	0	2	13	NL	0.92	38.68	1,779	Management Team
PRFDX		15.0	1.6	50,946	23	13	11	117	10	2	96	1	1	6	NL	0.66	27.01	22,831	John Linehan (0.2)
TRVLX		14.5	1.6	45,059	23	22	11	102	54	0	98	0	1	3	NL	0.82	29.32	22,416	Mark Finn (6.1)
TGIGX		15.4	1.9	43,260	23	19	15	56	18	0	100	0	0	7	NL	1.14	15.36	967	Diane Jaffee (14.2)
TORYX		15.6	1.8	39,951	22	16	18	35	16	10	90	0	0	2	NL	1.15	42.92	370	Fialco/Torray (7.7/25.1)
VEIPX		15.8	2.1	74,020	17	14	13	185	32	3	97	0	0	8	NL	0.26	28.63	18,979	Management Team
VHDYX		16.0	2.2	76,442	15	14	14	435	11	0	100	0	0	1	NL	0.18	25.7	15,307	Michael Perre (9.2)
VUVLX		13.5	1.6	28,005	25	13	12	250	66	1	99	0	0	1	NL	0.26	15.25	1,292	Management Team
VVIAX		15.1	1.7	73,343	23	16	12	331	6	0	100	0	0	1	NL	0.09	30.31	37,259	Gerard O'Reilly (21.1)
VWNFX		13.9	1.7	59,872	22	18	13	266	26	3	97	0	0	9	NL	0.36	31.74	44,981	Management Team
VWNDX		14.3	1.6	33,157	28	18	15	141	28	3	97	0	1	13	NL	0.38	17.61	17,021	Management Team
AKREX	—	22.4	3.4	9,189	20	19	19	—	64	3	97	0	0	4	—	1.25	—	1,181	—
		27.3	3.5	19,562	30	26	18	38	16	1	96	1	2	3	NL	1.34	21.91	4,053	Management Team
TWHIX		22.8	4.1	11,033	23	19	19	100	62	0	99	0	1	6	NL	1.0	19.51	4,872	Holland/Walsh (8.9/7.9)
ARTMX		25.8	4.6	13,212	24	21	21	68	51	5	95	0	0	4	Clsd	1.2	35.69	8,729	Management Team
BARAX		27.0	4.2	9,732	23	22	19	61	14	2	98	0	0	3	NL	1.31	52.54	2,349	Andrew Peck (12.5)
BGRFX		24.0	3.4	4,374	22	19	14	78	7	0	98	0	2	2	NL	1.29	58.98	5,800	Ronald Baron (21.1)
BIOPX		47.6	5.2	16,915	48	19	9	47	42	1	98	0	1	8	NL	1.38	14.74	270	Management Team
BUFMX		25.5	3.4	6,516	25	23	20	55	12	8	92	0	0	2	NL	1.01	14.1	436	Carlsen/Male (1.0/14.1)
CIPMX		22.1	2.7	6,851	20	18	16	60	46	1	98	0	1	0	NL	1.28	12.38	682	Management Team
ACTWX		22.7	3.1	4,751	26	18	15	39	17	0	100	0	0	5	NL	0.84	13.93	372	Frank/Szafrański (0.2/0.7)
ACRNX		22.9	2.8	3,421	27	18	16	167	17	0	100	0	0	4	NL	0.79	17.56	6,361	Management Team
ETGLX		20.4	3.1	6,705	38	20	17	76	21	18	81	0	1	9	NL	1.38	22.36	1,545	Barksdale/Kuruville (5.2/7.6)
		15.2	1.6	49,428															
		18.5	3.9	10,536															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate

- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 01-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category		
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity		Morningstar Analyst Rating			3 Yr	5 Yr	10 Yr										
Mid-Cap Growth (cont'd)			—	-8.4	-7.5	7.4	7.4	5.5	—	—	—	—	—	12.99	(74)	—	
FAM Value Investor FAMVX	—	★★★★	-3.7	-2.2	10.3	9.4	5.6	1	13	15	18	48	0.0	10.84	(83)	Low	
Fidelity Mid-Cap Stock FMCSX	🥉 Bronze	↑★★★★	-6.2	-7.6	8.4	8.4	5.8	16	52	35	34	44	0.6	11.42	(78)	-Avg	
Hennessy Focus Investor HFCSX	🥉 Bronze	★★★★★	-5.7	0.0	11.4	12.3	9.1	9	4	7	2	2	0.0	11.94	(81)	-Avg	
Janus Enterprise T JAENX	🥉 Bronze	↑★★★★★	-6.0	-2.7	10.4	9.9	8.1	13	15	12	13	9	0.3	10.38	(79)	Low	
Meridian Contrarian Legacy MVALX	🥉 Bronze	★★★★	-7.6	-8.8	6.4	7.6	5.7	37	65	66	48	46	0.1	13.26	(79)	Avg	
PRIMECAP Odyssey Aggressive Growth POAGX		🏆 Gold	★★★★★	-10.5	-4.7	16.2	15.1	10.7	84	23	1	1	1	0.0	15.3	(62)	High
T. Rowe Price Mid-Cap Growth RPMGX	🏆 Gold	★★★★★	-8.2	-0.4	12.6	10.7	8.7	51	7	2	8	3	0.0	11.8	(77)	-Avg	
Vanguard Mid Cap Growth Inv VMGRX	🥉 Bronze	★★★★	-9.1	-7.4	8.5	9.3	7.0	65	49	33	20	20	0.3	12.74	(79)	Avg	
Westport R WPPRX	—	★★★★	-5.8	-7.8	5.9	7.3	7.0	9	54	73	55	20	0.0	12.01	(88)	-Avg	
Mid-Cap Blend			—	-6.3	-8.4	6.8	7.3	5.3	—	—	—	—	—	12.01	(79)	—	
Ariel Appreciation Investor CAAPX	—	★★★	-6.0	-8.9	8.5	8.8	6.8	51	66	26	26	16	1.1	14.23	(88)	High	
Ariel Fund Investor ARGFX	🥉 Bronze	↓★★	-7.9	-9.6	9.4	8.4	5.3	80	70	15	36	59	0.6	15.52	(85)	High	
ASTON/Fairpointe Mid Cap N CHTTX	🥈 Silver	★★★★	-9.0	-15.4	6.0	6.8	7.6	94	92	70	64	7	0.3	14.92	(79)	High	
Fidelity Spartan Extended Mkt Index Inv FSEMX	🥈 Silver	↓★★★★	-8.8	-10.1	7.0	8.0	6.3	88	76	56	46	33	1.5	13.27	(76)	+Avg	
First Eagle Fund of America Y FEAFX	🥉 Bronze	★★★★	-8.5	-8.7	6.8	8.3	7.5	86	64	59	39	9	0.0	12.45	(81)	+Avg	
FMI Common Stock FMIMX	🏆 Gold	★★★★	-3.3	-7.3	6.4	7.4	7.5	6	46	66	54	8	0.0	11.29	(77)	-Avg	
Janus Contrarian T JSVAX	Neutral	★★	-9.7	-18.5	6.8	5.6	4.1	97	95	61	78	80	0.3	12.94	(63)	+Avg	
Longleaf Partners Small-Cap LLSCX	🏆 Gold	★★★★	-4.2	-8.8	7.6	10.2	7.5	10	65	42	7	9	0.1	11.67	(67)	Avg	
Osterweis OSTFX	Neutral	★★★	-6.2	-11.5	4.8	5.9	4.8	55	79	82	75	66	0.5	11.29	(84)	-Avg	
Vanguard Capital Value Inv VCVLX	Neutral	★★	-9.9	-16.1	4.7	4.5	4.4	98	94	84	86	71	1.3	15.76	(78)	High	
Vanguard Extended Market Idx Adm VEXAX	🏆 Gold	★★★★	-8.8	-10.1	7.1	8.1	6.1	90	74	53	44	40	1.5	13.33	(76)	+Avg	
Vanguard Mid Cap Index Adm VIMAX	🏆 Gold	★★★★	-7.4	-6.8	9.6	9.3	6.5	74	36	12	19	26	1.6	11.52	(89)	Avg	
Vanguard Strategic Equity Inv VSEQX	Neutral	★★★★	-7.8	-8.4	11.1	11.5	5.6	79	59	2	1	52	1.7	12.38	(83)	+Avg	
Weitz Hickory WEHIX	🥈 Silver	★★	-6.5	-10.6	2.6	6.4	4.5	58	79	95	70	70	0.0	10.88	(75)	-Avg	
Westport Select Cap R WPSRX	—	★★	-11.0	-15.2	3.5	3.4	4.2	98	91	92	96	79	0.0	15.08	(65)	High	
Westwood SMidCap Institutional WHGMX	—	★★★★	-7.9	-8.5	5.5	6.2	7.8	81	62	73	71	5	0.1	13.11	(79)	+Avg	
Mid-Cap Value			—	-6.4	-8.9	6.7	7.1	5.3	—	—	—	—	—	11.86	(82)	—	
American Century Mid Cap Value Inv ACMVX	🥈 Silver	★★★★★	-3.8	-3.0	10.6	10.3	8.4	6	8	4	3	3	1.1	9.88	(88)	Low	
Artisan Mid Cap Value Investor ARTQX	🥈 Silver	★★★★	-5.3	-12.6	3.1	6.2	6.0	20	84	93	74	29	0.4	11.48	(79)	-Avg	
Delafield Fund DEFIX	—	↓★	-9.1	-20.0	-4.3	0.1	3.9	97	97	98	98	85	0.0	16.19	(68)	High	
Diamond Hill Small-Mid Cap A DHMAX	🏆 Gold	★★★★	-6.3	-3.2	9.7	9.4	7.1	47	9	11	12	11	0.2	11.16	(74)	-Avg	
Fidelity Leveraged Company Stock FLVCX	🥉 Bronze	★★	-9.8	-12.1	4.2	6.3	5.0	99	81	89	71	61	1.0	13.4	(81)	High	
Fidelity Low-Priced Stock FLPSX	🥈 Silver	★★★★	-5.3	-2.9	9.0	9.7	7.0	23	6	16	7	12	1.3	9.91	(85)	Low	
Fidelity Value FDVLX	Neutral	★★★★	-6.5	-10.3	7.8	8.1	4.9	51	66	35	34	66	1.2	12.01	(86)	Avg	
FPA Capital FPPTX	🥉 Bronze	★	-7.1	-17.7	-4.6	0.1	2.7	67	95	99	99	96	0.4	12.69	(48)	Avg	
GoodHaven GOODX	Neutral	★	-2.6	-16.5	-6.4	—	—	1	93	99	—	—	0.0	11.5	(36)	-Avg	
Harbor Mid Cap Value Investor HIMVX	🥉 Bronze	★★★★	-6.8	-10.4	10.2	9.7	5.9	61	67	7	8	32	1.1	12.38	(85)	+Avg	
Perkins Mid Cap Value T JMCVX	🥉 Bronze	↑★★★★	-5.3	-6.4	5.5	5.6	5.7	22	31	73	83	41	1.4	9.7	(89)	Low	
T. Rowe Price Mid-Cap Value TRMCX	🏆 Gold	↑★★★★★	-4.1	-5.8	8.4	8.6	7.2	8	27	23	25	10	1.3	10.6	(84)	-Avg	
Vanguard Selected Value Inv VASVX	🏆 Gold	★★★★	-8.1	-8.7	8.2	8.7	6.7	89	47	27	23	15	1.8	12.17	(85)	Avg	
Small Growth			—	-9.8	-9.2	6.3	7.0	5.2	—	—	—	—	—	15.5	(57)	—	
Artisan Small Cap Investor ARTSX	🥈 Silver	↓★★★★	-11.3	-8.1	5.7	9.2	4.6	74	38	60	16	67	0.0	16.92	(36)	+Avg	
Baron Small Cap Retail BSCFX	🥉 Bronze	★★★★	-9.4	-12.4	4.2	6.4	5.0	44	76	81	63	57	0.0	13.64	(73)	-Avg	
Brown Capital Mgmt Small Co Inv BCSIX	🏆 Gold	★★★★★	-11.2	1.1	11.4	11.9	11.2	71	3	4	2	1	0.0	16.03	(53)	+Avg	
Buffalo Small Cap BUFSX	Neutral	★★★★	-10.3	-11.0	3.2	5.5	4.7	57	66	88	80	65	0.0	15.75	(59)	Avg	
Century Small Cap Select Inv CSMVX	—	↑★★★★	-10.1	-6.5	4.6	6.3	4.1	54	27	77	65	79	0.0	16.33	(57)	Avg	
Russell MidCap Growth Index				-7.6	-6.2	9.7	9.4	6.7									
S&P MidCap 400 Index				-5.7	-6.7	8.0	9.0	6.9									
Russell MidCap Value Index				-5.5	-8.7	8.7	9.5	6.5									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	22.4	3.4	9,189	20	19	19	—	64	3	97	0	0	4	—	1.25	—	1,181	—
FAMVX		19.3	2.4	10,444	32	25	17	40	6	7	93	0	0	4	NL	1.18	57.86	918	Fox/Putnam (15.7/29.1)
FMCSX		17.7	2.0	6,683	19	17	16	166	29	8	92	0	0	8	NL	0.76	30.7	6,654	John Roth (4.9)
HFCSX		20.2	2.9	13,077	30	28	12	24	4	15	85	0	0	7	NL	1.46	65.2	2,037	Management Team
JAENX		22.7	4.1	8,659	30	27	16	84	17	5	94	0	1	11	NL	0.92	80.56	6,396	Brian Demain (8.2)
MVALX		19.1	2.0	6,923	29	16	14	64	76	7	93	0	0	7	Clsd	1.11	29.63	530	Cordisco/England (2.3/14.1)
POAGX		19.5	1.6	6,118	34	30	16	152	15	3	97	0	0	12	Clsd	0.63	29.01	5,943	Management Team
RPMGX		22.5	3.3	9,940	25	19	17	143	27	5	93	0	1	1	Clsd	0.77	67.3	24,570	Brian Berghuis (23.6)
VMGRX		18.7	2.8	8,977	29	20	14	100	93	5	95	0	0	4	NL	0.46	20.41	4,302	Management Team
WPFrx		19.4	3.1	16,597	26	23	15	32	3	1	100	0	-1	8	NL	1.23	27.02	427	Edmund Nicklin, Jr. (18.1)
	—	17.0	1.9	6,823	17	16	15	—	64	3	97	0	0	3	—	1.14	—	1,509	—
CAAPX		14.6	2.0	10,412	28	25	18	42	22	0	100	0	0	0	NL	1.13	42.39	1,650	Fidler/Rogers, Jr. (6.2/13.3)
ARGFX		15.1	1.8	4,094	31	21	16	40	25	1	99	0	0	0	NL	1.03	54.74	1,891	Management Team
CHTTX		15.6	1.4	4,785	26	25	13	48	32	0	100	0	0	3	Clsd	1.11	31.23	3,704	Management Team
FSEMXX		18.8	1.9	3,432	16	15	15	3321	7	1	99	0	0	2	NL	0.1	45.79	14,274	Management Team
FEAFX		16.9	2.7	16,801	23	22	20	43	32	5	95	0	0	11	Clsd	1.38	32.58	3,278	Management Team
FMIMX		15.3	1.8	3,115	47	14	13	43	29	7	93	0	0	5	Clsd	1.07	22.05	1,111	Management Team
JSVAX		16.7	2.1	7,956	23	16	15	35	70	0	97	0	2	5	NL	1.04	16.8	3,208	Daniel Kozlowski (4.6)
LLSCX		19.5	1.5	4,126	36	17	13	22	51	15	83	1	0	10	Clsd	0.91	25.85	3,646	Management Team
OSTFX		17.8	2.2	19,168	22	22	11	34	29	12	88	0	0	14	NL	0.99	23.9	698	Management Team
VCVLX		16.1	1.5	10,249	18	15	14	152	90	0	98	0	2	17	NL	0.5	9.84	1,052	Higgins/Palmer (7.6/6.1)
VEVAX		18.8	1.9	3,394	15	15	15	3363	131	0	100	0	0	2	NL	0.1	57.97	42,796	Donald Butler (18.1)
VIMAX		18.5	2.3	10,647	18	16	14	368	11	0	100	0	0	2	NL	0.09	137.66	64,972	Donald Butler (17.7)
VSEQX		14.1	2.1	3,845	19	16	13	428	70	0	100	0	0	0	NL	0.21	26.09	5,821	Management Team
WEHIX		18.9	1.9	4,504	42	15	14	37	26	19	78	0	2	6	NL	1.23	43.25	283	Weitz/Weitz (4.1/13.1)
WPSRX		16.1	2.1	4,176	39	16	15	22	4	5	97	0	-2	0	NL	1.4	11.74	198	Knuth/Nicklin, Jr. (18.1/18.1)
WHGMX		17.5	2.2	2,990	20	18	15	64	56	1	99	0	0	0	NL	0.95	13.34	453	Management Team
	—	14.6	1.5	8,572	21	14	13	—	60	3	97	0	0	5	—	1.17	—	1,333	—
ACMVX		17.8	1.7	11,221	22	13	12	114	66	2	98	0	0	5	Clsd	1.01	14.03	6,109	Management Team
ARTQX		14.8	1.3	8,336	24	18	17	61	31	5	95	0	0	2	Clsd	1.19	17.76	5,353	Management Team
DEFIX		12.9	1.3	2,607	38	21	21	46	19	6	94	0	0	5	NL	1.21	21.78	490	Delafield/Sellecchia (22.2/22.2)
DHMAX		16.2	1.6	4,773	27	17	13	63	27	10	90	0	0	2	5.00	1.25	17.14	1,267	Management Team
FLVCX		14.7	1.2	17,074	25	14	13	115	4	4	96	0	0	4	NL	0.79	35.92	3,472	Thomas Soviero (12.6)
FLPSX		14.5	1.7	6,452	29	18	14	894	9	10	90	0	0	37	NL	0.79	45.2	37,747	Management Team
FDVLX		14.9	1.5	8,293	20	13	13	278	80	2	98	0	0	12	NL	0.84	89.5	7,354	Management Team
FPPTX		13.1	1.0	3,441	38	29	14	28	38	19	79	1	1	0	Clsd	0.73	30.06	773	Ahitov/Bryan (2.6/8.2)
GOODX		20.9	0.8	4,648	37	17	15	26	37	30	68	0	1	10	NL	1.1	18.87	236	Pitkowsky/Trauner (4.7/4.7)
HIMVX		11.9	1.3	5,819	20	14	13	203	12	2	98	0	0	1	NL	1.15	17.6	649	Management Team
JMCVX		17.5	2.1	7,614	22	15	11	76	49	4	96	0	0	2	NL	0.69	14.56	4,203	Management Team
TRMCX		17.2	1.6	8,030	26	12	12	95	32	11	89	0	0	5	Clsd	0.8	23.91	10,902	David Wallack (15.1)
VASVX		13.5	1.4	9,691	30	19	17	128	24	9	91	0	0	9	NL	0.44	23.75	9,209	Management Team
	—	24.0	3.2	2,835	24	18	17	—	79	3	97	0	0	2	—	1.33	—	792	—
ARTSX		38.7	4.7	3,230	45	18	16	72	45	5	95	0	0	4	Clsd	1.21	23.79	1,256	Management Team
BSCFX		26.9	3.2	3,735	22	18	17	82	15	2	97	0	1	4	NL	1.3	25.53	3,536	Clifford Greenberg (18.3)
BCSIX		40.4	4.5	2,619	66	24	6	39	11	4	93	0	4	0	Clsd	1.26	63.44	2,407	Management Team
BUFSX		32.9	3.8	2,022	31	17	17	66	17	5	95	0	0	5	NL	1.0	15.83	982	Cuellar/Male (1.0/17.7)
CSMVX		18.6	2.8	1,829	26	25	16	61	69	2	97	0	2	4	NL	1.4	19.51	185	Alexander Thorndike (16.1)
		18.5	3.9	10,536															
		16.3	1.5	8,782															

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 01-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	-9.8	-9.2	6.3	7.0	5.2	—	—	—	—	—	15.5	(57)	—
Small Growth (cont'd)																
Champlain Small Company Adv CIP5X	☉ Silver	★★★★	-8.6	-5.3	6.6	7.9	7.5	31	17	46	32	4	0.0	13.85	(60)	-Avg
Columbia Acorn USA Z AUSAX	—	★★★	-10.0	-9.2	4.8	6.6	4.5	53	49	75	59	70	0.0	14.65	(61)	-Avg
Conestoga Small Cap Investors CCASX	☉ Silver	★★★★★	-9.0	1.6	8.9	9.4	7.1	34	2	14	13	7	0.0	16.68	(49)	+Avg
Janus Triton T JATTX	Neutral	★★★★★	-7.7	-4.8	9.6	10.4	9.5	20	15	9	7	1	0.1	13.13	(71)	-Avg
Janus Venture T JAVTX	Neutral	★★★★★	-9.2	-6.4	9.7	10.7	7.7	38	25	8	6	3	0.0	14.78	(65)	Avg
Kalmar Growth-with-Value Sm Cp Inv KGSCX	—	↑★★★★	-8.0	-10.7	2.6	5.2	4.5	23	63	90	82	68	0.0	16.22	(61)	Avg
LKCM Small Cap Equity Instl LKSCX	☉ Silver	★★	-8.7	-10.8	2.1	5.1	3.5	32	63	93	84	86	0.0	15.28	(55)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	☉ Silver	↓★★★★	-8.9	-4.7	8.8	8.9	7.3	33	14	14	19	6	0.0	16.46	(48)	+Avg
Meridian Growth Legacy MERDX	☉ Bronze	★★★★	-7.3	-8.1	5.1	6.6	7.3	16	38	70	60	5	0.0	12.3	(66)	Low
Meridian Small Cap Growth Investor MISGX	☉ Bronze	NR	-8.9	-11.7	—	—	—	33	70	—	—	—	0.0	—	(—)	
Neuberger Berman Genesis Inv NBGNX	☉ Bronze	★★★★	-6.3	-2.9	6.7	7.9	6.3	9	9	44	33	20	0.5	12.55	(71)	Low
Royce Premier Invmt RYPRX	☉ Bronze	★★	-6.5	-11.8	0.4	3.2	5.1	11	70	97	95	56	0.8	14.23	(70)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	★★	-12.1	-10.4	4.5	4.3	3.2	82	60	78	90	90	0.0	16.36	(61)	+Avg
T. Rowe Price Diversified Sm Cap Growth PRDSX	☉ Silver	★★★★★	-8.4	-5.8	10.4	10.7	7.7	29	20	5	6	3	0.0	13.9	(70)	-Avg
T. Rowe Price New Horizons PRNHX	☉ Silver	★★★★★	-9.3	-4.3	11.9	13.0	9.0	39	13	3	1	1	0.0	14.1	(61)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	☉ Silver	★★★★	-7.7	-8.0	7.5	9.0	7.0	20	38	31	18	8	0.1	13.55	(66)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	★★★	-9.1	-10.4	6.9	7.8	5.0	36	60	40	34	58	0.3	14.42	(72)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	☉ Silver	★★★	-9.1	-10.6	6.3	<i>7.9</i>	<i>6.4</i>	35	62	52	<i>33</i>	<i>19</i>	1.1	13.85	(66)	-Avg
Wasatch Core Growth WGROX	☉ Silver	★★★★	-7.9	-2.2	7.9	10.8	6.1	22	8	24	5	27	0.0	13.0	(61)	Low
Wasatch Small Cap Growth WAAEX	☉ Gold	↑★★★★	-9.6	-8.7	4.9	7.4	5.8	46	45	73	42	33	0.0	13.84	(54)	-Avg
Wasatch Ultra Growth WAMCX	—	★★★	-13.1	-7.4	6.1	6.1	3.9	92	33	54	70	83	0.0	17.31	(44)	+Avg
William Blair Small Cap Growth N WBSNX	—	★★★	-9.4	-8.7	8.4	7.1	4.2	44	45	19	48	78	0.0	14.78	(57)	Avg
Small Blend																
AMG Managers Skyline Special Equities SKSEX	☉ Bronze	★★★★	-7.1	-7.9	8.6	9.7	6.2	43	43	10	7	13	0.0	14.99	(62)	+Avg
ASTON/River Road Select Value N ARSMX	—	★★★	-4.5	-3.9	3.4	6.6	—	4	7	82	55	—	0.0	12.04	(71)	Low
ASTON/River Road Small Cap Value N ARSVX	—	★★★	-4.0	-2.3	5.0	6.8	5.0	2	3	67	49	40	0.0	11.74	(66)	Low
Berwyn BERWX	☉ Silver	★★	-4.6	-15.5	-0.1	5.1	3.8	4	93	93	80	71	0.0	14.48	(53)	Avg
Bogle Small Cap Growth Inv BOGLX	—	↓★★	-10.4	-15.5	5.2	7.9	3.6	97	93	63	31	75	0.0	16.61	(72)	High
Bridgeway Ultra-Small Company Market BRSIX	—	★★★	-8.8	-12.6	7.2	7.8	3.0	82	86	30	33	84	1.0	14.72	(53)	+Avg
Broadview Opportunity BVAOX	☉ Silver	↓★★★★	-8.6	-12.7	4.8	6.0	6.6	79	87	70	66	8	0.0	13.52	(62)	-Avg
DFA US Micro Cap I DFSCX	☉ Gold	★★★★	-6.8	-5.5	8.3	9.2	5.1	35	18	16	13	39	0.9	14.8	(61)	+Avg
DFA US Small Cap I DFSTX	☉ Gold	★★★★	-6.3	-5.5	8.2	9.0	6.2	26	17	17	14	15	1.2	14.26	(67)	Avg
Dreyfus Opportunistic Small Cap DSCVX	—	★★★	-12.1	-7.9	6.4	5.7	7.4	99	44	43	73	5	0.4	17.9	(57)	High
Fidelity Small Cap Discovery FSCRX	☉ Gold	★★★★★	-6.4	-9.0	6.4	9.9	9.0	26	57	41	4	1	0.6	13.25	(67)	-Avg
Fidelity Small Cap Stock FSLCX	☉ Bronze	↑★★★★	-6.0	-1.1	8.3	4.4	5.1	19	1	15	86	38	0.6	12.64	(74)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★	-7.5	-5.8	7.0	7.2	4.3	54	21	33	42	61	0.5	13.69	(67)	Avg
Mairs & Power Small Cap MSCFX	☉ Silver	★★★★	-5.3	-7.5	7.3	—	—	9	40	29	—	—	0.4	13.28	(66)	-Avg
Perritt MicroCap Opportunities Investor PRCGX	—	★★	-7.0	-8.6	6.0	5.6	3.7	38	50	50	74	73	0.0	13.26	(55)	-Avg
Royce Micro-Cap Invmt RYOTX	—	↓★	-8.3	-16.0	-3.6	-2.2	2.1	73	95	97	96	95	0.0	14.19	(55)	Avg
Royce Pennsylvania Mutual Invmt PENNX	Neutral	↑★★★★	-5.5	-11.1	2.0	4.1	4.0	10	77	88	88	66	0.9	13.89	(70)	Avg
Royce Total Return Invmt RYTRX	—	★★★	-4.2	-7.5	4.0	6.1	4.8	3	40	76	66	47	0.9	12.02	(74)	Low
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	-7.4	-8.7	6.1	7.7	4.8	51	50	48	34	46	0.1	13.19	(68)	-Avg
T. Rowe Price Small-Cap Value PRSVX	☉ Bronze	★★★	-5.6	-6.3	4.1	7.0	5.4	12	26	76	45	31	0.8	12.87	(65)	Low
Vanguard Explorer Value Inv VEVFX	—	★★★★	-6.8	-5.7	7.2	8.4	—	35	19	30	22	—	0.8	13.3	(74)	-Avg
Vanguard Small Cap Index Adm VSMAX	☉ Gold	★★★★	-7.7	-9.1	7.4	8.5	6.3	56	57	28	20	11	1.6	13.22	(75)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	☉ Gold	★★★★★	-6.3	-4.9	9.2	10.1	6.5	25	13	4	3	9	1.3	13.58	(66)	Avg
Small Value																
AllianzGI NFJ Small-Cap Value A PCVAX	☉ Silver	★★★	-6.6	-10.1	2.3	5.0	5.6	48	70	84	74	24	1.6	12.26	(76)	-Avg
Russell 2000 Index			-8.8	-9.9	6.1	7.3	4.9									
Russell 2000 Growth Index			-10.8	-10.0	7.7	8.3	5.7									

Legend

Red = Lowest return in group

Green = Highest return in group

Italic = Extended performance

★ = New this month

↑↓ = Increase/decrease in rating

NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	24.0	3.2	2,835	24	18	17	—	79	3	97	0	0	2	—	1.33	—	792	—
CIPSX		23.0	2.1	1,924	22	19	18	80	37	4	96	0	0	1	Clsd	1.38	14.47	1,195	Management Team
AUSAX		23.9	2.8	2,416	27	19	15	113	12	0	100	0	0	1	NL	1.08	19.96	690	Doyle/Litfin (2.1/0.1)
CCASX		30.4	3.6	1,372	38	25	19	46	12	6	94	0	0	0	NL	1.1	32.52	615	Mitchell/Monahan (13.3/2.0)
JATX		23.6	3.4	3,252	27	25	18	119	27	3	96	0	1	3	Clsd	0.92	20.28	6,736	Jonathan Coleman (2.7)
JAVTX		24.4	3.3	2,436	28	22	21	123	40	3	96	0	0	8	Clsd	0.92	55.92	2,767	Jonathan Coleman (2.7)
KGSCX		27.5	3.0	1,920	26	22	18	80	25	0	100	0	0	1	NL	1.34	13.41	207	Draper/Walker (18.7/18.7)
LKSCX		24.4	3.1	2,292	25	18	13	71	60	0	100	0	0	3	NL	0.94	18.13	525	Management Team
LCGRX		26.6	3.9	2,187	27	24	19	98	78	2	98	0	0	4	Clsd	1.21	18.2	1,052	Burns/Slavik (11.0/10.8)
MERDX		22.2	3.1	2,487	29	26	19	83	46	7	92	0	0	3	Clsd	0.84	28.45	1,148	Meade/Schaub (2.3/2.3)
MISGX		21.0	2.5	965	31	22	21	101	45	10	89	0	1	4	NL	1.39	10.25	241	Meade/Schaub (2.1/2.1)
NBGX		22.7	3.3	2,994	22	18	17	142	13	1	99	0	0	5	NL	1.01	28.86	9,369	Management Team
RYPRX		17.7	2.5	2,661	38	16	15	59	9	0	95	0	5	8	NL	1.1	13.35	2,302	Management Team
RYVPX		23.0	2.6	1,472	27	21	19	88	52	1	92	0	7	13	NL	1.45	9.85	509	Brown/Skinner III (2.7/12.1)
PRDSX		22.6	3.7	3,425	22	21	18	294	17	3	97	0	0	1	NL	0.85	23.53	2,117	Sudhir Nanda (9.3)
PRNHX		29.4	4.1	4,408	23	22	20	260	40	5	89	0	7	6	Clsd	0.79	38.53	15,388	Henry Ellenbogen (5.9)
OTCFX		20.0	2.1	1,998	18	17	16	322	18	7	92	0	1	3	Clsd	0.91	35.65	8,341	Gregory McCrickard (23.4)
VEXPX		20.8	2.4	2,843	21	21	21	716	62	3	97	0	0	3	NL	0.53	73.08	10,988	Management Team
VSGAX		24.1	2.7	2,936	21	17	16	743	26	0	100	0	0	1	NL	0.09	38.86	15,446	Gerard O'Reilly (11.1)
WGROX		20.9	3.6	2,514	22	18	18	68	39	8	92	0	0	6	NL	1.18	48.76	1,126	Lambert/Taylor (11.0/15.1)
WAAEX		25.0	3.6	2,050	28	18	18	102	31	2	95	0	2	16	Clsd	1.21	37.31	1,803	Cardon/Taylor (29.1/3.0)
WAMCX		27.5	2.6	1,090	39	27	9	96	38	1	93	0	5	12	NL	1.49	15.63	89	John Malooly (4.0)
WBSNX		19.8	2.7	1,356	22	19	17	79	82	3	97	0	0	8	NL	1.5	20.35	342	Balkin/Brewer (7.6/16.1)
	—	16.6	1.9	2,618	18	17	15	—	65	3	98	0	0	1	—	1.2	—	785	—
SKSEX		15.3	1.6	1,512	33	23	18	70	37	4	96	0	0	6	Clsd	1.33	33.15	1,229	Management Team
ARSMX		16.8	1.4	1,976	29	26	19	65	59	-2	102	0	0	3	NL	1.46	5.96	43	Management Team
ARSVX		15.9	1.4	1,131	31	24	16	64	61	7	93	0	0	5	NL	1.35	10.6	237	Management Team
BERWX		17.3	1.4	619	29	24	12	43	17	6	94	0	0	3	NL	1.17	25.4	147	Management Team
BOGLX		14.6	1.1	1,249	22	18	18	199	196	0	100	0	0	10	NL	1.35	21.65	130	John Bogle (16.3)
BRSIX		14.2	1.1	181	24	20	15	700	32	0	100	0	0	0	NL	0.78	11.77	314	Management Team
BVAOX		17.7	2.1	2,124	26	22	17	76	41	15	85	0	0	4	NL	1.23	28.61	630	Management Team
DFSCX		17.0	1.8	821	20	19	17	1627	12	1	99	0	0	1	NL	0.52	16.32	4,577	Management Team
DFSTX		17.2	1.8	1,573	20	18	17	2025	11	1	99	0	0	1	NL	0.37	26.56	10,208	Management Team
DSCVX		15.8	1.9	1,610	24	22	17	76	74	1	99	0	0	7	Clsd	1.09	25.2	729	Management Team
FSCRX		17.8	1.5	2,375	21	20	19	60	13	1	99	0	0	1	Clsd	1.06	24.74	4,826	Charles Myers (9.8)
FSLCX		19.1	1.9	2,343	20	20	18	146	64	2	98	0	0	15	NL	0.66	16.33	1,865	Lionel Harris (4.2)
FDSCX		19.4	2.0	2,587	18	16	15	206	48	6	94	0	0	6	NL	0.77	21.33	1,328	Management Team
MSCFX		19.4	1.8	1,540	26	18	17	45	16	2	98	0	0	2	NL	1.07	18.45	183	Adams/Steinkopf (4.4/1.1)
PRCGX		14.9	1.3	278	20	18	18	99	21	2	98	0	0	3	NL	1.21	29.45	301	Corbett/Metrou (19.1/1.9)
RYOTX		18.3	1.5	406	25	21	17	177	18	3	92	0	5	9	NL	1.48	10.17	245	Management Team
PENNX		17.0	1.8	1,464	25	22	19	290	21	0	95	0	4	6	NL	0.92	8.82	2,651	Management Team
RYTRX		15.6	1.7	2,017	25	24	17	290	18	1	92	0	7	6	NL	1.19	11.41	2,663	Management Team
STSCX		16.7	2.0	3,389	27	15	15	61	11	2	98	0	0	0	NL	1.11	64.69	1,063	Management Team
PRSVX		17.8	1.6	1,368	25	15	13	307	16	3	96	0	1	2	NL	0.96	34.27	7,204	J. Wagner (1.6)
VEVFX		15.7	1.4	2,133	27	16	15	180	35	6	94	0	0	3	NL	0.65	26.53	292	Management Team
VSMAX		18.3	1.8	2,816	15	15	14	1515	10	0	99	0	0	0	NL	0.09	48.99	54,201	Michael Buek (24.1)
VTMSX		18.8	1.8	1,495	17	17	16	610	40	1	99	0	0	0	NL	0.12	41.58	3,695	Michael Buek (16.8)
	—	15.5	1.5	2,464	25	17	14	—	74	3	97	0	0	2	—	1.3	—	812	—
PCVAX		12.9	1.5	2,163	23	17	11	129	42	3	95	0	2	2	Clsd	1.19	18.7	4,142	Management Team
		17.0	1.7	1,372															
		19.3	2.8	1,523															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 01-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category		
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar Analyst Rating					3 Yr	5 Yr	10 Yr										
Morningstar 500 Domestic Equity																	
Small Value (cont'd)																	
American Beacon Small Cp Val Inv AVPAX	Bronze	★★★★	-6.7	-9.1	4.8	6.1	4.5	—	—	—	—	—	—	13.71	(65)	—	
American Century Small Cap Value Inv ASVIX	—	★★★★	-8.8	-8.5	5.6	6.5	6.0	93	50	47	44	13	0.4	14.08	(70)	Avg	
Artisan Small Cap Value Investor ARTVX	Bronze	★★	-4.2	-10.9	-2.1	-0.1	2.9	7	74	97	99	86	1.3	13.23	(63)	-Avg	
Dean Small Cap Value DASCX	—	★★★★★	-4.5	-5.6	6.8	7.7	4.4	11	18	28	19	57	0.2	12.72	(61)	-Avg	
DFA US Targeted Value I DFFVX	Gold	★★★★	-6.8	-8.1	6.6	7.5	5.2	55	47	31	22	32	1.4	14.35	(72)	Avg	
Diamond Hill Small Cap A DHSCX	Gold	★★★★	-6.1	-6.7	7.1	6.9	4.7	34	27	22	37	48	0.3	10.76	(70)	Low	
Fidelity Small Cap Value FCPVX	Bronze	★★★★★	-4.1	-2.8	8.5	9.6	7.6	6	5	5	2	1	0.9	12.82	(67)	-Avg	
Perkins Small Cap Value T JSCVX	Silver	★★★★★	-4.3	-3.4	7.0	6.1	6.6	8	7	24	49	10	0.7	11.49	(71)	-Avg	
Royce Opportunity Invmt RYPNX	Bronze	★★	-7.9	-15.4	2.0	3.7	4.2	77	92	88	89	63	0.0	15.73	(61)	+Avg	
Royce Small-Cap Value Service RYVFX	—	★★	-2.9	-8.9	2.2	2.0	4.1	2	56	85	97	69	0.5	13.0	(59)	-Avg	
Royce Special Equity Invmt RYSEX	Gold	★★★★	-3.2	-11.2	2.1	5.2	6.0	3	76	86	70	15	1.2	13.34	(59)	-Avg	
Third Avenue Small Cap Value Instl TASCX	—	★★★	-5.4	-7.7	4.3	5.5	3.2	25	40	66	64	83	0.0	13.04	(70)	-Avg	
Vanguard Small Cap Value Index Admiral VSIAX	Silver	★★★★★	-6.5	-7.8	8.1	8.8	5.8	40	41	8	7	19	2.1	13.13	(79)	-Avg	
Allocation																	
American Funds 2020 Trgt Date Retire A AACTX	Silver	TE	★★★★	-2.1	-2.1	6.1	6.7	—	27	6	2	2	—	1.2	6.67	(96)	Avg
American Funds American Balanced A ABALX	Silver	MA	★★★★	-2.5	0.5	8.3	8.8	6.4	16	3	3	2	7	1.6	7.68	(90)	Avg
American Funds Income Fund of Amer A AMECX	Silver	MA	★★★	-2.3	-3.0	6.1	7.5	5.8	11	28	25	11	14	3.3	7.91	(93)	+Avg
Arbitrage R ARBFX	Bronze	NE	★★★★★	0.6	0.9	1.3	1.5	3.0	30	45	52	40	20	0.0	1.81	(1)	Low
ASTON/Montag & Caldwell Balanced N MOBAX	—	MA	★★★★	-1.7	2.3	6.5	6.9	5.8	5	1	19	23	15	0.7	6.36	(73)	Low
Berwyn Income BERIX	Silver	CA	★★★★★	-0.4	-3.8	4.3	5.0	6.6	4	57	9	15	1	2.4	4.54	(72)	-Avg
Calamos Growth & Income A CVTRX	—	MA	★★★	-4.8	-0.6	5.4	5.1	4.7	94	6	37	60	48	3.6	9.49	(86)	High
Calamos Market Neutral Income A CVSIX	Neutral	NE	★★★	-1.8	0.1	1.9	2.9	3.0	84	52	40	11	13	1.1	3.33	(0)	Avg
Dodge & Cox Balanced DODBX	Gold	MA	★★★★	-4.5	-4.2	7.4	8.1	5.0	89	55	9	5	36	2.2	8.6	(86)	High
Fidelity Balanced FBALX	Bronze	MA	★★★★★	-4.2	-2.7	7.5	7.6	5.5	83	21	7	9	19	1.7	7.95	(92)	+Avg
Fidelity Four-in-One Index FFNOX	Silver	AL	★★★★	-4.7	-3.4	6.7	7.2	5.0	48	6	13	11	12	2.2	9.48	(97)	Avg
Fidelity Puritan FPURX	Bronze	MA	★★★★★	-4.0	-1.2	8.2	8.0	6.2	72	9	4	6	10	2.2	8.03	(89)	+Avg
Fidelity Strategic Real Return FSRRX	Bronze	CA	★	-1.0	-1.1	-3.6	-0.3	1.9	16	90	94	96	93	1.6	4.64	(34)	-Avg
FPA Crescent FPACX	Gold	MA	★★★★★	-5.1	-5.2	5.1	6.3	6.1	97	74	44	33	10	1.0	7.0	(89)	-Avg
Franklin Income A FKINX	Bronze	CA	★★★	-3.3	-10.2	0.9	3.8	4.8	94	94	81	52	16	5.9	8.94	(88)	High
Gateway A GATEX	Silver	LO	★★★	-3.1	0.3	3.0	3.5	3.0	49	22	57	49	44	1.9	4.37	(88)	Low
Greenspring GRSPX	—	MA	★★	-4.1	-7.1	0.4	2.5	3.7	76	88	97	97	78	2.4	7.66	(64)	Avg
Invesco Equity and Income A ACEIX	Bronze	MA	★★★	-5.1	-4.7	6.4	6.6	5.3	97	65	20	27	25	2.4	8.46	(86)	+Avg
Janus Balanced T JABAX	Neutral	MA	★★★★★	-4.1	-2.8	6.7	7.1	6.8	76	22	17	17	4	1.6	7.06	(92)	Avg
JPMorgan Income Builder A JNBAX	Bronze	CA	★★★	-2.1	-3.7	2.5	4.8	—	66	54	46	20	—	4.3	6.68	(89)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	★★★★	-2.5	-2.3	6.3	4.9	4.7	54	6	3	10	7	0.0	6.97	(69)	Avg
Mairs & Power Balanced Inv MAPOX	Silver	MA	★★★★★	-2.2	-3.1	5.6	7.8	6.4	9	31	34	7	7	2.6	7.39	(89)	Avg
Manning & Napier Pro-Blend Cnsv Term S EXDAX	Bronze	CA	★★★★	-1.2	-3.9	1.8	3.5	4.6	23	59	67	62	20	1.5	4.71	(93)	Avg
Manning & Napier Pro-Blend Extn Term S MNBAX	Bronze	MA	★★★	-2.4	-6.0	2.8	4.6	4.8	14	82	85	73	44	0.6	7.83	(95)	+Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	Bronze	CA	★★★	-1.7	-5.2	2.0	3.8	4.4	50	75	61	50	29	0.8	6.18	(95)	+Avg
Merger Investor MERFX	Silver	NE	★★★★	-1.0	-1.5	1.2	1.5	2.9	70	69	53	41	23	0.8	2.76	(0)	Avg
MFS Total Return A MSFRX	Bronze	MA	★★★	-2.2	-1.2	6.6	7.0	5.1	8	9	18	19	30	2.5	6.55	(93)	-Avg
Oakmark Equity & Income I OAKBX	Silver	MA	★★★★	-4.5	-6.8	5.3	5.5	6.0	89	87	38	50	11	1.2	8.5	(86)	+Avg
Pax World Balanced Individual Inv PAXWX	—	MA	★★★	-2.8	-1.8	5.5	5.4	3.8	26	13	36	53	76	0.9	7.36	(92)	Avg
Russell 2000 Index				-8.8	-9.9	6.1	7.3	4.9									
Russell 2000 Value Index				-6.7	-9.9	4.5	6.2	4.0									
S&P 500 Index				-5.0	-0.7	11.3	10.9	6.5									
BarCap US Agg Bond TR USD				1.4	-0.2	2.2	3.5	4.7									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Aggressive Allocation
- SF Financial
- TE Target Date 2016-2020
- CA Conservative Allocation
- SH Health
- TG Target Date 2021-2025
- LO Long-Short
- SN Natural Resources
- TH Target Date 2026-2030
- MA Moderate Allocation
- SP Equity Precious Metals
- TI Target Date 2031-2035
- MR Miscellaneous Sector
- SR Real Estate
- TJ Target Date 2036-2040
- NE Market Neutral
- ST Technology
- TK Target Date 2041-2045
- RI Retirement Income
- SU Utilities
- TL Target Date 2050+
- SC Communications
- TD Target Date 2011-2015
- TV Tactical Allocation

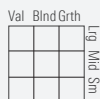
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge		NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign	%	Ratio %						
	—	15.5	1.5	2,464	25	17	14	—	74	3	97	0	0	2	—	1.3	—	812	—
AVPAX		16.8	1.4	1,994	27	17	17	600	47	5	95	0	0	5	NL	1.17	20.28	5,117	Management Team
ASVIX		16.7	1.6	1,325	26	20	16	148	78	0	98	0	1	4	Clsd	1.25	6.92	1,291	John/Lewis (3.7/1.2)
ARTVX		15.2	1.2	1,390	39	19	10	94	40	6	94	0	0	1	Clsd	1.23	9.69	399	Management Team
DASCX		14.4	1.7	1,506	25	19	14	62	128	1	99	0	0	0	NL	1.25	12.94	173	Steven Roth (7.6)
DFVX		14.6	1.2	2,100	29	20	14	1539	15	0	100	0	0	1	NL	0.37	18.41	6,627	Management Team
DHSCX		14.4	1.5	2,773	28	28	11	77	16	20	80	0	0	4	Clsd	1.32	29.01	1,565	Management Team
FCPVX		17.6	1.5	2,226	30	15	14	57	34	1	97	0	2	3	Clsd	1.19	16.05	2,649	Derek Janssen (3.0)
JSCVX		17.4	1.9	2,191	22	20	17	81	86	4	96	0	0	2	NL	0.81	17.42	1,330	Management Team
RYPNX		16.3	1.1	629	35	19	17	251	36	5	92	0	3	3	NL	1.15	9.73	1,370	Hench/Zaino (11.7/17.8)
RYVFX		12.9	1.4	1,191	32	22	18	60	38	1	98	0	2	3	NL	1.45	8.45	490	Jay Kaplan (12.1)
RYSEX		14.5	1.7	1,481	48	17	13	44	21	2	98	0	0	0	NL	1.12	17.37	1,402	Dreifus/McBoyle (17.7/1.3)
TASCX		15.9	1.7	2,051	33	17	17	62	29	5	93	0	2	4	NL	1.1	17.74	299	Bui/Rewey, III (3.1/1.6)
VSIAX		15.5	1.4	2,723	19	16	13	872	12	1	99	0	0	0	NL	0.09	39.72	16,653	Michael Buek (17.7)
	—	1.7	0.2	3,797	—	—	—	—	30	13	52	30	5	19	—	1.24	—	1,651	—
AACTX		17.0	2.4	56,341	15	15	13	21	8	7	53	39	2	21	5.75	0.71	10.82	5,822	Management Team
ABALX		17.7	2.4	103,871	18	17	14	1506	68	9	59	32	1	8	5.75	0.59	23.24	83,097	Management Team
AMECX		17.6	2.3	66,223	16	14	14	1687	45	6	70	22	2	18	5.75	0.55	19.77	91,586	Management Team
ARBFX		25.0	2.1	5,800	24	23	13	108	514	28	72	0	1	9	NL	1.45	12.6	1,970	Management Team
MOBAX		21.6	4.1	79,416	29	27	15	72	36	8	57	35	0	0	NL	1.36	22.31	34	Canakaris/Donahue (21.2/2.9)
BERIX		16.0	1.7	5,739	34	14	13	90	45	41	21	25	14	6	NL	0.64	12.8	1,697	Management Team
CVTRX		17.6	2.5	128,460	19	19	14	115	24	6	65	6	23	0	4.75	1.09	28.26	2,493	Management Team
CVSIX		18.0	2.3	97,218	20	16	15	512	38	6	34	11	49	0	4.75	1.11	12.53	3,752	Management Team
DODBX		15.8	1.7	60,949	27	25	17	395	23	2	66	32	1	10	NL	0.53	90.16	14,269	Management Team
FBALX		18.7	2.4	41,657	18	17	15	1185	128	3	67	28	2	8	NL	0.56	20.32	26,580	Management Team
FFNOX		18.0	2.1	38,171	17	15	14	4	8	1	84	15	0	27	NL	0.22	34.49	4,070	Dierdorf/Sharpe (7.0/6.6)
FPURX		19.0	2.6	63,333	20	19	17	1197	106	5	72	23	0	9	NL	0.56	19.52	24,303	Management Team
FSRRX		32.4	2.1	7,637	98	1	0	363	23	3	14	31	52	2	NL	0.8	8.15	863	Management Team
FPACX		15.6	1.5	53,858	35	28	12	130	31	38	52	6	4	8	NL	1.11	29.49	18,120	Management Team
FKINX		15.8	1.8	71,445	18	16	14	515	45	5	55	30	10	20	4.25	0.61	2.02	76,369	Management Team
GATEX		17.1	2.4	75,509	19	16	15	278	13	3	97	0	0	-1	5.75	0.94	28.8	8,029	Management Team
GRSPX		16.8	1.5	2,497	32	21	12	94	50	4	71	22	4	2	NL	0.9	21.28	293	Charles Carlson (32.6)
ACEIX		15.4	1.4	53,158	33	14	12	442	69	11	64	18	7	9	5.50	0.8	9.13	12,597	Management Team
JABAX		17.3	3.3	75,190	19	19	18	470	75	3	59	35	2	8	NL	0.83	27.76	13,346	Management Team
JNBAX		16.0	1.8	32,579	24	21	9	2462	48	4	37	55	4	34	4.50	0.75	9.47	11,662	Management Team
LCORX		12.8	1.5	14,319	20	20	18	315	79	45	40	13	1	9	NL	1.21	17.16	879	Management Team
MAPOX		16.8	2.6	46,412	24	21	18	313	5	3	65	32	0	3	NL	0.73	79.37	642	Earley/Kaliebe (1.1/10.1)
EXDAX		18.4	2.7	40,010	21	18	10	701	51	7	34	59	0	14	NL	0.89	12.6	1,294	Management Team
MNBAX		19.2	2.9	26,976	24	24	10	632	66	4	53	43	0	18	NL	1.06	15.3	1,303	Management Team
EXBAX		19.2	2.9	26,414	24	24	10	687	56	9	41	50	0	17	NL	1.06	12.5	1,377	Management Team
MERFX		19.5	1.7	17,939	18	14	11	192	137	27	68	2	4	-1	NL	1.27	15.15	4,550	Behren/Shannon (9.0/9.0)
MSFRX		15.0	2.0	59,691	23	15	12	819	45	1	59	39	0	9	5.75	0.74	16.77	6,671	Management Team
OAKBX		13.9	1.8	35,568	29	18	17	272	25	21	61	16	2	7	NL	0.75	27.29	16,592	Management Team
PAXWX		18.5	2.3	49,019	19	18	17	311	52	3	64	33	0	10	NL	0.93	21.14	1,800	Management Team
		17.0	1.7	1,372															
		15.3	1.2	1,241															
		16.7	2.4	70,644															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 01-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
						3 Yr	5 Yr	10 Yr									
Allocation (cont'd)				—	-2.6	-4.4	2.8	3.9	3.5	—	—	—	—	—	—	6.75 (76)	—
Permanent Portfolio PRPF	Neutral	CA	↓★★	-0.5	-9.7	-4.0	-0.1	4.6	7	92	95	96	22	1.1	6.89 (36)	+Avg	
PIMCO All Asset All Authority D PAUDX	Bronze	TV	★★	-0.9	-13.4	-7.3	-0.9	2.6	33	87	98	88	71	5.1	7.27 (58)	-Avg	
PIMCO All Asset D PASDX	Gold	TV	★★★	-1.4	-10.9	-3.7	1.1	3.3	37	70	86	63	43	3.5	7.13 (74)	-Avg	
PIMCO Inflation Response MultiAsst Instl PIRMX	Neutral	CA	★	-0.5	-10.4	-5.4	—	—	7	95	97	—	—	3.1	7.1 (38)	High	
PIMCO RAE Fundamental Advantage PLUS D PFSDX	—	NE	★★	-0.4	-7.1	-2.3	0.6	—	55	85	89	62	—	6.3	3.41 (5)	Avg	
T. Rowe Price Balanced RPBAX	Silver	MA	★★★★	-3.9	-3.2	5.9	6.7	5.7	69	32	30	25	17	2.2	7.71 (96)	+Avg	
T. Rowe Price Capital Appreciation PRWCX	Gold	MA	★★★★★	-2.8	3.1	10.7	10.4	7.9	26	1	1	1	1	1.4	7.14 (86)	Avg	
T. Rowe Price Personal Strat Growth TRSGX	Silver	AL	★★★★	-5.4	-4.7	6.5	7.3	5.5	78	30	17	9	4	1.7	9.62 (96)	Avg	
T. Rowe Price Personal Strat Income PRSIX	Silver	CA	★★★★★	-2.5	-2.9	3.8	5.1	5.2	80	32	15	14	4	2.1	5.63 (96)	+Avg	
T. Rowe Price Retirement 2015 TRRGX	Gold	TD	★★★★	-2.9	-3.1	4.5	5.6	5.0	78	31	10	10	1	2.0	6.84 (99)	High	
Vanguard Balanced Index Adm VBIAX	Gold	MA	↑★★★★★	-2.8	-1.6	7.2	7.8	6.1	25	11	11	7	11	2.1	6.65 (94)	-Avg	
Vanguard LifeStrategy Income Inv VASIX	Gold	CA	★★★★	0.1	-1.1	3.3	4.0	4.3	1	6	27	43	30	2.2	3.29 (57)	Low	
Vanguard Managed Payout Investor VPGDX	—	AL	★★★	-2.2	-2.8	4.8	5.6	—	4	4	51	42	—	8.6	6.68 (97)	Low	
Vanguard STAR Inv VGSTX	Silver	MA	★★★★	-3.7	-3.5	5.7	6.6	5.4	64	39	33	26	23	2.1	7.47 (97)	Avg	
Vanguard Target Retirement 2025 Inv VTTVX	Gold	TG	★★★★	-3.2	-3.4	5.6	6.2	5.0	49	22	7	12	8	2.2	7.54 (99)	Avg	
Vanguard Tax-Managed Balanced Adm VTMFX	—	CA	★★★★★	-2.0	0.8	7.0	7.9	5.9	63	1	1	1	1	2.1	5.4 (92)	Avg	
Vanguard Wellesley Income Inv VWINX	Gold	CA	★★★★★	-0.2	0.5	5.5	7.4	6.9	2	1	2	2	1	3.0	4.58 (76)	Avg	
Vanguard Wellington Inv VWELX	Gold	MA	★★★★★	-2.8	-1.4	7.3	7.9	6.7	24	10	9	6	5	2.7	7.24 (93)	Avg	
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★	-2.4	-3.6	4.6	6.4	6.3	14	41	55	31	9	1.4	6.26 (82)	Low	
U.S. Specialty Funds																	
AllianzGI Technology Institutional DRGTX	Silver	ST	↑★★★★	-6.1	2.7	15.9	9.5	8.1	10	21	13	26	30	0.0	14.84 (64)	Avg	
Cohen & Steers Realty Shares CSRSX	Bronze	SR	★★★★	-3.6	-4.8	9.4	10.0	6.7	29	14	7	38	15	2.5	14.58 (17)	Avg	
Davis Financial A RPFGX	—	SF	★★★★	-7.7	0.2	9.6	8.3	4.1	22	26	21	22	23	0.5	12.18 (77)	-Avg	
Fidelity Real Estate Investment Port FRESX	Bronze	SR	★★★★	-3.3	-4.2	9.4	10.9	6.1	17	10	7	9	37	1.6	14.68 (14)	+Avg	
Fidelity Select Energy Portfolio FSENX	—	EE	★★★★	-2.3	-20.2	-8.0	-4.9	-0.4	5	11	8	8	18	1.1	18.69 (41)	-Avg	
Fidelity Select Health Care Portfolio FSPHX	—	SH	★★★★	-11.1	-7.2	22.7	20.0	12.0	44	49	1	24	18	0.0	16.95 (45)	Avg	
Fidelity Select Technology Portfolio FSPTX	—	ST	★★★★	-8.2	0.0	12.2	7.9	8.2	60	53	52	63	28	0.1	13.72 (66)	Avg	
Franklin Utilities A FKUTX	Gold	SU	★★★★	4.0	-5.4	9.5	11.3	8.2	14	21	5	4	4	3.0	12.55 (8)	Avg	
Harbor Commodity Real Return ST Instl HACMX	Silver	BB	★★★	-1.8	-25.7	-21.0	-13.6	—	44	71	74	42	—	2.3	14.16 (83)	+Avg	
Oppenheimer Gold & Special Minerals A OPGSX	—	SP	★★	0.5	-29.9	-27.9	-23.5	-5.0	71	35	63	78	42	0.0	34.16 (4)	Avg	
PIMCO Commodity Real Ret Strat D PCRDX	Silver	BB	★★★	-1.6	-25.8	-21.1	-13.8	-5.8	34	73	75	54	40	6.1	13.98 (82)	+Avg	
T. Rowe Price Global Technology PRGTX	—	ST	★★★★★	-10.1	8.7	22.9	16.0	12.6	80	1	1	1	2	0.0	15.37 (71)	+Avg	
T. Rowe Price Health Sciences PRHSX	—	SH	★★★★★	-13.6	-6.4	21.9	22.6	14.5	74	40	9	6	1	0.0	17.26 (39)	+Avg	
T. Rowe Price Media & Telecommunications PRMTX	—	SC	★★★★★	-6.0	6.9	14.2	13.1	12.4	100	1	1	1	1	0.2	13.9 (79)	High	
T. Rowe Price New Era PRNEX	Neutral	SN	★★★★	-3.2	-19.4	-7.0	-6.4	-0.3	8	18	19	26	17	1.6	15.99 (53)	Avg	
T. Rowe Price Real Estate TRREX	Gold	SR	★★★★	-4.1	-5.0	9.2	10.4	6.2	60	15	9	16	34	2.3	14.09 (19)	Avg	
T. Rowe Price Science & Tech PRSCX	—	ST	★★★	-10.3	-0.8	14.5	9.0	7.8	81	58	26	36	35	0.0	15.04 (74)	+Avg	
Third Avenue Real Estate Value Instl TAREX	Silver	GR	↓★★★★	-8.6	-14.3	4.0	6.3	3.7	98	98	13	16	29	0.8	10.24 (73)	Low	
Vanguard Energy Inv VGENX	Neutral	EE	★★★★	-1.5	-19.5	-9.5	-5.8	0.1	3	7	34	17	12	2.7	18.04 (49)	Low	
Vanguard Health Care Inv VGHGX	Gold	SH	↑★★★★	-8.9	0.5	21.0	19.0	11.1	11	4	15	33	37	1.2	12.5 (58)	Low	
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★	-2.2	-34.1	-25.8	-21.4	-7.6	91	73	21	43	76	2.4	22.8 (11)	Low	
Vanguard REIT Index Adm VGSIX	Gold	SR	★★★	-3.4	-7.3	8.4	10.3	6.4	18	62	28	23	27	4.0	14.78 (13)	+Avg	
S&P 500 Index				-5.0	-0.9	11.2	10.8	6.4									
BarCap US Agg Bond TR USD				1.4	-0.2	2.2	3.5	4.7									
Dow Jones Moderate Portfolio Index				-3.5	-4.4	3.8	5.0	4.8									

Legend		Categories	
Red = Lowest return in group	★ = New this month	AL Aggressive Allocation	SF Financial
Green = Highest return in group	↑↓ = Increase/decrease in rating	BB Commodities Broad Basket	SH Health
Italic = Extended performance	NR = No Morningstar Rating; fund less than three years old.	CA Conservative Allocation	SN Natural Resources
		EE Equity Energy	SP Equity Precious Metals
		GR Global Real Estate	SR Real Estate
		IH World Allocation	ST Technology
		LO Long-Short	SU Utilities
		MA Moderate Allocation	TA Target-Date 2000-2010
		NE Market Neutral	TD Target-Date 2011-2015
		SC Communications	TE Target-Date 2016-2020
			TG Target Date 2021-2025
			TH Target Date 2026-2030
			TI Target Date 2031-2035
			TJ Target Date 2036-2040
			TK Target Date 2041-2045
			TL Target Date 2050+
			TV Tactical Allocation
			RI Retirement Income

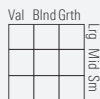
Current Portfolio Style

Costs

Operations

Current Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
PRPFX	24.1	1.7	20,250	32	14	12	108	17	11	34	28	26	13	NL	0.76	34.37	2,767	Michael Cuggino (12.7)
PAUDX	18.3	2.3	—	—	—	—	44	75	58	29	17	-3	-36	NL	1.65	7.56	9,186	Robert Arnott (12.2)
PASDX	19.1	1.9	—	—	—	44	86	47	21	17	14	-5	NL	1.27	10.06	20,789	Robert Arnott (13.5)	
PIRMX	17.8	1.5	11,026	55	20	7	343	383	-18	8	71	39	3	NL	0.7	7.77	922	Johnson/Worah (1.1/4.4)
PFSDX	—	—	—	—	—	—	602	413	188	77	-94	-71	-146	NL	1.29	9.33	951	Management Team
RPBAX	16.7	2.0	46,551	19	18	14	1481	53	3	64	32	1	27	NL	0.64	20.63	3,939	Charles Shriver (4.7)
PRWCX	19.4	3.0	39,769	24	22	17	250	72	16	61	19	4	7	Clsd	0.7	24.34	24,362	David Giroux (9.6)
TRSGX	16.7	2.0	38,145	19	19	15	1541	53	2	80	18	1	34	NL	0.78	26.32	1,637	Charles Shriver (4.7)
PRSEX	16.7	2.0	38,088	19	19	15	1621	73	14	39	46	1	30	NL	0.58	16.89	1,507	Charles Shriver (4.7)
TRRGX	16.6	2.0	33,853	18	15	14	19	14	5	52	42	1	29	NL	0.62	13.29	9,636	Clark/Lee (11.9/0.5)
VBIAX	17.5	2.3	41,362	18	15	15	12020	53	2	59	39	0	4	NL	0.09	28.4	26,268	Management Team
VASIX	17.3	2.0	30,499	18	15	12	5	14	3	20	77	0	37	NL	0.14	14.58	3,321	Management Team (21.3)
VPGDY	15.8	1.9	6,019	17	17	15	10	23	8	59	17	16	39	NL	0.42	16.88	1,585	Ameriks/Buek (1.8/7.7)
VGSTX	16.8	2.0	36,773	19	18	17	12	8	5	60	34	1	26	NL	0.34	22.42	18,563	Management Team
VTTVX	16.1	1.9	30,208	17	14	13	5	24	1	66	32	0	38	NL	0.15	15.12	29,787	Coleman/Nejman (2.9/2.9)
VTMFY	17.5	2.3	50,839	18	15	15	2147	8	1	49	50	0	0	NL	0.12	26.32	2,478	D'Arcy/Perre (2.6/16.1)
VWINX	16.9	2.1	89,561	15	15	14	1375	59	2	36	61	1	17	NL	0.23	24.47	40,766	Keogh/Reckmeyer (7.9/9.1)
VWELX	15.3	1.9	93,454	22	21	14	1406	71	1	64	35	0	14	Clsd	0.26	35.77	86,798	Bousa/Keogh (13.1/9.8)
WHGIX	17.3	2.3	48,698	19	16	16	64	24	21	51	15	13	2	NL	0.86	13.76	2,299	Freeman/Williams (10.1/10.1)
DRGTX	28.6	6.1	67,032	69	17	8	144	165	6	94	0	0	-1	NL	1.26	50.96	1,256	Chen/Price, Jr. (20.1/20.1)
CSRSX	44.4	2.7	12,117	98	2	0	40	52	1	99	0	0	0	NL	0.97	67.97	5,743	Management Team
RPFGX	14.2	1.4	48,232	89	4	4	30	32	5	95	0	0	16	4.75	0.86	36.35	845	Christopher Davis (2.1)
FRESX	42.8	2.4	11,419	100	0	0	46	34	1	99	0	1	0	NL	0.78	39.25	4,381	Steve Buller (18.1)
FSENX	26.9	1.3	19,214	97	2	1	74	73	1	99	0	0	4	NL	0.79	34.36	1,761	John Dowd (9.5)
FSPHX	21.2	3.3	21,691	96	3	1	112	98	1	99	0	0	14	NL	0.74	184.99	7,848	Edward Yoon (7.3)
FSPTX	22.3	2.5	24,917	84	9	3	253	144	3	97	0	0	26	NL	0.78	108.46	2,824	Charlie Chai (9.0)
FKUTX	16.4	1.6	15,052	93	6	1	55	10	1	98	1	0	6	4.25	0.75	16.04	5,149	Kohli/Schmicker (17.1/6.1)
HACMX	—	—	—	—	—	—	213	784	7	0	81	12	25	NL	0.94	3.29	79	Management Team
OPGSX	19.2	1.0	1,767	100	0	0	82	79	3	97	0	0	88	5.75	1.17	10.48	713	Shanquan Li (18.6)
PCRDY	—	—	—	—	—	—	523	123	-22	0	97	25	7	NL	1.19	6.09	5,259	Management Team
PRGTX	24.9	4.5	34,024	69	17	13	65	229	6	93	0	1	43	NL	0.91	12.19	2,718	Joshua Spencer (3.7)
PRHSX	21.4	3.2	24,375	95	2	1	148	42	3	96	0	1	6	Clsd	0.77	59.49	14,224	Taymour Tamaddon (2.9)
PRMTX	30.6	3.8	55,450	40	31	27	78	25	3	94	0	3	23	NL	0.8	66.4	3,573	Paul Greene II (2.7)
PRNEX	20.9	1.6	12,033	48	33	7	116	62	1	99	0	0	28	NL	0.65	26.39	2,740	Shawn Driscoll (2.3)
TRREX	44.2	2.7	11,869	97	2	1	40	3	7	92	0	1	0	NL	0.76	26.35	5,616	David Lee (18.2)
PRSCX	22.3	2.1	23,454	70	18	7	77	80	3	95	0	2	33	NL	0.84	30.73	3,641	Kennard Allen (7.1)
TAREX	18.5	1.4	7,048	75	10	9	61	17	9	89	0	2	45	NL	1.09	26.25	2,371	Management Team
VGENX	16.4	1.1	31,143	97	1	1	152	31	2	96	0	2	30	NL	0.37	40.44	8,156	Management Team
VGHCX	24.8	3.0	41,797	95	4	1	105	20	2	96	0	2	20	NL	0.34	200.67	52,318	Jean Hynes (7.7)
VGPMX	23.4	0.9	2,389	98	2	0	56	62	9	91	0	0	85	NL	0.29	6.22	1,482	Jamie Horvat (1.9)
VGSLX	37.7	2.3	10,022	99	1	0	155	8	0	99	0	1	0	NL	0.12	109.19	48,997	Gerard O'Reilly (19.7)
	16.7	2.4	70,644															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 01-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
						3 Yr	5 Yr	10 Yr									
Foreign Stock				—	-6.1	-5.1	2.1	2.6	2.4	—	—	—	—	—	—	12.04 (85)	—
American Beacon Intl Equity Inv AAPX	—	FV	★★★★	-6.3	-8.6	0.6	1.6	1.8	61	50	38	23	13	1.2	12.79 (93)	Avg	
American Funds Europacific Growth A AEPGX	★ Gold	FG	★★	-6.1	-7.8	1.7	2.2	3.3	48	75	45	50	31	1.8	11.22 (92)	Low	
American Funds Intl Gr and Inc A IGAAX	★ Gold	FB	↑★★★★	-4.6	-12.1	-1.0	1.8	—	14	87	76	34	—	3.4	11.27 (93)	Low	
Ariel International Equity Investor AINTX	—	FV	★★★★★	-3.3	-0.2	6.0	—	—	7	2	1	—	—	0.2	10.71 (90)	Low	
Artisan International Investor ARTIX	★ Silver	FG	↓★★★★	-6.4	-11.3	2.1	4.9	3.7	59	97	38	13	20	0.5	12.81 (83)	+Avg	
Artisan International Small Cap Investor ARTJX	★ Gold	FR	★★★★	-6.9	3.6	4.2	6.3	6.1	69	21	62	26	12	0.1	13.74 (63)	High	
Artisan International Value Investor ARTKX	★ Gold	FB	★★★★★	-5.0	-6.1	4.9	6.5	6.7	24	30	4	3	1	0.9	10.82 (82)	Low	
Causeway International Value Inv CIVVX	★ Gold	FB	★★★★	-6.7	-10.3	0.6	2.1	2.5	80	82	48	28	25	1.8	12.26 (89)	Avg	
Columbia Acorn International Z ACINX	★ Silver	FR	★★★★	-5.2	-7.1	1.8	2.9	5.2	19	94	88	86	20	1.3	10.97 (89)	-Avg	
DFA International Small Company I DFISX	★ Silver	FQ	★★★★	-6.5	-0.2	4.2	3.3	3.8	44	36	42	68	16	2.3	12.05 (84)	+Avg	
Dodge & Cox International Stock DODFX	★ Gold	FB	↓★★	-9.4	-19.0	-1.1	0.5	2.2	97	99	78	69	29	2.5	14.57 (91)	High	
Fidelity Diversified International FDIVX	★ Bronze	FG	★★★★	-6.3	-4.2	4.1	3.6	2.4	57	31	12	26	62	0.9	12.32 (88)	+Avg	
Fidelity International Discovery FIGRX	★ Bronze	FG	★★★★	-6.9	-3.3	3.6	3.5	2.8	69	23	17	28	48	1.1	12.29 (88)	+Avg	
Fidelity Overseas FOSFX	★ Bronze	FB	★★★★	-6.4	-0.2	6.0	5.0	2.4	70	3	2	4	25	1.1	11.85 (88)	Avg	
Fidelity Spartan International Idx Inv FSIIX	★ Silver	FB	★★★★	-5.8	-7.4	1.0	1.8	1.8	51	46	38	34	34	2.8	12.66 (95)	+Avg	
First Eagle Overseas A SGOVX	★ Bronze	FB	★★★★	-3.7	-4.3	2.2	3.3	5.3	6	13	17	9	3	0.2	8.63 (85)	Low	
FMI International FMLJX	—	FB	★★★★★	-1.1	-0.6	8.4	9.1	—	1	4	1	1	—	1.8	8.03 (61)	Low	
Harbor International Institutional HAINX	★ Gold	FB	★★★★	-5.5	-9.0	-1.3	0.9	3.5	36	70	82	57	12	1.9	13.41 (94)	High	
Harding Loevner International Eq Inv HLMNX	★ Silver	FG	★★★★	-4.9	-8.1	0.8	2.1	3.7	16	82	63	55	20	0.8	13.21 (92)	+Avg	
IVA International A IVIOX	★ Silver	FQ	↑★★★★	-2.7	-2.1	3.8	4.4	—	3	56	52	45	—	2.6	6.41 (88)	Low	
JOHCM International Select II JOHAX	—	FG	↑★★★★★	-2.4	-8.1	8.2	5.9	—	2	81	2	8	—	0.2	12.73 (66)	+Avg	
Litman Gregory Masters Intl Instl MSILX	—	FB	↓★★★★	-7.4	-12.4	-0.5	0.3	2.5	92	89	67	75	24	1.8	12.79 (90)	+Avg	
Longleaf Partners International LLINX	★ Neutral	FB	★	-10.9	-16.6	-6.1	-3.3	-0.4	99	96	96	96	91	2.0	15.35 (81)	High	
MainStay ICAP International I ICEUX	★ Neutral	FB	★★★★	-5.9	-10.5	-0.5	0.7	1.6	54	82	68	62	38	1.7	12.84 (88)	+Avg	
Manning & Napier World Opportunities A EXWAX	★ Bronze	FB	★★★★	-4.0	-10.0	-2.7	-1.2	2.4	7	79	92	89	26	1.9	13.09 (88)	+Avg	
Neuberger Berman International Eq Inv NIQVX	★ Bronze	FB	★★★★	-6.6	-4.0	2.2	<i>2.9</i>	<i>1.8</i>	77	11	17	12	35	0.5	11.29 (85)	-Avg	
Oakmark International I OAKIX	★ Gold	FB	★★★★	-9.0	-12.5	0.1	3.0	4.6	97	89	60	11	4	2.5	14.66 (86)	High	
Oakmark International Small Cap I OAKEX	★ Bronze	FQ	★★★★	-8.9	-8.5	1.0	1.2	3.3	97	83	78	79	32	2.7	13.05 (84)	High	
Oppenheimer International Growth A OIGAX	★ Silver	FG	★★★★	-4.9	-1.9	3.1	4.9	4.9	17	10	24	15	1	0.9	12.33 (85)	Avg	
T. Rowe Price International Discovery PRIDX	★ Silver	FR	★★★★★	-6.2	3.8	7.3	6.8	6.0	60	17	22	15	15	0.7	10.23 (85)	Low	
T. Rowe Price International Gr & Inc TRIGX	★ Neutral	FV	★★★★	-5.5	-8.1	0.7	1.3	1.8	46	44	37	34	14	2.2	12.02 (94)	-Avg	
T. Rowe Price International Stock PRITX	★ Neutral	FG	★★★★	-6.1	-7.9	0.8	1.9	2.4	49	78	63	59	61	1.2	12.39 (94)	Avg	
T. Rowe Price Overseas Stock TROSX	★ Bronze	FB	★★★★	-5.7	-8.9	1.0	2.2	—	43	69	38	25	—	2.2	11.68 (95)	-Avg	
Thornburg International Value A TGVAX	★ Neutral	FG	★★	-7.1	-3.3	0.8	1.3	3.4	79	23	62	72	30	0.9	12.35 (84)	Avg	
Tweedy, Browne Global Value TBGVX	★ Silver	FV	★★★★★	-4.4	-5.9	3.0	5.2	4.7	17	24	8	1	1	0.9	8.32 (82)	Low	
USAA International USIFX	★ Bronze	FG	★★★★	-6.2	-6.8	0.7	2.8	3.6	55	60	64	39	25	1.4	12.15 (91)	Avg	
Vanguard Developed Markets Idx Admiral VTMGX	★ Gold	FB	★★★★	-5.8	-6.8	1.2	1.9	1.9	46	39	33	31	30	3.1	12.58 (96)	+Avg	
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	★ Gold	FB	★★	-5.6	-10.2	-1.4	<i>0.0</i>	—	37	81	83	<i>80</i>	—	3.1	12.41 (98)	Avg	
Vanguard FTSE All-Wld ex-US SmCp Idx Inv VFSVX	★ Silver	FQ	★★	-6.3	-6.1	0.2	0.2	—	39	78	86	87	—	2.7	12.18 (87)	Avg	
Vanguard International Explorer Inv VINEX	★ Neutral	FQ	★★★★	-6.7	1.5	6.9	3.8	4.1	49	13	13	56	11	1.6	11.0 (85)	-Avg	
Vanguard International Growth Inv VWIGX	★ Silver	FG	↓★★	-7.7	-8.5	0.6	2.0	3.1	92	86	66	57	39	1.5	14.09 (94)	High	
Vanguard International Value Inv VTRIX	★ Bronze	FV	★★★★	-5.4	-10.7	-1.0	0.4	1.4	43	70	61	56	26	2.2	13.38 (96)	+Avg	
Vanguard Total Intl Stock Index Admiral VTIAX	★ Gold	FB	★★	-5.7	-9.8	-1.2	0.0	<i>1.6</i>	42	78	80	78	<i>39</i>	3.0	12.31 (98)	Avg	
Virtus Foreign Opportunities A JVIAX	★ Silver	FG	↑★★★★	-3.1	-1.7	1.2	6.3	4.3	4	10	54	5	8	0.9	11.45 (77)	-Avg	
World Stock				—	-5.4	-6.2	4.5	5.0	3.7	—	—	—	—	—	—	11.67 (78)	—
American Funds Capital World Gr&Inc A CWGIX	★ Gold	★★★★	★★★★	-5.0	-7.1	5.1	5.6	4.8	37	61	41	41	22	2.5	10.85 (90)	-Avg	
American Funds New Perspective A ANWPX	★ Gold	★★★★	★★★★	-6.5	-1.1	7.2	7.4	6.2	64	12	12	12	5	0.7	11.34 (85)	Avg	
American Funds SMALLCAP World A SMCWX	★ Bronze	★★★★	★★★★	-9.2	-6.1	5.3	5.3	5.2	93	48	38	48	16	0.0	12.26 (59)	+Avg	
Artisan Global Opportunities Inv ARTRX	★ Silver	★★★★★	★★★★★	-6.9	0.2	7.2	8.6	—	72	6	12	6	—	0.1	12.71 (76)	+Avg	
MSCI World Index				-6.0	-5.1	5.6	5.8	3.9									
MSCI EAFE Index				-7.2	-8.4	0.7	1.6	1.7									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- FA Foreign-Small/Mid Value
- FB Foreign-Large Blend
- FG Foreign-Large Growth
- FQ Foreign Small/Mid Blend
- FR Foreign-Small/Mid Growth
- FV Foreign-Large Value
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SU Real Estate
- ST Utilities
- ST Technology

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Other													
	—	0.9	6,138	55	6	1	17	14	1	—	11	4	95	0	0	—	1.32	—	1,637	—	
AAIPX	■	5.8	33,290	61	4	0	14	9	1	190	33	4	92	0	4	NL	1.06	16.42	1,926	Management Team	
AEPGX	■	7.2	34,638	44	2	1	14	26	2	442	28	7	89	1	3	5.75	0.83	42.61	115,951	Management Team	
IGAAX	■	5.9	25,311	48	6	2	12	22	2	181	25	2	92	1	5	5.75	0.91	27.04	9,631	Management Team	
AINTX	■	8.5	34,138	47	5	0	12	9	0	88	34	22	78	0	1	NL	1.26	12.14	58	Rupal Bhansali (4.1)	
ARTIX	■	10.7	39,775	55	12	2	9	13	0	74	45	5	94	0	1	Clstd	1.17	26.84	18,186	Management Team	
ARTJX	■	13.2	2,331	67	2	0	7	12	0	46	44	10	90	0	0	Clstd	1.5	22.45	1,001	Hamker/Yockey (4.0/14.1)	
ARTKX	■	7.7	24,906	53	15	2	5	11	0	49	24	14	86	0	0	Clstd	1.2	30.11	10,651	O'Keefe/Samra (9.2/13.3)	
CIVVX	■	5.4	39,763	70	2	0	16	11	0	59	28	1	99	0	0	NL	1.15	13.05	5,360	Management Team	
ACINX	■	8.4	3,549	43	6	1	22	25	1	198	28	0	100	0	0	NL	0.93	37.07	6,263	Egan/Mendes (12.7/12.7)	
DFISX	■	5.4	1,515	56	6	0	24	11	1	4113	0	0	98	0	2	NL	0.53	16.09	8,692	Management Team	
DODFX	■	5.2	37,953	42	10	5	13	11	7	90	12	0	96	0	4	Clstd	0.64	33.05	57,029	Management Team	
FDIVX	■	10.0	28,788	53	13	0	14	11	3	237	31	4	96	0	0	NL	1.0	32.85	20,685	William Bower (14.8)	
FIGRX	■	9.2	17,057	59	6	0	15	11	3	220	60	5	95	0	0	NL	0.99	36.71	10,022	William Kennedy (11.2)	
FOSFX	■	10.7	15,351	64	7	0	18	6	2	174	28	4	96	0	0	NL	1.04	38.25	4,761	Vincent Montemaggiore (4.0)	
FSIIX	■	5.5	31,659	62	1	0	22	11	1	971	1	2	98	0	0	NL	0.2	33.84	14,294	Management Team	
SGOVX	■	7.0	12,917	30	6	3	22	12	1	161	13	16	74	1	9	Clstd	1.16	21.15	12,836	Brooker, Jr./McLennan (5.9/7.3)	
FMIJX	■	11.3	19,038	39	18	0	12	9	0	43	9	19	77	0	5	NL	0.98	27.87	2,886	Management Team	
HAINX	■	6.4	46,422	73	8	1	9	3	0	78	25	4	94	0	2	NL	0.75	56.15	38,824	Management Team	
HLMNX	■	11.8	38,308	51	7	1	15	17	4	57	12	4	96	0	0	NL	1.16	16.24	5,290	Management Team	
IVIOX	■	7.4	5,311	19	3	0	12	16	1	106	28	36	52	6	5	Clstd	1.25	15.16	3,717	de Lardemelle/de Vaulx (7.3/7.3)	
JOHAX	■	5.9	23,659	48	11	0	20	13	0	34	51	6	91	0	2	Clstd	1.3	17.4	2,952	Lees/Richyal (6.5/6.5)	
MSILX	■	6.1	29,505	66	7	1	9	8	0	58	70	7	90	0	2	NL	0.99	14.93	1,163	Management Team	
LLINX	■	2.3	9,048	44	0	4	4	47	0	24	54	-7	102	0	5	NL	1.25	11.0	976	Management Team	
ICEVX	■	3.6	31,563	70	0	3	13	7	3	40	78	3	97	0	0	NL	0.95	28.98	1,730	Management Team	
EXWAX	■	10.4	29,600	52	19	9	4	14	0	52	43	2	98	0	0	NL	1.08	6.5	1,425	Management Team	
NIQVX	■	10.8	14,175	61	7	0	12	7	5	94	25	4	91	0	5	NL	1.25	18.95	1,311	Benjamin Segal (10.6)	
OAKIX	■	4.0	27,648	64	2	1	19	11	0	73	48	3	97	0	0	Clstd	0.95	19.44	24,471	Herro/Taylor (23.3/7.1)	
OAKEX	■	8.6	2,097	58	3	2	10	22	1	65	46	4	96	0	0	Clstd	1.35	12.91	2,506	Herro/Manelli (20.2/4.7)	
OIGAX	■	11.4	16,067	76	7	1	6	6	1	106	10	2	97	0	1	5.75	1.14	34.3	20,806	Dunphy/Evans (3.8/19.8)	
PRIDX	■	10.5	1,883	41	1	3	21	25	1	217	40	8	91	0	1	NL	1.21	50.61	4,333	Justin Thomson (17.1)	
TRIGX	■	6.5	19,695	55	2	1	16	15	3	123	25	7	93	0	0	NL	0.85	12.35	11,458	Jonathan Matthews (5.6)	
PRITX	■	8.0	28,344	46	7	2	14	24	2	128	32	5	95	0	0	NL	0.83	14.35	13,875	Richard Clattenburg (0.8)	
TROX	■	6.0	32,780	60	2	0	19	14	0	161	13	5	95	0	0	NL	0.84	8.48	11,024	Raymond Mills (9.1)	
TGVAX	■	6.1	39,369	65	6	0	14	8	0	52	71	0	93	0	7	4.50	1.26	22.4	8,634	Management Team	
TBGVX	■	5.5	28,509	60	8	1	1	8	0	114	8	22	78	0	0	NL	1.37	23.39	8,371	Management Team	
USIFX	■	7.3	19,367	62	5	0	20	9	1	524	17	1	97	0	2	NL	1.12	25.06	3,068	Management Team	
VTMGX	■	5.4	26,809	58	2	0	23	14	1	3703	4	1	98	0	1	NL	0.09	11.14	52,133	Christine Franquin (2.9)	
VFWAX	■	5.2	25,467	46	6	2	18	21	3	2495	3	1	97	0	2	NL	0.14	25.51	24,505	Ryan Ludt (7.4)	
VFSVX	■	5.1	1,395	41	11	1	16	27	2	3429	9	1	98	0	1	NL	0.37	33.15	3,303	Jeffrey Miller (0.4)	
VINEX	■	8.0	1,623	55	0	0	22	15	0	337	42	5	92	0	3	NL	0.4	15.82	2,971	Dobbs/Thomas (16.1/5.6)	
VWIGX	■	5.2	28,788	50	7	2	11	18	2	177	29	2	95	0	2	NL	0.47	19.48	21,765	Management Team	
VTRIX	■	4.2	28,182	49	3	1	22	12	5	167	36	6	92	0	3	NL	0.44	29.4	7,636	Management Team	
VTIAX	■	5.2	18,666	45	6	2	18	22	3	5953	25	1	99	0	0	NL	0.14	22.87	186,644	Michael Perre (7.4)	
JVIAX	■	17.7	49,629	60	18	0	2	18	2	48	32	0	100	0	0	5.75	1.41	27.5	1,762	Rajiv Jain (13.9)	
	—	8.9	43,747	28	52	1	6	8	1	—	54	3	96	1	1	—	1.32	—	1,478	—	
CWGIX	■	8.4	46,269	30	44	1	3	15	0	401	36	2	94	1	3	5.75	0.77	41.2	77,661	Management Team	
ANWPX	■	10.1	56,780	29	46	1	7	7	2	325	27	5	91	0	5	5.75	0.75	33.69	55,479	Management Team	
SMCWX	■	9.0	2,809	18	45	2	6	17	2	657	33	3	89	1	7	5.75	1.07	39.61	24,837	Management Team	
ARTRX	■	18.8	28,140	16	57	2	8	8	0	54	56	9	91	0	1	NL	1.2	18.19	1,533	Management Team	

Equity Style Box

Val	Blnd	Grth
■	■	■
■	■	■
■	■	■

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 01-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
						3 Yr	5 Yr	10 Yr								
World Stock (cont'd)			—	-5.4	-6.2	4.5	5.0	3.7	—	—	—	—	—	—	11.67 (78)	—
Artisan Global Value Investor ARTGX	Silver	★★★★★		-6.0	-5.1	6.1	8.5	—	55	36	21	6	—	0.4	11.0 (78)	-Avg
BBH Global Core Select N BBGX	—	NR		-2.4	-3.0	—	—	—	13	19	—	—	—	0.6	— (—)	—
Dodge & Cox Global Stock DODWX	Gold	★★★		-8.0	-13.0	4.6	4.8	—	87	93	55	62	—	1.9	13.29 (85)	+Avg
Fidelity Worldwide FWWFX	—	★★★★		-6.7	-2.8	6.9	6.9	5.4	68	18	14	18	12	0.6	11.98 (72)	+Avg
Franklin Mutual Global Discovery A TEDIX	Silver	★★★★★		-5.3	-7.4	4.4	5.3	5.5	42	65	58	46	10	1.6	10.1 (78)	Low
Franklin Mutual Quest A TEQIX	Silver	↑★★★★		-3.6	-8.3	4.0	4.9	4.8	22	74	66	58	22	4.6	8.39 (73)	Low
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★		-6.0	-3.5	5.0	5.2	5.2	56	22	45	51	16	0.1	11.66 (83)	Avg
Janus Global Research T JAWWX	Bronze	★★★		-8.2	-9.7	4.9	5.0	5.6	88	82	47	57	9	0.8	12.03 (80)	+Avg
MFS Global Equity A MWEFX	Gold	★★★★		-4.1	-4.3	5.7	7.9	6.3	27	29	30	9	4	0.8	11.57 (79)	Avg
Oakmark Global I OAKGX	Gold	↓★★★★		-10.4	-10.3	3.6	4.5	4.9	98	85	71	66	20	1.2	13.91 (77)	High
Oakmark Global Select I OAKWX	Silver	↓★★★★		-7.4	-3.3	6.5	7.7	—	80	21	17	10	—	0.8	13.27 (79)	+Avg
Old Westbury Small & Mid Cap OWSMX	—	★★★★		-6.5	-3.7	4.9	5.3	6.8	63	24	48	47	2	0.8	10.3 (76)	-Avg
Oppenheimer Global A OPPAX	Silver	★★★		-9.5	-5.5	4.6	5.5	4.2	96	41	54	43	42	0.7	13.28 (81)	+Avg
Oppenheimer Global Opportunities A OPGIX	Neutral	↓★★★★		-11.2	1.4	9.6	6.8	5.2	99	5	4	19	15	0.1	15.71 (29)	High
Perkins Global Value T JGVAX	Bronze	★★★★		-3.5	-4.5	4.9	6.3	4.3	22	31	48	27	38	2.1	8.46 (81)	Low
Tweedy, Browne Value TWEBX	Silver	↑★★★★		-4.8	-8.3	3.1	5.2	4.3	35	75	76	51	37	1.1	9.81 (77)	Low
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★★		-5.2	-11.2	-0.2	3.3	—	41	87	93	79	—	2.8	11.3 (91)	-Avg
USAA World Growth USAWX	Silver	↑★★★★★		-4.2	-4.3	5.7	7.9	6.4	28	28	29	9	4	0.7	11.57 (79)	Avg
Vanguard Global Equity Inv VHGX	Bronze	★★★★		-6.1	-5.0	5.9	6.0	3.9	58	36	24	32	50	1.8	11.0 (84)	-Avg
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR		-2.1	2.1	—	—	—	11	4	—	—	—	1.8	— (—)	—
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★		-5.6	-6.2	4.2	4.7	—	47	51	62	64	—	2.5	11.13 (92)	Avg
Regional Stock																
Franklin Mutual European A TEMIX	—	ES	★★★★	-7.9	-8.7	2.5	3.0	4.5	90	80	53	51	29	2.2	11.81 (62)	-Avg
Matthews Asia Dividend Investor MAPIX	Silver	DP	★★★	-4.2	-2.6	2.4	4.1	—	20	32	35	14	—	1.8	11.63 (80)	-Avg
Matthews Asian Growth & Inc Investor MACSX	Silver	PJ	★★★★	-2.8	-7.3	-1.6	2.1	6.1	1	4	32	22	63	2.6	10.68 (78)	Low
Matthews China Investor MCHFX	Bronze	CH	★★★	-14.9	-15.3	-4.9	-4.2	8.0	91	30	83	84	15	1.1	20.04 (51)	+Avg
Matthews Emerging Asia Investor MEASX	—	PJ	NR	-3.1	-7.0	—	—	—	3	2	—	—	—	0.0	— (—)	—
Matthews India Investor MINDX	—	EI	↑★★★★	-5.9	-12.2	12.8	6.7	9.8	6	12	7	10	1	0.1	21.7 (21)	High
Matthews Pacific Tiger Investor MAPTX	Silver	PJ	↑★★★★★	-5.4	-10.8	1.9	3.9	7.9	15	19	11	2	11	1.7	13.52 (66)	Avg
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	-7.9	-14.4	-2.6	0.9	7.3	84	31	43	37	21	1.4	12.75 (72)	-Avg
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★★	-5.9	-8.0	0.9	2.2	2.4	44	77	79	74	61	3.4	13.57 (88)	Avg
Diversified Emerg. Mkts.																
American Funds New World A NEWFX	Gold	★★★★★		-5.5	-18.7	-8.0	-5.0	1.5	—	—	—	—	—	—	13.93 (74)	—
DFA Emerging Markets Value I DFEVX	Bronze	★★		-6.0	-11.8	-2.8	-0.2	4.2	63	7	6	5	8	0.6	11.43 (92)	Low
Harding Loevner Emerging Markets Advisor HLEMX	Silver	★★★★		-5.6	-22.7	-11.5	-8.4	2.2	51	83	89	93	34	2.7	15.98 (74)	+Avg
Lazard Emerging Markets Equity Open LZOEEX	Silver	★★★		-2.8	-22.1	-10.1	-5.0	2.2	3	79	73	47	36	1.4	16.06 (70)	High
Oppenheimer Developing Markets A ODMAX	Silver	★★★★		-5.8	-18.0	-6.7	-2.7	4.3	57	39	31	17	5	0.4	14.92 (82)	+Avg
Parametric Emerging Markets Investor EAEMX	Bronze	★★★		-4.4	-19.6	-9.0	-5.3	—	24	57	57	52	—	0.1	12.63 (81)	-Avg
Seafarer Overseas Gr and Income Investor SFGIX	—	↑★★★★★		-3.1	-9.8	-1.9	—	—	6	4	4	—	—	1.1	12.74 (73)	-Avg
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	★★★		-5.9	-17.9	-7.1	-4.1	1.3	61	37	36	34	55	0.6	14.41 (74)	Avg
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	★★★		-6.0	-21.0	-8.9	-5.4	<i>1.6</i>	63	71	55	54	<i>49</i>	3.5	14.97 (76)	+Avg
Virtus Emerging Markets Opportunities A HEMZX	Silver	★★★★★		-2.6	-14.1	-4.9	1.8	5.1	2	15	16	1	2	0.7	13.52 (60)	Avg
World Allocation																
American Funds Capital Income Bldr A CAIBX	Silver	↑★★★★		-1.3	-4.4	4.5	6.1	5.0	5	25	4	3	23	3.7	8.7 (83)	Avg
Applease APPLX	Neutral	★★		-3.3	-12.3	-0.8	3.0	—	60	90	79	55	—	0.0	9.11 (58)	+Avg
BlackRock Global Allocation Inv A MDLOX	Gold	↓★★★★		-3.4	-4.5	2.7	3.2	5.0	65	27	31	48	24	1.0	6.92 (94)	-Avg
First Eagle Global A SGENX	Bronze	★★★★		-3.4	-4.5	3.6	4.9	6.3	64	27	17	12	2	0.1	8.0 (91)	Avg
IVA Worldwide A IVWAX	Silver	★★★		-2.4	-4.6	3.3	3.6	—	28	28	21	38	—	1.4	5.7 (90)	Low
PIMCO Global Multi-Asset D PGMDX	Neutral	★		-4.8	-6.6	-3.2	-0.3	—	88	55	91	93	—	0.0	8.98 (68)	+Avg
MSCI Emerging Markets Index				-6.5	-20.9	-9.2	-5.6	1.8								
MSCI World Index				-6.0	-5.1	5.6	5.8	3.9								
MSCI Pacific Index				-8.4	-7.1	1.3	1.5	1.0								

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
DP Diversified Pacific/Asia Stock
EI India Equity
ES Europe Stock
FA Foreign-Small/Mid Value

FB Foreign-Large Blend
FG Foreign-Large Growth
FR Foreign-Small/Mid Growth
FV Foreign-Large Value
JS Japan Stock

LS Latin America Stock
PJ Pacific/Asia ex-Japan Stock
TV Tactical Allocation

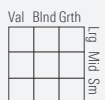
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan			Cash			Stock	Bond	Other						
							Other														
	—	8.9	43,747	28	52	1	6	8	1	—	54	3	96	1	1	—	1.32	—	1,478	—	
ARTGX	■	8.2	48,518	25	53	2	0	8	0	48	19	10	88	0	2	NL	1.32	13.39	1,596	O'Keefe/Samra (8.1/8.1)	
BBGNX	■	12.2	37,315	37	54	0	0	0	0	42	31	9	91	0	0	NL	1.25	10.55	107	Hartch/Lombardi (2.8/2.8)	
DODWX	■	6.0	45,885	22	53	3	3	11	4	91	17	3	97	0	0	NL	0.65	9.62	5,708	Management Team	
FWWFX	■	11.8	27,302	28	54	0	7	6	2	318	151	2	97	0	0	NL	0.96	20.73	1,513	DuFour/Kennedy (8.3/10.1)	
TEDIX	■	6.5	41,503	35	49	0	0	7	3	164	24	3	94	2	2	5.75	1.29	27.33	24,123	Management Team	
TEQIX	■	6.0	20,122	17	35	0	0	4	1	145	66	9	57	27	8	5.75	1.11	13.78	5,165	Luh/Tumulty (5.1/12.2)	
HLMGX	■	15.3	31,997	19	54	2	9	9	4	73	45	3	97	0	0	NL	1.15	28.93	747	Management Team	
JAWWX	■	9.1	32,100	19	65	0	4	7	0	131	51	0	96	0	4	NL	0.88	56.72	2,577	Carmel Wellso (1.1)	
MWVFX	■	11.5	41,121	38	56	1	1	1	1	100	8	2	98	0	0	5.75	1.23	32.86	2,056	Mannheim/Morley (23.8/6.3)	
OAKGX	■	6.2	30,556	36	45	1	11	8	0	43	36	1	99	0	0	Clsd	1.12	24.28	2,689	McGregor/Taylor (12.2/10.3)	
OAKWX	■	8.3	56,234	39	47	0	4	4	0	23	48	5	95	0	0	NL	1.13	14.3	2,090	Herro/Nygren (9.3/9.3)	
OWSMX	■	8.9	3,648	19	55	1	9	11	2	5639	50	2	98	0	0	NL	1.14	13.92	5,043	Management Team	
OPPAX	■	5.4	36,806	35	45	1	12	5	0	92	11	1	98	0	0	5.75	1.14	68.01	9,092	Rajeev Bhaman (11.5)	
OPGIX	■	12.0	3,355	44	43	0	6	1	0	94	16	6	94	0	0	5.75	1.19	39.81	3,093	Frank Jennings (20.3)	
JGVAX	■	9.2	37,728	26	48	3	7	3	0	76	25	13	87	0	0	NL	0.89	12.53	237	Chessen/Kolb (2.1/10.7)	
TWEBX	■	5.5	62,072	43	43	0	0	4	0	48	6	10	90	0	0	NL	1.37	18.86	498	Management Team	
TBHDX	■	5.9	61,902	62	20	0	0	6	0	32	7	12	88	0	0	NL	1.36	8.42	347	Management Team	
USAWX	■	11.3	41,868	38	56	1	1	1	1	106	9	0	98	0	2	NL	1.17	25.04	1,090	Mannheim/Morley (13.6/6.3)	
VHGEX	■	5.3	19,805	19	53	1	10	11	2	799	36	3	95	0	1	NL	0.57	22.19	4,330	Management Team	
VMVFX	■	9.5	7,423	19	56	2	4	15	1	413	57	1	97	0	2	NL	0.3	11.06	1,358	Management Team	
VTWSX	■	7.2	29,826	22	55	1	8	10	1	7418	7	0	100	0	0	NL	0.27	22.13	7,135	Christine Franquin (2.9)	
TEPIX	■	6.4	17,197	93	2	0	0	0	0	74	54	3	95	0	1	5.75	1.34	17.45	3,054	Brugere- Trelat/Dudley (11.1/9.1)	
MAPIX	■	5.1	9,181	0	2	0	30	66	0	72	20	0	100	0	0	NL	1.05	14.72	4,484	Management Team	
MACSX	■	9.0	12,915	3	3	0	6	78	0	58	17	0	91	0	9	NL	1.08	15.58	2,780	Horrocks/Lowe (6.7/4.1)	
MCHFV	■	3.5	20,946	0	0	0	0	90	0	41	10	0	100	0	0	NL	1.13	15.68	607	Management Team	
MEASX	■	6.3	842	0	0	0	0	99	0	83	8	1	99	0	0	NL	1.48	10.92	167	Harvey/Ishida (2.7/2.7)	
MINDX	■	22.1	3,699	0	4	0	0	91	5	49	15	0	100	0	0	NL	1.12	24.88	1,396	Asnani/Shroff (5.2/9.6)	
MAPTX	■	7.1	10,956	3	3	0	0	91	0	66	11	0	97	0	3	NL	1.08	22.27	6,312	Management Team	
PRASX	■	8.8	20,404	3	0	0	0	94	0	84	53	2	97	0	0	NL	0.94	14.06	2,651	Anh Lu (1.7)	
VEUSX	■	6.7	29,722	98	1	0	0	0	0	1250	13	0	99	0	1	NL	0.12	58.84	19,896	Gerard O'Reilly (7.4)	
NEWFX	■	5.9	17,906	3	1	13	0	63	16	—	75	4	98	-1	0	—	1.53	—	1,131	—	
DFEVX	■	10.1	22,123	19	12	4	5	34	6	494	41	6	81	6	7	5.75	1.04	47.0	21,019	Management Team	
HLEMX	■	3.1	5,244	1	0	15	0	70	13	2294	6	0	99	0	1	NL	0.55	19.25	13,021	Management Team	
LZOEX	■	6.3	17,300	5	1	16	0	54	20	78	30	2	98	0	0	NL	1.45	37.2	2,074	Management Team	
ODMAX	■	3.8	18,755	0	0	12	0	60	20	85	12	1	94	0	4	Clsd	1.37	13.43	9,089	Management Team	
EAEMX	■	10.2	19,560	6	1	16	0	61	11	97	36	3	96	0	1	Clsd	1.3	28.63	26,427	Lech/Leverenz (0.3/8.7)	
SFGIX	■	4.0	5,854	3	1	17	0	43	32	1673	9	1	96	0	3	NL	1.36	10.99	2,885	Atwill/Seto (1.7/8.9)	
PRMSX	■	7.7	4,768	0	0	20	2	48	16	54	28	8	86	3	2	NL	1.15	10.03	816	Andrew Foster (3.9)	
VEMAX	■	8.7	22,634	3	0	11	0	67	15	100	16	2	98	0	0	NL	1.24	26.81	8,261	Gonzalo Pangaro (7.3)	
HEMZX	■	4.4	14,869	0	0	13	0	67	16	3269	7	1	99	0	0	NL	0.15	25.69	63,020	Michael Perre (7.4)	
PGMDX	■	16.8	33,458	19	0	13	0	62	5	76	28	0	99	0	1	5.75	1.56	8.45	9,049	Rajiv Jain (9.7)	
CAIBX	■	—	7.3	36,248	14	27	1	4	6	—	61	17	53	27	3	—	1.3	—	2,713	—	
APPLX	■	7.9	49,152	27	46	0	1	6	0	1419	63	2	80	17	1	5.75	0.59	55.15	93,334	Management Team	
MDLOX	■	7.7	5,799	7	45	0	7	11	2	41	52	8	67	3	22	NL	1.24	10.56	179	Management Team	
SGENX	■	6.2	35,909	11	29	1	9	3	1	954	84	18	52	19	11	5.25	1.13	17.23	46,485	Management Team	
IVWAX	■	7.3	26,656	15	45	1	12	4	0	181	11	14	77	2	7	5.00	1.11	49.6	43,778	Brooker, Jr./McLennan (4.9/7.3)	
PGMDX	■	8.5	18,816	13	23	0	7	7	1	103	30	38	50	6	6	Clsd	1.25	15.94	8,463	de Lardemelle/de Vaulx (7.3/7.3)	
PGMDX	■	7.5	41,554	6	24	0	0	1	0	313	444	-52	55	81	15	NL	1.57	10.4	987	Sundstrom/Worah (0.5/2.0)	

Equity Style Box



Bold # = Cheapest Quintile

Morningstar 500 Bond Funds			Historical Performance										Historical Risk				
			Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 01-31-16					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Standard Deviation (R ²)	Risk Relative to Category
					YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
High-Quality Bond			—	—	1.0	-1.5	0.9	2.8	3.6	—	—	—	—	—	—	3.34 (66)	—
AMG GW&K Core Bond Service MBDFX	—	CI	★★★★	1.3	-1.9	1.4	3.3	5.3	15	75	59	52	13	—	3.6 (93)	High	
AMG Managers Bond Service MGFIX	—	CI	★★★★	-0.5	-3.4	1.2	4.2	5.6	96	93	72	11	7	—	3.32 (56)	+Avg	
Baird Aggregate Bond Inst BAGIX	—	CI	★★★★★	1.2	-0.4	2.6	4.5	5.0	22	26	9	7	23	—	3.09 (98)	Avg	
Dodge & Cox Income DODIX	★	Gold	★★★★	-0.1	-1.9	1.8	3.5	5.0	95	76	38	38	23	—	2.5 (67)	-Avg	
DoubleLine Total Return Bond I DBLTX	—	CI	★★★★★	1.3	2.2	3.3	5.5	—	10	1	2	1	—	—	2.59 (86)	-Avg	
Fidelity GNMA FGMNX	★	Gold	★★★★★	1.1	1.6	2.2	3.4	4.9	79	12	10	11	7	2.2	2.82 (78)	Avg	
Fidelity Government Income FGOVX	★	Gold	★★★★	1.8	0.2	1.9	3.1	4.4	7	64	22	22	21	1.4	2.94 (95)	+Avg	
Fidelity Intermediate Bond FTHRX	★	Silver	★★★	0.9	0.0	1.5	2.9	4.1	53	15	56	73	65	2.0	2.26 (93)	Low	
Fidelity Investment Grade Bond FBNDX	★	Silver	★★★	0.6	-2.8	1.2	3.3	4.1	69	89	70	52	65	2.8	3.1 (89)	Avg	
Fidelity Mortgage Securities FMSFX	—	CI	★★★	1.3	1.9	2.5	3.5	4.0	13	3	10	37	67	2.3	2.6 (86)	-Avg	
Fidelity Spartan US Bond Idx Investor FBIDX	★	Bronze	★★★	1.4	-0.3	2.0	3.3	4.3	3	23	30	51	56	2.2	3.13 (99)	Avg	
Fidelity Total Bond FTBFX	★	Gold	★★★★	0.6	-1.8	1.7	3.6	4.9	73	72	43	34	27	3.3	3.11 (87)	Avg	
Harbor Bond Institutional HABDX	—	Bronze	★★★★	0.8	-1.4	1.5	3.3	5.4	62	62	55	52	11	—	3.52 (85)	High	
Harbor Real Return Instl HARRX	—	IP	★★★	1.0	-5.0	-2.6	2.1	3.9	51	87	66	34	13	—	5.92 (70)	+Avg	
Janus Flexible Bond T JAFIX	—	Neutral	★★★★★	1.0	-0.9	2.0	3.8	5.6	45	45	28	21	7	2.6	2.75 (94)	-Avg	
Loomis Sayles Investment Grade Bond A LIGRX	★	Gold	↓★★★	-0.9	-5.9	-0.4	3.0	5.4	97	98	97	68	11	2.7	4.73 (29)	High	
Metropolitan West Total Return Bond M MWTRX	★	Gold	★★★★★	1.2	-0.6	2.3	4.5	6.2	24	33	15	7	1	—	2.85 (93)	Avg	
PIMCO Investment Grade Corp Bd Instl PIGIX	★	Silver	★★★★★	0.5	-2.3	2.5	5.6	7.2	24	27	12	10	8	—	4.84 (80)	+Avg	
PIMCO Low Duration D PLDDX	★	Bronze	★★★	0.1	0.2	0.3	1.5	3.4	74	42	71	45	23	—	1.68 (39)	+Avg	
PIMCO Real Return D PRRDX	★	Silver	★★★	1.2	-5.3	-2.7	2.0	3.8	40	90	73	36	17	—	6.04 (73)	High	
PIMCO Short-Term D PSHDX	★	Silver	★★★★	-0.4	1.0	0.6	1.0	2.2	98	4	13	28	14	—	0.96 (0)	High	
PIMCO Total Return Instl PTTRX	★	Bronze	★★★★	1.0	-0.9	1.6	3.7	5.9	41	42	51	30	3	—	3.74 (85)	High	
Scout Core Plus Bond Instl SCPZX	★	Silver	★★★★	0.6	0.0	0.9	4.0	6.6	72	15	80	17	1	0.5	2.03 (60)	Low	
T. Rowe Price Corporate Income PRPIX	—	TW	★★★★	0.7	-2.8	2.4	4.9	5.3	19	37	15	23	40	3.5	4.43 (87)	+Avg	
T. Rowe Price GNMA PRGMX	—	GI	★★★★	1.0	1.5	1.8	2.8	4.2	85	16	27	39	28	2.2	2.61 (75)	Avg	
T. Rowe Price New Income PRCIX	★	Bronze	★★★	0.9	-0.9	1.7	3.3	4.7	48	45	46	54	33	2.4	3.1 (95)	Avg	
T. Rowe Price Short-Term Bond PRWBX	—	Neutral	★★★	0.1	0.2	0.6	1.1	2.9	69	39	54	67	49	1.3	0.87 (54)	Avg	
TCW Total Return Bond I TGLMX	★	Bronze	★★★★★	1.5	1.2	3.2	5.3	7.0	2	6	3	1	1	2.9	2.68 (84)	-Avg	
USAA Income USAIX	—	CI	★★★★	0.6	-2.3	1.7	3.7	4.9	72	83	44	30	24	3.6	3.0 (87)	Avg	
Vanguard GNMA Inv VFIIIX	★	Gold	★★★★	1.2	1.8	2.5	3.3	4.7	67	7	3	12	11	2.3	2.86 (79)	+Avg	
Vanguard Inflation-Protected Secs Inv VIPSX	★	Gold	★★★★	1.6	-3.3	-1.7	2.7	3.8	13	29	21	6	15	0.4	5.3 (80)	+Avg	
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	1.9	-0.1	2.5	4.7	5.7	1	16	11	5	5	2.6	4.48 (97)	High	
Vanguard Interm-Term Invmt-Grade Inv VFICX	★	Silver	★★★★	1.1	0.0	2.5	4.5	5.5	8	4	13	36	34	2.8	3.54 (92)	Avg	
Vanguard Interm-Term Treasury Inv VFITX	★	Silver	★★★★	2.4	1.2	1.9	3.4	4.9	2	32	21	10	6	1.4	3.67 (89)	High	
Vanguard Long-Term Investment-Grade Inv VWESX	★	Silver	★★★★★	1.4	-6.3	3.8	7.9	6.7	5	86	1	3	14	4.1	8.24 (87)	High	
Vanguard Long-Term Treasury Inv VUSTX	★	Silver	★★★★	5.2	-4.9	5.3	9.1	7.1	30	52	31	24	37	2.5	11.19 (85)	Avg	
Vanguard Short-Term Bond Index Adm VBIRX	★	Silver	★★★★	0.9	0.8	1.1	1.6	3.3	6	7	19	39	25	1.4	1.31 (81)	Avg	
Vanguard Short-Term Federal Inv VSGBX	★	Silver	★★★★	0.8	0.9	0.8	1.3	3.1	29	10	19	26	19	1.0	1.07 (79)	Avg	
Vanguard Short-Term Investment-Grade Inv VFSTX	★	Silver	★★★★	0.5	0.8	1.4	2.0	3.5	21	7	6	19	20	2.0	1.26 (74)	Avg	
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★	0.8	0.7	0.7	0.9	2.7	32	19	31	45	39	0.8	0.95 (66)	Avg	
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	★★★★★	0.5	-0.6	-1.0	—	—	76	1	4	—	—	0.1	1.74 (36)	Low	
Vanguard Total Bond Market Index Adm VBTIX	★	Silver	★★★	1.4	-0.5	2.1	3.4	4.6	3	28	26	46	38	2.3	3.07 (99)	Avg	
Western Asset Core Bond I WATFX	★	Silver	↓★★★★	0.9	0.2	2.7	4.2	5.1	53	12	7	12	17	2.5	3.04 (93)	Avg	
Western Asset Core Plus Bond I WACPX	★	Silver	★★★★★	0.7	-0.1	2.9	4.5	5.7	65	17	5	6	4	3.3	3.25 (88)	+Avg	
High-Yield Bond			—	—	-1.6	-5.8	0.3	3.3	5.3	—	—	—	—	—	5.23 (10)	—	
Eaton Vance Income Fund of Boston A EVIBX	★	Silver	★★★	-0.9	-3.8	1.8	4.4	6.0	22	25	17	17	24	6.1	4.78 (13)	-Avg	
Fairholme Focused Income FOCIX	—	Neutral	★★★★	-4.6	-6.5	4.7	3.5	—	99	63	1	47	—	—	14.11 (4)	High	
Fidelity Capital & Income FAGIX	★	Silver	★★★★★	-3.2	-5.0	3.1	4.4	7.3	95	42	2	19	1	5.1	6.12 (8)	High	
BarCap US Agg Bond TR USD				1.4	-0.2	2.2	3.5	4.7									
BofAML US HY Master II TR				-1.6	-6.8	0.6	4.1	6.5									

Legend
Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories
CI Intermediate-Term Bond
CL Long-Term Bond
CS Short-Term Bond
GI Intermediate Government Bond
GL Long Government Bond
GS Short Government Bond
IP Inflation-Protected Bond
TW Corporate Bond
UB Ultrashort Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.1	—	—	7	5	0	0	22	17	0	82	0	—	0.77	—	1,690	—
MBDFX	5.7	4.8	A	61	39	0	0	175	3	0	97	0	NL	0.57	10.01	482	Mary Kane (0.9)
MGFIX	4.1	4.8	BBB	33	57	10	0	26	24	0	72	3	NL	1.0	26.02	2,437	Management Team
BAGIX	5.7	4.8	A	58	41	1	0	32	3	0	97	0	NL	0.3	10.72	6,948	Management Team
DODIX	4.3	4.8	BBB	51	37	12	0	27	3	0	95	3	NL	0.44	13.28	43,125	Management Team
DBLTX	3.6	4.8	BB	73	5	16	6	13	11	0	89	0	NL	0.47	10.89	53,858	Barach/Gundlach (5.7/5.7)
FGMNX	3.4	4.6	AAA	100	0	0	0	450	0	0	100	0	NL	0.45	11.62	5,999	Castagliuolo/Irving (6.1/11.2)
FGOVX	5.1	4.6	AA	99	0	0	1	83	0	0	100	0	NL	0.45	10.47	4,527	Castagliuolo/Irving (6.1/9.1)
FTHRX	3.9	4.8	A	50	47	3	0	53	3	0	94	3	NL	0.45	10.8	3,128	Foley/Galusza (2.2/6.6)
FBNDX	5.3	4.8	A	55	37	7	0	182	3	0	91	6	NL	0.45	7.61	7,236	Jeffrey Moore (11.2)
FMSFX	3.8	4.8	A	92	2	1	5	439	0	0	100	0	NL	0.45	11.37	1,066	Castagliuolo/Irving (6.1/7.8)
FBIDX	5.4	4.8	AA	78	22	0	0	75	3	0	97	0	NL	0.2	11.63	21,007	Bettencourt/Small (1.7/0.7)
FTBFX	5.2	4.8	BBB	46	39	14	0	140	3	0	97	0	NL	0.45	10.29	22,158	Management Team
HABDX	—	4.8	—	—	—	—	—	586	3	0	92	5	NL	0.51	11.56	2,809	Management Team
HARRX	—	7.7	—	—	—	—	—	531	4	0	94	2	NL	0.57	8.96	121	Banet/Worah (1.0/8.1)
JAFIX	5.6	4.8	BBB	53	34	11	2	124	3	0	94	2	NL	0.69	10.38	9,093	Smith/Watters (8.7/8.7)
LIGRX	4.6	4.8	BBB	33	54	9	3	23	10	4	79	8	4.25	0.83	10.73	7,671	Management Team
MWTRX	5.0	4.8	BBB	74	20	6	0	246	-1	0	100	1	NL	0.69	10.73	70,787	Management Team
PIGIX	6.4	6.4	—	—	—	—	—	86	-61	0	156	5	NL	0.5	9.94	6,352	Mark Kiesel (13.2)
PLDDX	1.1	2.0	—	—	—	—	—	110	0	0	96	4	NL	0.75	9.86	11,762	Mather/Schneider (1.3/1.3)
PRRDX	7.5	7.7	—	—	—	—	—	117	-14	0	111	2	NL	0.85	10.63	11,064	Banet/Worah (1.1/8.1)
PSHDX	0.0	0.8	—	—	—	—	—	283	16	0	78	7	NL	0.7	9.68	13,677	Jerome Schneider (5.1)
PTTRX	5.0	4.8	—	—	—	—	—	265	-37	0	133	4	NL	0.46	10.15	89,856	Management Team
SCPZX	4.4	4.8	BBB	62	32	6	0	187	6	0	92	1	NL	0.4	31.53	807	Management Team
PRPIX	7.2	6.4	BBB	4	83	13	0	49	2	0	96	2	NL	0.62	9.3	737	David Tiberii (12.3)
PRGMX	3.8	4.6	AA	100	0	0	0	430	3	0	97	0	NL	0.59	9.5	1,526	Andrew McCormick (7.8)
PRCIX	5.4	4.8	BBB	58	34	8	1	145	8	0	91	1	NL	0.59	9.43	27,985	Daniel Shackelford (13.2)
PRWBX	1.9	2.0	A	55	42	3	0	53	13	0	87	0	NL	0.52	4.71	5,677	Reinartz/Wiese (1.0/21.1)
TGLMX	5.0	4.8	BB	81	8	16	-4	288	5	0	95	0	NL	0.49	10.26	9,116	Management Team
USAIX	5.9	4.8	BB	32	59	7	3	10	1	2	91	6	NL	0.53	12.65	5,873	Management Team
VFIIX	4.5	4.6	AAA	100	0	0	0	685	2	4	93	1	NL	0.21	10.77	25,719	Michael Garrett (9.1)
VIPSX	8.0	7.7	AAA	100	0	0	0	39	1	0	99	0	NL	0.2	13.04	22,750	Gemma Wright-Casparius (4.4)
VBILX	6.5	4.8	A	61	39	0	0	60	0	0	100	0	NL	0.1	11.45	20,906	Joshua Barrickman (7.7)
VFICX	5.5	6.4	A	34	65	0	1	88	1	0	99	0	NL	0.2	9.72	20,943	Gregory Nassour (7.7)
VFITX	5.1	4.6	AA	99	0	0	1	63	0	0	99	1	NL	0.2	11.51	5,911	Gemma Wright-Casparius (1.1)
VWESX	13.0	6.4	A	42	57	0	1	21	5	0	95	0	NL	0.22	10.0	13,827	Management Team
VUSTX	16.1	13.5	AA	100	0	0	0	59	0	0	100	0	NL	0.2	12.8	3,242	Gemma Wright-Casparius (1.1)
VBIRX	2.7	2.0	AA	76	24	0	0	45	2	0	98	0	NL	0.1	10.51	41,325	Barrickman/Pu (2.9/2.9)
VSGBX	2.1	2.2	A	94	0	0	6	361	10	0	90	0	NL	0.2	10.79	5,090	Brian Quigley (1.1)
VFSTX	2.6	2.0	A	41	56	2	1	79	13	0	87	0	NL	0.2	10.6	52,722	Gregory Nassour (7.7)
VFISX	2.2	2.2	AA	100	0	0	0	87	2	0	98	0	NL	0.2	10.73	7,135	Gemma Wright-Casparius (1.1)
VTIPX	2.4	7.7	AAA	100	0	0	0	26	19	0	81	0	NL	0.17	24.27	13,457	Barrickman/Wright-Casparius (3.2/3.2)
VBTLX	5.8	4.8	AA	74	26	0	0	0	3	0	97	0	NL	0.07	10.77	147,588	Joshua Barrickman (2.9)
WATFX	6.2	4.8	BBB	55	32	2	11	93	11	0	89	0	NL	0.45	12.21	4,791	Management Team
WACPX	6.7	4.8	BB	48	32	14	6	78	1	0	97	1	NL	0.45	11.48	15,402	Management Team
—	3.7	—	B	4	11	82	3	75	5	1	93	1	—	1.08	—	1,227	—
EVIBX	4.0	3.7	B	0	3	95	3	36	5	0	92	3	4.75	1.0	5.32	5,198	Concannon/Weilheimer (1.2/20.1)
FOCIX	—	3.7	—	—	—	—	—	39	26	9	50	15	Clsd	1.01	9.3	203	Bruce Berkowitz (6.0)
FAGIX	—	3.7	B	7	5	63	24	41	9	19	70	2	NL	0.72	8.82	9,756	Mark Notkin (12.5)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 Bond Funds	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 01-31-16					Total Return % Category Rank 1=Best, 10=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
					3 Yr	5 Yr	10 Yr									
High-Yield Bond (cont'd)			—	-1.6	-5.8	0.3	3.3	5.3	—	—	—	—	—	—	5.23 (10)	—
Fidelity High Income SPHIX	★ Gold	★★★★	-1.5	-7.1	-0.1	3.2	5.8	52	74	67	61	29	7.9	5.5 (10)	Avg	
Hotchkis & Wiley High Yield A HWHAX	★ Bronze	↓★★★	-2.3	-7.1	0.1	3.6	—	86	73	62	45	—	—	5.12 (4)	Avg	
Janus High-Yield T JAHYX	Neutral	★★★★★	-1.3	-3.5	1.3	4.0	6.2	43	22	26	31	18	5.6	4.88 (13)	-Avg	
Metropolitan West High Yield Bond M MWHYX	★ Bronze	★★★★★	-0.6	-2.9	0.9	3.1	6.2	10	14	39	65	16	—	4.56 (14)	-Avg	
PIMCO High Yield D PHYDX	★ Bronze	★★★★★	-0.9	-4.0	1.4	4.1	5.6	22	28	26	30	40	—	5.11 (15)	Avg	
T. Rowe Price High Yield PRHYX	★ Gold	★★★★★	-1.5	-5.0	1.4	4.3	6.2	51	41	25	21	17	7.3	5.32 (9)	Avg	
Vanguard High-Yield Corporate Inv VWEHX	★ Silver	★★★★★	-1.0	-3.0	2.0	5.1	5.8	25	15	14	5	30	6.5	4.82 (18)	-Avg	
Specialty Bond			—	-1.6	-4.7	-0.3	2.2	4.0	—	—	—	—	—	5.22 (31)	—	
American Funds Capital World Bond A CWBFX	Neutral	IB	★★★★	0.6	-4.4	-1.4	1.1	3.6	23	54	45	45	53	—	4.32 (50)	Avg
Calamos Convertible A CCVIX	Neutral	CV	★★	-6.9	-9.2	3.1	2.4	3.8	72	59	64	85	68	—	8.89 (81)	Avg
Dodge & Cox Global Bond DODLX	—	IB	NR	-1.6	-7.7	-1.4	—	—	100	87	—	—	—	—	4.7 (18)	—
Eaton Vance Floating Rate A EVBLX	★ Bronze	BL	★★★★	-0.8	-2.9	0.4	2.1	3.0	52	62	65	61	38	4.0	2.1 (2)	-Avg
Fidelity Floating Rate High Income FFRHX	★ Bronze	BL	★★★★★	-1.0	-2.3	0.4	1.8	3.4	65	53	63	75	17	5.3	2.35 (2)	Avg
Fidelity New Markets Income FNMIX	★ Silver	EB	★★★★★	-1.3	-0.6	-1.0	4.8	6.6	81	13	16	5	12	6.5	7.65 (16)	Avg
Fidelity Strategic Income FSICX	★ Silver	MU	★★★★★	-1.0	-3.3	0.5	3.1	5.5	67	51	54	55	21	4.2	4.16 (31)	Avg
FPA New Income FPNIX	★ Bronze	NT	★★★★	-0.1	-0.3	0.6	1.2	2.7	18	22	24	56	62	—	0.74 (45)	Low
Janus Global Unconstrained Bond D JUCDX	—	NT	NR	0.1	-0.7	—	—	—	11	28	—	—	—	1.9	— (—)	—
Loomis Sayles Bond Retail LSBRX	★ Gold	MU	↓★★★★	-2.6	-8.5	-0.6	3.2	5.3	92	92	85	48	23	4.4	5.56 (9)	High
Loomis Sayles Global Bond Retail LSLGX	★ Bronze	IB	★★★★	0.0	-5.3	-2.6	0.5	3.5	63	72	63	60	56	1.9	4.14 (40)	Avg
PIMCO Emerging Local Bond Instl PELBX	★ Bronze	EB	★★	-0.2	-17.0	-11.5	-3.9	—	20	92	89	85	—	—	10.98 (19)	High
PIMCO Foreign Bond (Unhedged) D PFBDX	★ Bronze	IB	★★★★	-0.3	-6.7	-3.9	0.0	4.1	72	84	83	71	38	—	5.84 (16)	+Avg
PIMCO Foreign Bond (USD-Hedged) D PFDX	★ Bronze	IB	★★★★★	1.0	-0.9	4.0	5.8	5.8	7	14	2	2	6	—	3.43 (61)	-Avg
PIMCO Income D PONDV	★ Silver	MU	★★★★★	0.3	2.5	4.0	7.8	—	12	2	3	3	—	—	3.51 (30)	Avg
PIMCO Unconstrained Bond D PUBDX	Neutral	NT	★★★★	-1.5	-4.0	-1.6	0.7	—	69	76	83	70	—	—	2.66 (9)	Avg
T. Rowe Price International Bond RPIBX	Neutral	IB	★★	0.4	-4.3	-4.0	-1.0	2.5	47	53	84	88	83	1.1	5.72 (16)	+Avg
T. Rowe Price Spectrum Income RPSIX	★ Bronze	MU	★★★★	-0.4	-2.8	1.3	3.5	5.0	34	46	28	37	40	3.5	3.87 (29)	Avg
Templeton Global Bond A TPINX	★ Gold	IB	★★★★★	-0.8	-4.5	-0.6	2.3	6.8	81	56	33	30	1	—	5.78 (6)	+Avg
Vanguard Convertible Securities Inv VCVSX	★ Bronze	CV	★★★★★	-4.6	-5.6	3.3	3.7	5.6	9	24	61	46	10	2.0	7.32 (78)	-Avg
Vanguard Total Intl Bd Idx Investor VTIBX	—	IB	NR	1.6	0.8	—	—	—	1	1	—	—	—	0.9	— (—)	—
Municipal Bond National			—	0.8	1.9	2.5	5.1	3.6	—	—	—	—	—	—	3.52 (85)	—
American Funds Tax-Exempt Bond A AFTEX	★ Bronze	MI	★★★★★	1.0	2.5	3.4	6.1	4.5	71	21	12	13	14	—	3.54 (98)	+Avg
Baird Quality Intermediate Muni Bd Inst BMBIX	—	MI	★★★★	1.1	1.8	2.1	3.7	4.1	41	62	75	90	39	—	2.66 (90)	Low
Fidelity Intermediate Municipal Income FLTIX	★ Gold	MI	★★★★	0.9	1.6	2.6	4.3	4.1	75	71	48	74	45	1.4	2.67 (98)	-Avg
Fidelity Limited Term Municipal Income FSTFX	★ Gold	MS	★★★★★	0.7	0.9	1.3	2.2	2.9	26	26	24	32	27	0.8	1.36 (80)	Avg
Fidelity Municipal Income FHIGX	★ Gold	ML	★★★★★	1.0	2.3	3.7	6.2	4.8	31	44	15	50	24	1.8	3.84 (99)	Avg
Fidelity Tax-Free Bond FTABX	★ Gold	ML	★★★★★	1.2	2.4	3.8	6.3	5.0	8	33	14	44	15	1.9	3.86 (99)	Avg
Franklin Federal Tax-Free Income A FKTIX	★ Silver	ML	★★★★	1.0	1.4	3.1	6.3	4.7	48	86	50	46	33	—	4.13 (98)	Avg
Franklin High Yield Tax-Free Inc A FRHIX	★ Silver	HM	★★★★	1.1	2.2	3.2	6.9	4.9	16	81	73	66	19	—	5.17 (93)	Avg
T. Rowe Price Summit Municipal Intm PRSMX	★ Gold	MI	★★★★★	1.2	2.5	3.1	4.9	4.4	28	22	19	47	18	1.2	2.99 (97)	-Avg
T. Rowe Price Tax-Free High Yield PRFHX	★ Gold	HM	★★★★★	0.9	2.8	4.4	8.1	5.1	53	67	22	33	9	2.9	4.95 (93)	Avg
T. Rowe Price Tax-Free Income Inv PRTAX	★ Gold	ML	★★★★★	1.0	2.2	3.4	6.1	4.7	54	44	33	52	29	1.7	3.91 (98)	Avg
T. Rowe Price Tax-Free Shrt-Interm PRFSX	★ Gold	MS	★★★★★	0.8	1.0	1.3	2.2	3.0	17	22	25	31	25	0.6	1.53 (71)	+Avg
USAA Tax Exempt Intermediate-Term USATX	★ Bronze	MI	★★★★★	1.0	2.4	3.1	5.6	4.5	66	29	20	22	11	1.6	2.8 (98)	-Avg
Vanguard High-Yield Tax-Exempt VWAHX	★ Silver	MI	★★★★★	1.1	3.2	4.2	6.9	5.0	44	7	5	3	1	2.5	4.14 (98)	High
Vanguard Inter-Term Tx-Ex Inv VWITX	★ Silver	MI	★★★★	1.2	2.6	3.1	5.1	4.4	23	19	22	36	21	1.5	3.06 (98)	Avg
Vanguard Long-Term Tax-Exempt VWLTX	★ Silver	ML	★★★★★	1.2	3.3	4.1	6.5	4.9	10	7	5	36	18	2.0	4.05 (99)	Avg
Vanguard Ltd-Term Tx-Ex VMLTX	★ Silver	MS	★★★★	0.7	1.1	1.4	2.0	2.7	30	18	23	38	32	0.8	1.25 (72)	Avg
Vanguard Short-Term Tx-Ex VWSTX	★ Silver	MS	★★	0.3	0.5	0.6	0.9	1.9	82	48	65	81	77	0.5	0.4 (52)	Low
BofAML US HY Master II TR			—	-1.6	-6.8	0.6	4.1	6.5	—	—	—	—	—	—	—	—
BarCap Municipal TR USD			—	1.2	2.7	3.4	5.8	4.8	—	—	—	—	—	—	—	—

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
 CI Intermediate-Term Bond
 CV Convertibles Bond
 EB Emerging Market Bond
 HM High-Yield Muni
 IB World Bond
 MI Muni National, Intermediate
 ML Muni National, Long
 MS Muni National, Short
 MU Multisector Bond
 NT Nontraditional Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
SPHIX	3.7	—	B	4	11	82	3	75	5	1	93	1	—	1.08	—	1,227	—
SPHIX	—	3.7	B	4	1	93	1	37	3	0	94	2	NL	0.72	7.79	3,988	Fred Hoff (15.7)
HWHAX	4.6	3.7	B	0	4	91	5	44	4	2	90	5	3.75	0.95	10.66	2,131	Management Team
JAHYX	3.7	3.7	B	11	5	81	3	71	14	0	84	2	NL	0.87	7.8	1,896	Smith/Watters (12.1/7.6)
MWHYX	3.3	3.7	B	12	8	78	1	61	14	0	79	8	NL	0.85	9.03	992	Management Team
PHYDX	3.9	3.7	—	—	—	—	—	39	4	0	93	2	NL	0.9	8.15	7,638	Andrew Jessop (6.0)
PRHYX	3.5	3.7	B	1	2	94	3	59	2	1	89	8	Clsd	0.74	6.06	8,637	Mark Vaselkiv (19.6)
VWEHX	4.6	3.7	B	3	4	92	1	35	2	1	92	5	NL	0.23	5.46	16,990	Michael Hong (7.9)
CWBFX	0.5	—	—	8	6	2	—	34	18	2	67	13	—	1.17	—	1,243	—
CWBFX	6.8	5.3	BBB	42	48	7	3	185	1	0	96	3	3.75	0.93	19.03	12,344	Management Team
CCVIX	3.6	2.9	B	0	23	35	42	63	1	6	5	87	4.75	1.11	14.78	946	Management Team
DODLX	3.1	5.3	BBB	19	61	20	0	36	4	0	91	5	NL	0.6	9.52	68	Management Team
EVLX	0.3	0.4	B	0	5	92	3	19	2	0	89	9	2.25	0.99	8.59	7,439	Page/Russ (15.0/8.2)
FFRHX	—	0.4	B	5	3	89	3	26	7	0	93	0	NL	0.7	9.01	9,166	Eric Mollenhauer (2.8)
FNMIK	—	5.4	BB	10	39	46	5	146	4	1	95	0	NL	0.9	14.26	3,864	John Carlson (20.6)
FSICX	4.9	3.7	BB	27	18	49	6	118	6	1	84	10	NL	0.69	10.02	7,133	Management Team
FPNIX	1.3	3.0	BB	77	0	11	12	29	7	0	93	0	NL	0.58	9.94	5,349	Attebery/Patwardhan (11.2/0.2)
JUCDX	1.3	3.0	BB	11	56	26	8	107	-46	17	123	5	NL	0.96	9.57	1,270	Gross/Palghat (1.2/0.6)
LSBRX	4.5	3.7	BB	24	33	33	10	22	10	8	69	12	NL	0.91	12.47	15,855	Management Team
LSGLX	6.4	5.3	BBB	33	58	8	1	117	6	0	89	5	NL	0.98	14.64	1,658	Management Team
PELIX	4.6	5.4	—	—	—	—	—	60	-8	0	102	6	NL	0.9	6.6	4,665	Michael Gomez (9.1)
PFBDX	8.5	5.3	—	—	—	—	—	312	36	0	58	6	NL	0.9	9.01	1,405	Management Team
PFODX	8.5	5.3	—	—	—	—	—	317	34	0	56	10	NL	0.9	10.01	7,653	Management Team
PONDX	3.0	3.7	—	—	—	—	—	164	-17	0	110	7	NL	0.79	11.71	52,104	Ivascyn/Murata (8.8/2.8)
PUBDX	-0.6	3.0	—	—	—	—	—	270	129	0	-34	5	NL	1.3	10.14	5,794	Management Team
RPIBX	7.4	5.3	BBB	39	53	6	2	73	4	0	93	4	NL	0.83	8.29	5,274	Husain/Orchard (2.1/0.1)
RPSIX	5.3	3.7	BB	40	30	29	2	20	5	12	81	2	NL	0.67	11.81	5,937	Charles Shriver (4.7)
TPINX	0.4	5.3	BB	20	62	18	0	43	43	0	54	4	4.25	0.89	11.46	54,723	Desai/Hasenstab (5.1/14.1)
VCVIX	5.7	2.9	B	0	7	25	68	85	3	1	6	91	Clsd	0.41	11.54	1,636	Management Team
VTIBX	7.3	5.3	A	50	50	0	0	13	4	0	94	2	NL	0.23	10.71	51,026	Barrickman/Pu (2.7/2.7)
AFTFX	0.7	—	—	19	5	0	1	9	5	0	96	-1	—	0.85	—	1,693	—
AFTFX	5.7	4.5	BBB	50	41	4	5	14	8	0	92	0	3.75	0.54	13.18	11,212	Management Team
BMBIX	4.4	4.5	AA	97	2	0	0	5	3	0	97	0	NL	0.3	11.85	1,170	Management Team
FLTMX	4.8	4.5	A	60	37	1	3	17	13	0	87	0	NL	0.37	10.58	5,726	Management Team
FSTFX	2.7	2.9	A	61	34	0	4	21	16	0	84	0	NL	0.48	10.69	3,811	Management Team
FHIGX	6.6	7.4	A	59	38	1	3	9	1	0	99	0	NL	0.47	13.54	5,743	Management Team
FTABX	6.8	7.4	A	64	33	1	3	5	1	0	99	0	NL	0.46	11.77	3,063	Management Team
FKTIX	—	7.4	A	70	27	2	0	5	3	0	97	0	4.25	0.62	12.46	10,836	Management Team
FRHIX	—	6.7	BBB	35	49	10	5	8	2	0	98	0	4.25	0.65	10.59	8,232	Management Team
PRSMX	4.9	4.5	A	54	41	2	2	12	2	0	98	0	NL	0.5	12.12	3,970	Charles Hill (22.2)
PRFHX	7.5	6.7	BB	7	57	15	20	4	0	1	99	0	NL	0.69	12.04	3,450	James Murphy (15.0)
PRTAX	5.9	7.4	A	33	61	2	5	8	0	0	100	0	NL	0.51	10.44	2,533	Konstantine Mallas (8.6)
PRFSX	2.7	2.9	A	67	32	0	1	19	13	0	87	0	NL	0.49	5.67	2,085	Charles Hill (21.0)
USATX	4.9	4.5	BBB	43	54	2	2	4	1	0	99	0	NL	0.55	13.62	4,151	Hoffmann/Shaffer (0.2/12.7)
VWAHX	6.3	4.5	BBB	34	52	7	7	21	3	0	97	0	NL	0.2	11.41	9,367	Mathew Kiselak (5.5)
VWITX	4.8	4.5	A	75	23	1	1	12	6	0	94	0	NL	0.2	14.4	46,295	James D'Arcy (2.6)
VWLTX	6.3	7.4	A	67	30	1	2	18	1	0	99	0	NL	0.2	11.86	9,280	Mathew Kiselak (5.5)
VMLTX	2.5	2.9	AA	74	25	1	1	16	9	0	91	0	NL	0.2	11.08	21,394	Marlin Brown (7.9)
VWSTX	1.0	2.9	AA	78	20	0	2	32	22	0	78	0	NL	0.2	15.83	12,360	Pamela Wisehaupt Tynan (19.1)

Fixed Income Style Box

Ltd	Mod	Ext

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

- AMG Funds 835-3879**
 AMG GW&K Core Bond Service MBDFX **42**
 AMG Managers Bond Service MGFIX **42**
 AMG Managers Skyline Special Eqts SKSEX **32**
 AMG Yacktman Focused Service YAFFX **26**
 AMG Yacktman Service YACKX **26**
 Akre Focus Retail 877-862-9556 AKREX **28**
 Allianz Funds 988-8380
 AllianzGI NFJ Large-Cap Value A PNBAX **28**
 AllianzGI NFJ Small-Cap Value A PCVAX **32**
 AllianzGI Technology Institutional DRGTX **36**
 Amana 888-732-6262
 Amana Growth Investor AMAGX **24**
 Amana Income Investor AMANX **26**
 American Beacon 658-5811
 American Beacon Intl Equity Inv AAIPIX **38**
 American Beacon Lg Cap Value Inv AAGPX **28**
 American Beacon Small Cp Val Inv AVPAIX **32**
 American Century Investments 345-2021
 American Century Equity Income Inv TWEIX **28**
 American Century Growth Inv TWCWX **24**
 American Century Heritage Inv TWHIX **28**
 American Century Mid Cap Value Inv ACMVX **30**
 American Century Small Cap Value Inv ASVIX **32**
 American Century Ultra Inv TWCUX **24**
 American Century Value Inv TWWLX **28**
 American Funds 421-4225
 American Funds 2020 Trgt Date Retire AACTX **34**
 American Funds AMCAP A AMCPX **24**
 American Funds American Balanced A ABALX **34**
 American Funds American Mutual A AMRMX **28**
 American Funds Capital Income Bldr A CAIBX **40**
 American Funds Capital World Bond A CWBFX **44**
 American Funds Capital World GrdInc CWGIX **38**
 American Funds Europacific Growth A AEPGX **38**
 American Funds Fundamental Invs A ANCFX **26**
 American Funds Growth Fund of Amer AGTHX **24**
 American Funds Income Fund of Amer AMECX **34**
 American Funds Intl Gr and Inc A IGAAX **38**
 American Funds Invmt Co of Amer A AIVSX **26**
 American Funds New Economy A ANEFX **24**
 American Funds New Perspective A ANWPX **38**
 American Funds New World A NEWFX **40**
 American Funds SMALLCAP World A SMCWX **38**
 American Funds Tax-Exempt Bond A AFTEX **44**
 American Funds Washington Mutual A WSHX **28**
 Appleseed 470-1029 APPLX **40**
 Arbitrage R 295-4485 ARBFX **34**
 Ariel Investments, LLC 292-7435
 Ariel Appreciation Investor CAAPX **30**
 Ariel Fund Investor ARGFX **30**
 Ariel International Equity Investor AINTX **38**
 Artisan 344-1770
 Artisan Global Opportunities Inv ARTRX **38**
 Artisan Global Value Investor ARTGX **40**
 Artisan International Investor ARTIX **38**
 Artisan International Small Cap Investor ARTJX **38**
 Artisan International Value Investor ARTKX **38**
 Artisan Mid Cap Investor ARTMX **28**
 Artisan Mid Cap Value Investor ARTQX **30**
 Artisan Small Cap Investor ARTSX **30**
 Artisan Small Cap Value Investor ARTVX **32**
 Artisan Value Investor ARTLX **28**
 Aston 992-8151
 ASTON/Fairpointe Mid Cap N CHTTX **30**
 ASTON/Montag & Caldwell Balanced MOBAX **34**
 ASTON/Montag & Caldwell Growth N MCGFX **24**
 ASTON/River Road Select Value N ARSMX **32**
 ASTON/River Road Small Cap Value N ARSVX **32**
 Auxier Focus Inv 877-328-9437 AUXFX **28**
- BBH 575-1265**
 BBH Core Select N BBTEX **26**
 BBH Global Core Select N BBNX **40**
 Baird 866-442-2473
 Baird Aggregate Bond Inst BAGIX **42**
 Baird Quality Intermediate Muni Bnd Inst BMBIX **44**
 Baron Capital Group 992-2766
 Baron Asset Retail BARAX **28**
 Baron Growth Retail BGRFX **28**
 Baron Opportunity Retail BIOPX **28**
 Baron Small Cap Retail BSCFX **30**
 Becker Value Equity Retail 551-3998 BVEFX **28**
 Berwyn 992-6757
 Berwyn BERWX **32**
 Berwyn Income BERIX **34**
 BlackRock Global Allocation Inv 441-7762 MDLOX **40**
 Bogle Small Cap Growth 877-264-5346 BOGLX **32**
 Bridgeway 661-3550
 Bridgeway Blue Chip 35 Index BRLIX **26**
 Bridgeway Ultra-Small Company Market BRSIX **32**
 Broadview Opportunity 855-846-1463 BVAOX **32**
 Brown Capital Mgmt Sm Co 877-892-4226 BCSIX **30**
 Buffalo 492-8332
 Buffalo Mid Cap BUFMX **28**
 Buffalo Small Cap BUFSX **30**
- CGM Focus 343-5678 CGMFX 26**
 Calamos 582-6959
 Calamos Convertible A CCVIX **44**
 Calamos Growth & Income A CVTRX **34**
 Calamos Market Neutral Income A CVMIX **34**
 Causeway Intl Value 866-947-7000 CIVX **38**
 Century Small Cap Select Inv 303-1928 CSMVX **30**
 Champlain Funds 866-773-3238
 Champlain Mid Cap Adv CIPMX **28**
 Champlain Small Company Adv CIPSX **30**
 Clipper 432-2504 CFIMX **26**
 Cohen & Steers Realty Shares 437-9912 CSRX **36**
 Columbia 345-6611
 Columbia Acorn International Z ACINX **38**
 Columbia Acorn Select Z ACTWX **28**
 Columbia Acorn USA Z AUSAX **30**
 Columbia Acorn Z ACRNX **28**
 Columbia Dividend Income Z GSFTX **28**
 Conestoga Small Cap Investors 494-2755 CCASX **30**
- Davis Funds 279-0279**
 Davis Financial A RPFGX **36**
 Davis NY Venture A NYVTX **26**
 Dean Small Cap Value 888-899-8343 DASCX **34**
 Delafield Fund 697-3863 DEFIX **30**
 Diamond Hill Funds 888-226-5595
 Diamond Hill Large Cap A DHLAX **28**
 Diamond Hill Small Cap A DHSX **34**
 Diamond Hill Small-Mid Cap A DHMAX **30**
 Dimensional Fund Advisors 888-576-1167
 DFA Emerging Markets Value I DFEVX **40**
 DFA International Small Company I DFISX **38**
 DFA US Micro Cap I DFSX **32**
 DFA US Small Cap I DFSTX **32**
 DFA US Targeted Value I DFFVX **34**
 Dodge & Cox 621-3979
 Dodge & Cox Balanced DODBX **34**
 Dodge & Cox Global Bond DODLX **40**
 Dodge & Cox Global Stock DODWX **38**
 Dodge & Cox Income DODIX **42**
 Dodge & Cox International Stock DODFX **38**
 Dodge & Cox Stock DODGX **28**
 DoubleLine Tot Return Bnd 877-354-6311 DBLTX **42**
 Dreyfus 373-9387
 Dreyfus Appreciation Investor DGAGX **26**
 Dreyfus Opportunistic Small Cap DSCVX **32**
- Eaton Vance 262-1122**
 Eaton Vance Floating Rate A EVBLX **44**
 Eaton Vance Income Fund of Boston A EVIBX **42**
 Parametric Emerging Markets Investor EAEMX **40**
 Eventide Gilead N 877-771-3836 ETGLX **28**
- FAM Value Investor 932-3271 FAMVX 28**
 FMI Funds 811-5311
 FMI Common Stock FMIMX **30**
 FMI International FMIJX **38**
 FMI Large Cap FMIHX **26**
 FPA 982-4372
 FPA Capital FPPTX **30**
 FPA Crescent FPACX **34**
 FPA New Income FPNIX **44**
 FPA US Value FPPFX **26**
 Fairholme 866-202-2263
 Fairholme FAIRX **28**
 Fairholme Focused Income FOCIX **42**
 Fidelity Investments 544-8544
 Fidelity FFDIX **24**
 Fidelity Balanced FBALX **34**
 Fidelity Blue Chip Growth FBGRX **24**
 Fidelity Capital & Income FAGIX **42**
 Fidelity Capital Appreciation FDCAX **24**
 Fidelity Contrafund FCNTX **24**
 Fidelity Diversified International FDIVX **38**
 Fidelity Dividend Growth FDGFV **26**
 Fidelity Equity Dividend Income FEQIX **28**
 Fidelity Equity-Income FEQIX **28**
 Fidelity Floating Rate High Income FFRHX **44**
 Fidelity Focused Stock FTQGX **24**
 Fidelity Four-in-One Index FFNOX **34**
 Fidelity GNMA FGMNX **42**
 Fidelity Government Income FGOVX **42**
 Fidelity Growth Company FDGRX **24**
 Fidelity Growth Discovery FDSVX **24**
 Fidelity High Income SPHIX **44**
 Fidelity Independence FDFVX **24**
 Fidelity Intermediate Bond FTHR **42**
 Fidelity Intermediate Municipal Income FIMIX **44**
 Fidelity International Discovery FIGRX **38**
 Fidelity Investment Grade Bond FBNDX **42**
 Fidelity Large Cap Stock FLCSX **26**
 Fidelity Leveraged Company Stock FLVX **30**
 Fidelity Limited Term Municipal Income FSTFX **44**
 Fidelity Low-Priced Stock FLPSX **30**
 Fidelity Magellan FMAGX **24**
 Fidelity Mid-Cap Stock FMCSX **30**
 Fidelity Mortgage Securities FMSFX **42**
 Fidelity Municipal Income FHIGX **44**
 Fidelity New Markets Income FNMIX **44**
 Fidelity New Millennium FMILX **24**
 Fidelity OTC Portfolio FOCFX **24**
 Fidelity Overseas FOSFX **38**
 Fidelity Puritan FPURX **34**
 Fidelity Real Estate Investment Port FRESX **36**
 Fidelity Select Energy Portfolio FSENX **36**
 Fidelity Select Health Care Portfolio FSPHX **36**
 Fidelity Select Technology Portfolio FSPTX **36**
 Fidelity Small Cap Discovery FSCRX **32**
 Fidelity Small Cap Stock FSLCX **32**
 Fidelity Small Cap Value FCPVX **34**
 Fidelity Spartan 500 Index Inv FUSEX **26**
 Fidelity Spartan Extended Mkt Index FSEMIX **30**
 Fidelity Spartan International Idx Inv FSIIIX **38**
 Fidelity Spartan Total Market Idx Inv FSTMIX **42**
 Fidelity Spartan US Bond Idx Investor FBIDX **26**
 Fidelity Stock Selector Small Cap FDSCX **32**
 Fidelity Strategic Income FSICX **44**
 Fidelity Strategic Real Return FSRRX **34**
 Fidelity Tax-Free Bond FTABX **44**
 Fidelity Total Bond FTBFX **42**
 Fidelity Value FVDLX **30**
 Fidelity Worldwide FWWFX **40**
- First Eagle 334-2143
 First Eagle Fund of America Y FEAFX **30**
 First Eagle Global A SGENX **40**
 First Eagle Overseas A SGOVX **38**
 First Eagle US Value A FEVAX **26**
 Franklin Templeton Investments 632-2301
 Franklin Federal Tax-Free Income A FKTIX **44**
 Franklin High Yield Tax-Free Inc A FRHIX **44**
 Franklin Income A FKINX **34**
 Franklin Mutual Beacon A TEBIX **28**
 Franklin Mutual European A TEMIX **40**
 Franklin Mutual Global Discovery A TEDIX **40**
 Franklin Mutual Quest A TEQIX **40**
 Franklin Mutual Shares A TESIX **28**
 Franklin Utilities A FKUTX **36**
 Templeton Global Bond A TPINX **44**
- Gabelli Asset AAA 422-3554 GABAX 26**
 GoodHaven 855-654-6639 GOODX **30**
 Greenspring 366-3863 GRSPX **34**
- Harbor 422-1050**
 Harbor Bond Institutional HABDX **42**
 Harbor Capital Appreciation Instl HACAX **24**
 Harbor Commodity Real Return ST HACMX **36**
 Harbor International Institutional HAINX **38**
 Harbor Mid Cap Value Investor HIMVX **30**
 Harbor Real Return Instl HARRX **42**
 Harding Loevner 877-435-8105
 Harding Loevner Emerging Mkts Adv HLEMX **40**
 Harding Loevner Global Equity Advisor HLMGX **40**
 Harding Loevner International Eq Inv HLMNX **38**
 Hennessy Focus Investor 966-4354 HFCSX **30**
 Hotchkis & Wiley High Yld 866-493-8637 HWHAX **44**
- IVA Funds 866-941-4482**
 IVA International A IVOIX **38**
 IVA Worldwide A IVWAX **40**
 Invesco 959-4246
 Invesco Comstock A ACSTX **28**
 Invesco Diversified Dividend A LCEAX **28**
 Invesco Equity and Income A ACEIX **34**
 Invesco Growth and Income A ACGIX **28**
- JOHCM Intl Select II 866-260-9549 JOHAX 38**
 JPMorgan 480-4111
 JPMorgan Income Builder A JNBAX **34**
 JPMorgan Value Advantage A JVAAX **28**
 Janus 877-335-2687
 Janus Balanced T JABAX **34**
 Janus Contrarian T JSVAX **30**
 Janus Enterprise T JAENX **30**
 Janus Flexible Bond T JAFIX **42**
 Janus Global Research T JAWVWX **40**
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FundInvestorSM

Research and recommendations for the serious fund investor

Outflows Threaten These Funds

PIMCO Total Return PTTRX has seen a remarkable \$43 billion in outflows through the 12 months ended January 2016. Yet in percentage terms, PIMCO Total Return's 33% outflow places it just 47th on the list of 12-month outflows within the Morningstar 500. Something big is happening.

A striking 17 Morningstar 500 funds suffered outflows of at least 50% of assets under management in a year, and 80 shed 25% or more. Even a single month can bring big redemptions, as eight Morningstar 500 funds suffered an outflow of at least 10% in January alone.

Also, in January we saw something we rarely see: a firm that subadvises a fund we covered was liquidating. It isn't just that **Aston/TAMRO Small Cap** ATASX was merging into another fund but that TAMRO was closing up shop. Two years ago, the firm was running \$1.3 billion. One year ago, it was running \$800 million, but at year-end 2015, it was down to \$150 million.

If we had just endured a brutal bear market, then the wave of redemptions would be par for the course. But this comes after a tremendous equity rally and therefore is unprecedented. True, we began 2016 with a sharp sell-off, but the outflow trend was well-established before that, and the 2016 downturn had little time to have an impact on flows through January.

The simple answer to this riddle is competition from exchange-traded funds. ETFs have gained the upper hand in the active/passive debate, even over open-end index funds, which generally offer comparable cost benefits. More advisors are switching to ETF-focused strategies, and, when they get a new client, they quickly sell the weakest-performing active funds—possibly all the actively managed funds—in the client's current portfolio. Self-guided investors are moving to ETFs, too.

Although you can find an ETF for just about any category or asset class, the outflow trend has largely been centered on domestic-equity funds. Actively managed bond funds still pull in nearly all the new flows in that asset class, and active foreign-equity funds still have positive inflows. The argument for passive investing applies similarly to all asset classes, so it would seem that marketing and emotion at least play some role in the current tilt. That said, there are some quirks to bond indexes such as a heavy government weighting in the Barclays Aggregate and challenges in tracking high yield and muni indexes that do limit appeal on the fixed-income side.

Yet the trend has more positives than negatives. Investors are moving to lower-cost investments, and that ought to benefit their long-term returns. Competition is heating up for investors' dollars, and, to the extent that they are throwing off subpar actively managed funds for solid low-cost ETFs, that's a good thing. On the other hand, much of the cost savings is going to advisors who preach the benefits of low-cost ETFs but then charge additional fees that bring the investor back to higher total fees.

This presents fund investors with a new challenge in monitoring and selecting investments. You've got

Continued on Page 2



Russel Kinnel, Director of Manager Research and Editor

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to watch flows. Although actual flow data isn't available in many places for individual investors, back-of-the-envelope comparisons of year-to-year net assets should be sufficient to spot those funds truly under duress. Take into account returns. Compare what the assets under management are with what they should be if flows were flat and you'll get a sense of which funds face challenges. Of course, we are tracking flows closely and adjusting Morningstar Analyst Ratings accordingly, so you can take cues from our ratings as well.

There are two big immediate challenges presented by outflows and several more-subtle long-term issues. Let's start with the immediate issues:

Soaring Trading Costs

Typically, it costs an equity fund something like 10 or 20 basis points to make its trades over the course of a year. That includes brokerage commissions but also the impact on the stock price. A sizable fund might not have any impact with small trades, but, if it wanted to trade, say, a 4% position, it would likely drive up the price on purchase and drive it down on the sale. So, there's a significant cost to doing such trades.

There are quite a few variables at work in these issues, but the key ones are: How liquid are the fund's holdings, how big is the fund, and how much does the manager need to trade? These are the factors embraced by the bloat ratio, but you can get a handle on these pretty easily. Smaller caps are less liquid and large caps are more liquid. High-yield bonds and bank loans are less liquid and high-quality bonds are more liquid. (PIMCO Total Return's enormous redemptions had little impact if any because it had lots of cash, near cash, and easily tradable derivatives.) In extreme cases, we've seen a vicious cycle in which flows hurt performance, and that spurs more outflows.

Big Portfolio Shifts

One way to manage redemptions is to sell off the really liquid stuff to start, which results in lower trading costs to begin with. Of course, it means the portfolio's nature has been changed, and a second

wave of redemptions, if it occurred, could have disastrous effects because the fund would have to sell less-liquid holdings. At PIMCO Total Return, we kept a close eye on cash and near-cash debt. We saw that PIMCO was continuing to sell from across its portfolio in order to avoid altering the portfolio mix or painting itself into a corner. On the other hand, Bruce Berkowitz mainly used cash to meet redemptions rather than sell off huge positions in **AIG** **AIG** or **Sears** **SHLD**. Flows didn't get to the point where they caused **Fairholme** **FAIRX** to suffer big trading costs, but the cash drawdown significantly increased risk in the portfolio.

The really big trading-cost hit is rare, but we've seen it in funds that invest in rather illiquid bonds that suddenly no one wants. **Third Avenue Focused Credit** **TFCIX** is a more recent example, with very low-quality energy bonds, and we saw a couple of high-risk mortgage funds melt down in 2008 as well.

Secondary Issues

Some less dramatic issues include taxes and fees. Your tax bill can rise substantially because a fund manager has to sell to meet redemptions, thus realizing gains, but then those gains are distributed to a smaller shareholder base. In a prolonged sell-off, a fund will likely have losses to offset gains, but that isn't the case today for most domestic-equity funds, as they are up significantly during the past several years, even though they have struggled in 2016.

Smaller assets under management can mean higher fees, because many funds have management-fee breakpoints that lower expenses as assets rise. Unfortunately, these work in reverse, too, so watch out. If a fund's prospectus net expense ratio was printed more recently than the annual expense ratio, it may offer a clue as to whether fees are rising.

Management shakeups are another knock-on effect. Even if you decide to stick it out, the fund company may feel compelled by redemptions to take action. Sometimes those changes are clearly an improvement, but more often you are getting a less experienced manager. We saw this at **Columbia Acorn** **ACRNX**,

Fleeing in Doves: Funds With Most Outflows in Percentage Terms

Fund Name/Ticker	One-Year Growth Rate (%)	Jan 2016 Flow (\$Mil)	One-Year Flow (\$Mil)	Current Fund Size (\$Mil)	Morningstar Analyst Rating	Total Ret % Rank Cat 5-Yr
Manning & Napier Equity EXEYX	-85	-40	-804	120	Bronze	90
Artisan Value ARTLX	-71	12	-303	882	Bronze	86
PIMCO RAE Fundamental Adv PLUS PFSDX	-67	-261	-1,541	685		62
Manning & Napier World Opp EXWAX	-67	-108	-3,207	1,391	Bronze	90
Buffalo Small Cap BUFSX	-63	-83	-1,852	917	Neutral	71
PIMCO All Asset All Authority PAUDX	-56	-471	-8,511	8,630	Bronze	88
Artisan Mid Cap Value ARTQX	-54	-175	-3,818	4,894	Silver	69
Columbia Acorn ACRNX	-53	-225	-7,691	6,069	Neutral	78
ASTON/River Road Sm Cap Value ARSVX	-53	-5	-34	234		49
Artisan Small Cap Value ARTVX	-52	-15	-602	367	Bronze	99
Dreyfus Appreciation DGAGX	-50	-68	-2,637	2,374	Bronze	81
PIMCO Unconstrained Bond PUBDX	-50	-238	-5,134	5,468	Neutral	75
Greenspring GRSPX	-49	-12	-303	285		95
RiverPark/Wedgewood RWGFX	-48	-53	-58	1,690	Silver	58
Columbia Acorn USA AUSAX	-46	-189	-563	640		65
PIMCO All Asset PASDX	-45	-634	-8,356	19,868	Gold	65
Royce Premier RYPRX	-45	-1,548	-2,281	2,274	Bronze	92
AMG Yacktman Focused Service YAFFX	-45	-187	-5,229	5,033	Silver	61
Royce Pennsylvania Mutual PENNX	-44	-175	-2,222	2,625	Neutral	85
Berwyn BERWX	-44	-13	-140	142	Silver	88

Performance data as of Feb. 29, 2016. Flow and size data as of Jan. 31, 2016.

where a performance slump and big redemptions in a bloated portfolio led us to downgrade the fund to an Analyst Rating of Neutral. Since then, though, Columbia Acorn has shaken up management to try to turn things around.

Finally, an entire fund complex can be affected by redemptions at a number of funds. I'll tackle this issue in The Contrarian on Page 10.

Manning & Napier Equity's EXEYX 85% outflow is remarkable even for a slumping fund. The total dollar value of outflows was a modest \$800 million, however, which shouldn't be a problem for a large-cap fund like this one, but I do have worries about the firm.

Manning & Napier World Opportunities' EXWAX 67% outflow is a little more worrisome given that it had to sell \$3.2 billion, but even here I'm more worried about the firm-level impact. The firm made a bad call on energy that has hurt returns across a number of its funds. It has overhauled

its management structure, but the rebound had better come soon. We have maintained our Bronze rating on the fund.

I'm worried about the \$1.8 billion in outflows that's cut **Buffalo Small Cap** BUFSX down to just \$917 million. A performance slump, big outflows, and a manager change amount to some big challenges here. We lowered the fund to Neutral in September.

PIMCO All Asset All Authority PAUDX should be able to handle its 56% (\$8 billion) outflow quite well because it invests in other PIMCO funds. However, I mention it here because it is responsible for much of the outflows at some smaller PIMCO funds. Even there it will likely be manageable, as PIMCO has greater advance warning of redemptions and works with manager Rob Arnott to ensure a smooth withdrawal process.

Artisan Value ARTLX, **Artisan Mid Cap Value** ARTQX, and **Artisan Small Cap Value** ARTVX have endured redemptions of 71%, 54%, and 53%, respectively and just before we published this issue, Artisan announced that Small Cap Value was going to merge into Mid Cap Value. The team chose Small Cap Value to merge away because it was the smallest of the three. In a different time, a fund with a strong long track record would have been kept alive. All three are good funds that are in a slump. Artisan Value has a small asset base and focuses on large caps, so no issues there. Artisan Mid Cap Value is a little more concerning, given that it had \$3.8 billion in outflows, but the fund is closed to new investors, and I would have expected Artisan to reopen to new investors if the disruptions were significant. To be sure, though, we're watching closely, given that we have a Silver rating on the fund.

Greenspring GRSPX has suffered outflows of 49%, and that worries me. Normally, allocation funds are built to handle quite a lot of money—and outflows—because they own large-cap stocks and high-quality bonds. But Greenspring favors small-value stocks and high yield, which makes for a bit of headwind when flows are strongly against the fund. ■■■

Data through February 29, 2016 FINRA members: For internal or institutional use only.

Fidelity® High Income

Ticker SPHIX **Yield** 6.4% **SEC Yield** 7.91% **Total Assets** \$3,916 mil **Mstar Category** High Yield Bond

Benchmark 1: BofAML US HY Master II TR USD
Benchmark 2: Barclays US Agg Bond TR USD

Morningstar Analyst Rating 02-22-16

Silver

Morningstar Pillars

- Process ➔ Positive
- Performance ➔ Positive
- People ➔ Positive
- Parent ➔ Positive
- Price ➔ Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 02-29-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	3.98	0.30	-6.81	6.42	3.43
2012	5.72	1.22	4.65	2.58	14.87
2013	2.92	-2.06	2.25	3.50	6.68
2014	2.41	1.80	-2.09	-0.53	1.53
2015	2.26	0.00	-5.10	-2.51	-5.40

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-4.37	-0.70	-6.14	72	9,563
6 Mo	-7.36	-1.58	-9.56	80	9,264
1 Yr	-9.54	-1.00	-11.04	76	9,046
3 Yr Avg	-0.40	-1.04	-2.62	72	9,880
5 Yr Avg	2.89	-1.01	-0.71	65	11,534
10 Yr Avg	5.71	-0.74	1.01	33	17,424
15 Yr Avg	5.65	-1.06	0.77	57	22,793

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-2.98	63	2.59	54
5 Yr (estimated)	0.37	57	2.45	44
10 Yr (estimated)	3.03	25	2.53	42

Potential Capital Gain Exposure: -19% of assets

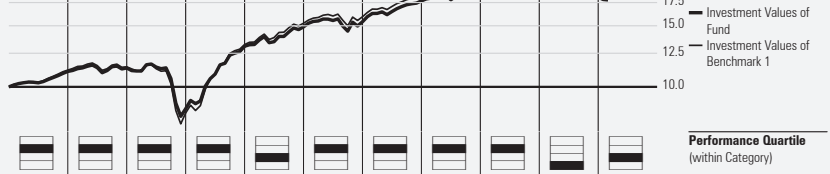
Morningstar's Take by Eric Jacobson 02-22-16

Manager Fred Hoff has distinguished himself at this fund since the beginning of 2002 (excluding the 18 months after Hoff took over, during which he remade this formerly aggressive portfolio). The fund fared well through the 2008 credit crisis and its aftermath, for example, avoiding some of the hardest-hit areas. This fund's strengths, which include an attractive price tag, continue to make it a strong Morningstar favorite, but because of concerns over experience on the analyst team, we are lowering its Morningstar Analyst Rating to Silver from Gold.

Fidelity's analyst resources generally defy criticism given the quality and number of analysts the firm is typically able to hire. The firm's analyst staffs have a reputation as a stepping stone for those seeking to move on to management roles, rather than as a destination for permanent careers. Though turnover doesn't appear to have been alarming in recent years, the team's makeup is notable. Of its 17 analysts (not including associates, bank-loan, and quant specialists), more than a third had a year or less of experience working at Fidelity as of September 2015, while their median experience at the firm was three years. The group's median industry-

Historical Profile

Return Average
Risk Average
Rating ★★★
Neutral



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	02-16	History
NAV	9.06	8.61	6.04	8.46	8.94	8.64	9.34	9.37	8.90	7.95	7.73	NAV
Total Return %	10.78	2.32	-23.72	51.46	13.73	3.43	14.87	6.68	1.53	-5.40	-1.78	Total Return %
+/- Bmark 1	-0.99	0.13	2.67	-6.05	-1.47	-0.95	-0.72	-0.74	-0.97	-0.76	-0.65	+/- Bmark 1
+/- Bmark 2	6.44	-4.65	-28.96	45.53	7.18	-4.41	10.65	8.70	-4.43	-5.95	-3.87	+/- Bmark 2
Income Return %	7.40	7.56	7.60	9.79	7.85	6.94	6.06	5.64	5.38	5.73	0.99	Income Return %
Capital Return %	3.38	-5.24	-31.32	41.67	5.88	-3.51	8.80	1.04	-3.85	-11.13	-2.77	Capital Return %
Total Rtn % Rank Cat	32	35	38	30	58	48	45	48	47	77	73	Total Rtn % Rank Cat
Income \$	0.63	0.66	0.63	0.57	0.64	0.60	0.51	0.51	0.49	0.50	0.08	Income \$
Capital Gains \$	0.00	0.00	0.00	0.01	0.00	0.00	0.05	0.06	0.13	0.00	0.00	Capital Gains \$
Expense Ratio %	0.77	0.75	0.75	0.77	0.75	0.75	0.76	0.72	0.72	0.72	—	Expense Ratio %
Income Ratio %	6.97	7.31	7.36	9.04	8.09	7.44	6.79	5.96	5.58	5.38	—	Income Ratio %
Turnover Rate %	40	39	33	27	65	55	35	44	56	37	—	Turnover Rate %
Net Assets \$mil	4,509	5,200	4,113	6,942	7,248	4,788	6,494	6,001	5,365	4,162	3,916	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-9.54			
3 Yr	-0.40	-Avg	Avg	★★★
5 Yr	2.89	Avg	Avg	★★★★
10 Yr	5.71	Avg	Avg	★★★★
Incept	8.33			

Other Measures

	Standard Index	Best Fit Index
Alpha	-1.6	-1.0
Beta	0.58	1.01
R-Squared	10	98
Standard Deviation	5.50	
Mean	-0.40	
Sharpe Ratio	-0.06	

Portfolio Analysis 10-31-15

Total Fixed Income: 530	Date of Maturity	Amount 000	Value \$000	% Assets
Chs / Cmnty Health Sys 6	02-01-22	66,920	67,422	1.44
Tenet Healthcare 8.125%	04-01-22	60,720	64,211	1.37
Alice Sa 144A 7.75%	05-15-22	59,000	56,788	1.21
Laureate Educ 144A 9.25%	09-01-19	67,979	54,043	1.15
Post Hldgs 7.375%	02-15-22	43,400	45,726	0.98
Laureate Edu Term B 06/16	06-16-18	53,587	45,594	0.97
Hockey Mergersub 144A 7.8	10-01-21	43,830	43,720	0.93
Tronox Worldwide 6.375%	08-15-20	60,170	42,853	0.91
Citigroup FRN	12-31-49	41,035	40,615	0.87
Columbus Intl Inc 144 144	03-30-21	32,965	34,284	0.73
Ardagh Packaging 144A 6.7	01-31-21	31,530	32,318	0.69
Serta Simmons Hldgs 144A	10-01-20	30,343	32,164	0.69
Sprint Cap 6.9%	05-01-19	32,719	31,410	0.67
C&S Grp Enterprises 144A	07-15-22	32,260	30,433	0.65
Apx Grp 6.375%	12-01-19	29,630	28,815	0.62
Minerva Luxembourg S A 14	01-31-23	27,680	27,334	0.58
Advanced Disposal Tm B-2	10-09-19	26,728	26,377	0.56
Argos Merger Sub 144A 7.1	03-15-23	24,805	26,107	0.56
Jbs Invs Gmbh 144A 7.75%	10-28-20	24,505	26,110	0.56
Chs / Cmnty Health Sys 5	08-01-21	25,040	25,854	0.55

Current Investment Style

Duration	Ltd	Mod	Ext
Avg Eff Duration ¹	—	—	—
Avg Eff Maturity	—	—	—
Avg Credit Quality	B		
Avg Wtd Coupon	6.49%		
Avg Wtd Price	96.52% of par		

Sector Breakdown

% Assets	
Government	1
Government Related	0
Corporate	96
Agency MBS	0
Non-Agency Residential MBS	0
Commercial MBS	0
Covered Bond	0
Asset Backed	0
Municipal	0
Cash & Equivalents	3
Other	0

Coupon Range

% of Bonds	
0% PIK	0.1
0% to 4%	8.5
4% to 6%	30.1
6% to 8%	42.5
8% to 10%	16.7
More than 10%	2.1

Composition - Net

	Cash	Bonds	% Assets
Cash	3.3	94.0	
Stocks	0.3	Other	2.5

Credit Analysis

% bonds 10-31-15			
AAA	4	BB	29
AA	0	B	46
A	0	Below B	18
BBB	1	Not Rated	1

Address: Fidelity Summer Street Trust
Boston, MA 02109
800-544-8544
Web Address: www.fidelity.com
Inception: 08-29-90
Advisor: Fidelity Management & Research Company
Subadvisor: FMR Investment Management (U.K.) Limited

Minimum Purchase: \$2500 Add: — IRA: \$2500
Min Auto Inv Plan: — Add: —
Sales Fees: No-load, 1.00%R
Management Fee: 0.45%
Actual Fees: Mgt:0.56% Dist:—
Expense Projections: 3Yr:\$230 5Yr:\$401 10Yr:\$894
Income Distribution: Monthly

Data through February 29, 2016 FINRA members: For internal or institutional use only.

Harding Loevner Emerging Markets Advisor

Ticker HLEMX **Yield** 0.6% **Total Assets** \$2,068 mil **Mstar Category** Diversified Emerging Mkts

Benchmark 1: MSCI EM NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 02-29-16

Silver

Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price ○ Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

★ Gold ★ Silver ★ Bronze ★ Neutral ★ Negative

Pillar Spectrum

+ Positive ○ Negative ○ Neutral

Performance 02-29-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	-1.70	0.02	-21.21	6.47	-17.52
2012	15.88	-6.80	6.86	6.34	22.73
2013	-0.64	-5.46	6.02	4.61	4.18
2014	0.72	6.64	-4.75	-3.87	-1.66
2015	1.42	0.28	-15.56	0.66	-13.55

Trailing

	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of \$10,000
3 Mo	-8.97	-0.25	0.64	50	9,103
6 Mo	-7.30	1.55	1.99	36	9,270
1 Yr	-20.22	3.19	-2.85	34	7,978
3 Yr Avg	-5.59	3.31	-3.39	20	8,415
5 Yr Avg	-2.03	3.38	-0.73	14	9,027
10 Yr Avg	2.51	0.68	1.08	30	12,812
15 Yr Avg	8.77	1.07	-1.42	22	35,305

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-6.39	19	0.85	72
5 Yr (estimated)	-2.81	14	0.80	77
10 Yr (estimated)	1.83	24	0.66	18

Potential Capital Gain Exposure: -6% of assets

Morningstar's Take by William Samuel Rocco 02-29-16

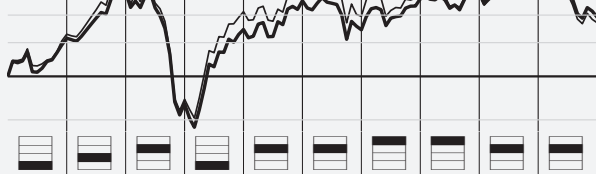
Harding Loevner Emerging Markets Fund can't escape when stocks sink in the developing world, of course, but it generally outperforms in regional downturns. It also has a strong overall record and other advantages. The fund merits a Morningstar Analyst Rating of Silver.

This fund has held up relatively well as most emerging-markets stocks have cratered during the past year. Some of co-lead managers Rusty Johnson and Craig Shaw's pharmaceutical, beverage, and frontier-markets picks have bucked the trends and posted nice gains. The managers' quality bias and price consciousness have helped as well. The fund declined 20.4% during the 12 months through Feb. 26, whereas its average peer dropped 21.8% and the MSCI Emerging Markets Index fell 23.7%.

Thanks to the managers' stock selection, as well as the conservative components of their strategy, this fund also posted relatively modest losses in the 2014, 2011, and early 2000s sell-offs. And its five-, 10-, and 15-year Morningstar Risk Scores, which focus on downside volatility, are significantly better than those of its typical rival and the benchmark.

Historical Profile

Return Above Avg
Risk Below Avg
Rating ★★★★★ Above Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	02-16	History
NAV	44.76	57.46	26.38	42.99	51.80	42.37	48.47	48.77	45.62	39.22	37.17	NAV
Total Return %	28.73	35.94	-52.33	63.46	20.98	-17.52	22.73	4.18	-1.66	-13.55	-5.23	Total Return %
+/- Bmark 1	-3.42	-3.48	1.01	-15.05	2.10	0.91	4.51	6.78	0.53	1.37	1.41	+/- Bmark 1
+/- Bmark 2	2.07	19.29	-6.80	22.01	9.83	-3.81	5.90	-11.11	2.21	-7.89	2.64	+/- Bmark 2
Income Return %	0.07	0.26	1.79	0.48	0.47	0.67	0.84	0.83	0.79	0.48	0.00	Income Return %
Capital Return %	28.66	35.68	-54.11	62.98	20.51	-18.18	21.89	3.35	-2.45	-14.02	-5.23	Capital Return %
Total Rtn % Rank Cat	77	55	34	85	28	26	16	19	37	43	28	Total Rtn % Rank Cat
Income \$	0.02	0.12	1.03	0.13	0.20	0.35	0.36	0.40	0.39	0.22	0.00	Income \$
Capital Gains \$	0.00	3.28	0.00	0.00	0.00	0.00	3.15	1.29	1.93	0.00	0.00	Capital Gains \$
Expense Ratio %	1.63	1.60	1.61	1.64	1.58	1.50	1.49	1.47	1.45	1.45	—	Expense Ratio %
Income Ratio %	0.61	0.36	2.10	0.56	0.60	0.63	0.80	0.83	0.98	0.57	—	Income Ratio %
Turnover Rate %	59	29	46	48	25	33	36	26	28	30	—	Turnover Rate %
Net Assets \$mil	1,646	2,375	963	1,672	2,172	1,492	1,731	2,123	2,353	2,204	2,068	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-20.22			
3 Yr	-5.59	+Avg	Avg	★★★★
5 Yr	-2.03	+Avg	-Avg	★★★★
10 Yr	2.51	+Avg	-Avg	★★★★
Incept	10.45			

Other Measures

	Standard Index	Best Fit Index
Alpha	-3.4	1.8
Beta	0.99	0.93
R-Squared	83	92
Standard Deviation	13.86	
Mean	-5.59	
Sharpe Ratio	-0.35	

Portfolio Analysis 12-31-15

Total Stocks: 77

Share change since 09-30-15	Sector	Country	% Assets
⊖ Taiwan Semiconductor Manu	Technology	Taiwan	4.07
⊕ Samsung Electronics Co Lt	Technology	South Korea	3.80
⊖ AIA Group Ltd	Finan Svcs	Hong Kong	3.11
⊖ Tencent Holdings Ltd	Technology	China	2.97
⊖ Ctrip.com International L	Cnsmr Cyc	China	2.32
⊖ China Mobile Ltd ADR	Comm Svcs	China	2.17
⊖ Naspers Ltd Class N	Technology	South Africa	2.13
⊖ Grupo Financiero Banorte	Finan Svcs	Mexico	2.04
⊖ Bank Rakyat Indonesia (Pe	Finan Svcs	Indonesia	1.81
⊖ Sberbank of Russia PJSC A	Finan Svcs	Russia	1.81
⊕ Baidu Inc ADR	Technology	China	1.79
⊖ Axis Bank Ltd	Finan Svcs	India	1.78
⊕ Grupo Televisa SAB ADR	Cnsmr Cyc	Mexico	1.77
⊖ Dabur India Ltd	Cnsmr Def	India	1.75
⊖ Housing Development Finan	Finan Svcs	India	1.75
⊕ Sands China Ltd	Cnsmr Cyc	Macao	1.72
⊖ Hon Hai Precision Ind Co	Technology	Taiwan	1.66
⊖ Bharti Airtel Ltd	Comm Svcs	India	1.64
⊕ Discovery Ltd	Finan Svcs	South Africa	1.63
⊕ Aspen Pharmacare Holdings	Hlth Care	South Africa	1.61

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large	52.4	Cyclical	43.99	0.99
Large	30.6	BasicMat	3.14	0.41
Mid	13.5	CnsmrCyc	12.26	1.25
Small	3.5	FinanSvcs	28.59	1.20
Micro	0.0	Real Est	0.00	0.00
Avg \$mil:	17,300	Sensitive	40.20	0.97
		CommSvcs	4.20	0.59
		Energy	4.62	0.67
		Industrl	6.77	1.24
		Technlgy	24.61	1.12
		Defensive	15.80	1.11
		CnsmrDef	8.96	1.11
		Hlthcare	5.78	2.05
		Utilities	1.06	0.32

Value Measures	Rel Category	Growth Measures	% Rel Category
Price/Earnings	13.29	Long-Term Erngs	9.63
Price/Book	1.82	Book Value	-6.69
Price/Sales	1.56	Sales	5.03
Price/Cash Flow	6.34	Cash Flow	-3.75
Dividend Yield %	2.93	Historical Erngs	5.94

Composition - Net

	Bonds	Other	Foreign (% of Stock)
Cash	2.3	0.0	0.0
Stocks	97.7	0.0	98.6

Country Exposure	% Stock
China	19
India	10
Taiwan	10
South Africa	8
Mexico	7

Address: Harding, Loevner Funds, Inc. c/o The Northern Trust Company
Chicago, IL 60680-4766
877-435-8105

Web Address: www.hardingloevnerfunds.com

Inception: 11-09-98

Advisor: Harding Loevner LP

Subadvisor: None

Minimum Purchase: \$5000 **Add:** — **IRA:** —

Min Auto Inv Plan: — **Add:** —

Sales Fees: No-load, 2.00%R

Management Fee: 1.15% mx./1.09% mn.

Actual Fees: Mgt:1.13% Dist:—

Expense Projections: 3Yr:\$459 5Yr:\$792 10Yr:\$1735

Income Distribution: Annually

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Data through February 29, 2016 FINRA members: For internal or institutional use only.

Matthews Asia Dividend Investor

Ticker MAPIX **Yield** 1.8% **Total Assets** \$4,346 mil **Mstar Category** Diversified Pacific/Asia

Benchmark 1: MSCI Pacific NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 02-08-16

Silver

Morningstar Pillars

- Process ➔ Positive
- Performance ➔ Positive
- People ➔ Positive
- Parent ➔ Positive
- Price ● Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 02-29-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	-0.39	1.60	-12.62	1.76	-10.02
2012	11.55	-2.50	6.51	4.99	21.63
2013	7.41	-2.15	5.69	0.18	11.27
2014	-2.00	7.45	-2.05	-3.36	-0.32
2015	8.64	3.69	-12.07	4.85	3.86

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-5.62	3.70	3.98	11	9,438
6 Mo	-3.83	3.91	5.45	12	9,617
1 Yr	-7.38	6.21	9.99	6	9,262
3 Yr Avg	1.31	1.45	3.51	13	10,399
5 Yr Avg	3.92	3.54	5.22	7	12,121
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	0.11	25	1.18	72
5 Yr (estimated)	2.68	14	1.20	70
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 7% of assets

Morningstar's Take by William Samuel Rocco 02-08-16

Matthews Asia Dividend continues to outperform in sell-offs, and its other strengths remain intact, so it retains a Morningstar Analyst Rating of Silver.

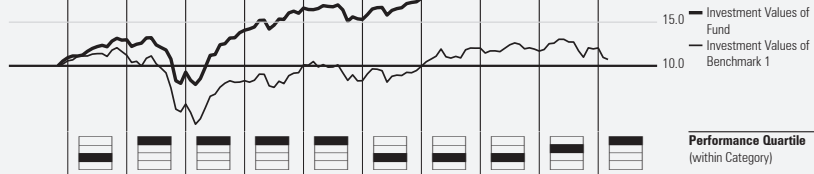
This fund has declined 2.6% over the year ended Jan. 31, 2016, whereas the average diversified Asia-Pacific fund fell 6.4% and the MSCI AC Asia Pacific Index dropped 11.4% over the period. This fund also lost considerably less than both its typical rival and its benchmark in the 2011 stock sell-off and in the late 2007 to early 2009 global equity meltdown.

This fund's commitment to sturdy dividend-payers has played a crucial role in its down-market success, of course, but the quality of co-lead managers Yu Zhang and Robert Horrocks--and their predecessors' stock selection--has played an important part as well. The managers' stock selection has been good in most sideways markets and in certain rallies, too, so this fund has handily outgained the average diversified Pacific/Asia fund and the MSCI AC Asia Pacific Index over the long run.

Meanwhile, this fund's strategy is distinctive as well as dividend-driven. The managers are benchmark-

Historical Profile

Return Above Avg
Risk Low
Rating ★★★★★
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	02-16	History
NAV	10.77	12.00	8.61	12.06	14.33	12.48	14.58	15.60	15.26	15.36	14.55	NAV
Total Return %	—	18.05	-25.97	47.59	22.83	-10.02	21.63	11.27	-0.32	3.86	-5.27	Total Return %
+/- Bmark 1	—	12.75	10.46	23.41	6.91	3.72	7.21	-7.00	2.38	0.90	4.88	+/- Bmark 1
+/- Bmark 2	—	1.40	19.56	6.15	11.68	3.69	4.80	-4.01	3.55	9.52	2.59	+/- Bmark 2
Income Return %	—	2.56	2.56	6.47	3.46	2.59	4.54	4.20	1.95	1.78	0.00	Income Return %
Capital Return %	—	15.49	-28.53	41.12	19.37	-12.61	17.09	7.07	-2.27	2.08	-5.27	Capital Return %
Total Rtn % Rank Cat	—	59	1	16	5	3	56	67	54	32	3	Total Rtn % Rank Cat
Income \$	0.02	0.27	0.30	0.55	0.41	0.37	0.56	0.60	0.30	0.27	0.00	Income \$
Capital Gains \$	—	0.45	0.02	0.00	0.04	0.06	0.00	0.00	0.00	0.23	0.00	Capital Gains \$
Expense Ratio %	2.93	1.42	1.35	1.30	1.15	1.10	1.09	1.06	1.06	—	—	Expense Ratio %
Income Ratio %	1.34	2.66	3.74	3.16	2.31	2.61	2.65	2.04	1.89	—	—	Income Ratio %
Turnover Rate %	0	27	25	32	10	16	9	14	20	—	—	Turnover Rate %
Net Assets \$mil	26	82	142	320	1,923	1,930	2,767	3,671	2,923	2,756	2,475	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-7.38	—	—	—
3 Yr	1.31	Avg	-Avg	★★★★
5 Yr	3.92	+ Avg	Low	★★★★★
10 Yr	—	—	—	—
Incept	7.95	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	3.1	1.6
Beta	0.82	0.88
R-Squared	81	82
Standard Deviation	11.60	—
Mean	1.31	—
Sharpe Ratio	0.16	—

Portfolio Analysis 12-31-15

Total Stocks: 65
Share change since 09-30-15

Symbol	Company Name	Sector	Country	% Assets
⊖ LG Chem Ltd	LG Chem Ltd	Basic Mat	South Korea	3.48
⊖ Japan Tobacco Inc	Japan Tobacco Inc	Cnsmr Def	Japan	3.43
⊖ Shenzhou International Gr	Shenzhou International Gr	Cnsmr Cyc	China	3.38
⊖ Suntory Beverage & Food L	Suntory Beverage & Food L	Cnsmr Def	Japan	3.35
⊖ Hoya Corp	Hoya Corp	Technology	Japan	3.19
⊖ Bridgestone Corp	Bridgestone Corp	Cnsmr Cyc	Japan	2.98
⊖ Kao Corp	Kao Corp	Cnsmr Def	Japan	2.67
⊖ Minth Group Ltd	Minth Group Ltd	Cnsmr Cyc	China	2.51
⊖ Sumitomo Mitsui Financial	Sumitomo Mitsui Financial	Finan Svcs	Japan	2.49
⊖ NTT DOCOMO Inc	NTT DOCOMO Inc	Comm Svcs	Japan	2.47
⊖ KT&G Corp	KT&G Corp	Cnsmr Def	South Korea	2.33
⊕ BGF Retail Co Ltd	BGF Retail Co Ltd	Cnsmr Cyc	South Korea	2.19
⊖ China Construction Bank C	China Construction Bank C	Finan Svcs	China	2.18
⊕ AIA Group Ltd	AIA Group Ltd	Finan Svcs	Hong Kong	2.17
⊖ Matthews Adf-Us Series	Matthews Adf-Us Series	—	—	2.15
⊖ ITOCHU Corp	ITOCHEM Corp	Industrl	Japan	2.13
⊖ Chunghwa Telecom Co Ltd A	Chunghwa Telecom Co Ltd A	Comm Svcs	Taiwan	2.12
⊖ Guangdong Investment Ltd	Guangdong Investment Ltd	Utilities	China	1.99
⊖ Pigeon Corp	Pigeon Corp	Cnsmr Def	Japan	1.96
⊖ Toyo Suisan Kaisha Ltd	Toyo Suisan Kaisha Ltd	Cnsmr Def	Japan	1.96

Current Investment Style

Value Blend Growth	Market Cap %
Large	41.7
Mid	34.8
Small	17.2
Micro	6.3
Avg \$mil:	0.0
	10,315

Sector Weightings

Sector	% of Stocks	Rel Bmark 1
Cyclical	32.13	0.63
BasicMat	3.56	0.56
CnsmrCyc	16.30	1.10
FinanSvcs	9.13	0.43
Real Est	3.14	0.37
Sensitive	35.90	1.14
CommSvcs	14.29	2.58
Energy	0.00	0.00
Industrl	11.38	0.72
Technlgy	10.23	1.25
Defensive	31.96	1.79
CnsmrDef	27.47	3.69
Hlthcare	1.03	0.15
Utilities	3.46	0.96

Value Measures

Value Measure	Rel Category
Price/Earnings	14.13 1.01
Price/Book	1.94 1.20
Price/Sales	1.94 1.58
Price/Cash Flow	5.48 0.99
Dividend Yield %	3.22 1.16
Long-Term Erngs	10.22 0.95
Book Value	9.70 0.98
Sales	5.71 -4.32
Cash Flow	5.28 3.24
Historical Erngs	6.11 1.05

Composition - Net

Asset Class	%
Cash	0.1
Bonds	0.0
Stocks	99.9
Other	0.0
Foreign (% of Stock)	98.3

Regional Exposure

Region	% Stock
UK/W. Europe	0
N. America	2
Japan	32
Latn America	0
Asia X Japan	66
Other	0

Country Exposure

Country	% Stock
Japan	32
Hong Kong	7
China	26
Taiwan	6
South Korea	8

Address:	Four Embarcadero Center San Francisco CA 94111 800-789-2742	Minimum Purchase:	\$2500	Add: \$100	IRA: \$500
Web Address:	www.matthewsasia.com/	Min Auto Inv Plan:	\$2500	Add: —	
Inception:	10-31-06	Sales Fees:	No-load		
Advisor:	Matthews International Cap Mgmt LLC	Management Fee:	0.75% mx./0.60% mn., 0.25% A		
Subadvisor:	None	Actual Fees:	Mgt:0.66% Dist:—		
		Expense Projections:	3Yr:\$336 5Yr:\$584 10Yr:\$1293		
		Income Distribution:	Quarterly		

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Data through February 29, 2016 FINRA members: For internal or institutional use only.

Vanguard Total World Stock Index Inv

Ticker: VTWSX Yield: 2.5% Total Assets: \$2,579 mil Mstar Category: World Stock

Benchmark 1: MSCI ACWI NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 02-23-16

Silver

Morningstar Pillars

- Process: Positive
- Performance: Positive
- People: Positive
- Parent: Positive
- Price: Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 02-29-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	4.17	0.54	-18.20	7.51	-7.88
2012	12.23	-5.55	6.59	3.68	17.15
2013	6.29	-0.40	8.16	7.25	22.79
2014	1.38	4.95	-2.72	0.40	3.92
2015	2.78	0.69	-9.40	4.50	-2.02

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank Cat	Growth of \$10,000
3 Mo	-8.52	-0.16	1.08	48	9,148
6 Mo	-5.75	-0.21	3.54	47	9,425
1 Yr	-12.15	0.17	5.22	55	8,785
3 Yr Avg	3.91	0.24	6.10	60	11,218
5 Yr Avg	3.84	0.13	5.13	64	12,072
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	3.00	41	0.87	37
5 Yr (estimated)	2.98	53	0.82	44
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 0% of assets

Morningstar's Take by Patricia Oey 02-23-16

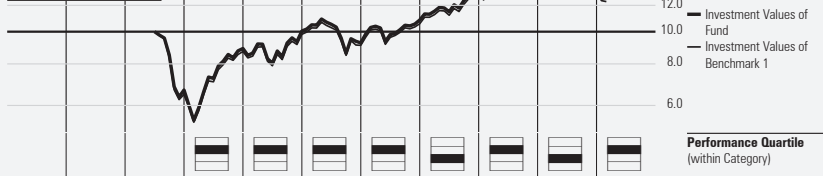
Vanguard Total World Stock Index is one of the most diversified, and cheapest, equity portfolios available. It merits a Morningstar Analyst Rating of Silver.

This index fund covers a lot of ground. It tracks the market-cap-weighted FTSE Global All Cap Index, holds about 7,400 stocks, and covers 98% of the world's public equity market capitalization. It typically invests about half of the portfolio in the United States, nearly 40% in non-U.S. developed markets, and the remaining 10% in emerging markets. Thus, this single fund can fill the equities portion of a diversified portfolio of stock and bond funds.

With its extremely broad coverage, this fund looks different than other Morningstar Medalists in the world-stock Morningstar Category. Many of those funds tend to be "global best ideas" vehicles with fewer holdings (typically around 100). Relative to category averages, this fund has been light in developed Europe equities and slightly overweight in emerging-markets equities. And relative to its main world-stock peers, this fund has more exposure to mid- and small-caps given its all-cap focus. These tilts can affect short-term relative performance but

Historical Profile

Return Average
Risk Average
Rating ★★★ Neutral



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	02-16	History
NAV	—	—	13.32	17.51	19.41	17.50	20.06	24.11	24.48	23.45	21.90	NAV
Total Return %	—	—	—	33.30	12.87	-7.88	17.15	22.79	3.92	-2.02	-6.61	Total Return %
+/- Bmark 1	—	—	—	-1.33	0.20	-0.54	1.02	-0.01	-0.24	0.35	0.07	+/- Bmark 1
+/- Bmark 2	—	—	—	-8.15	1.72	5.82	0.32	7.51	7.78	3.65	1.26	+/- Bmark 2
Income Return %	—	—	—	—	—	—	—	—	—	—	—	Income Return %
Capital Return %	—	—	—	31.46	10.87	-9.82	14.64	20.42	1.51	-4.28	-6.61	Capital Return %
Total Rtn % Rank Cat	—	—	—	46	48	50	42	64	35	57	50	Total Rtn % Rank Cat
Income \$	—	—	0.08	0.25	0.35	0.38	0.44	0.47	0.57	0.55	0.00	Income \$
Capital Gains \$	—	—	—	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	—	—	0.46	0.50	0.45	0.40	0.35	0.30	0.27	0.25	—	Expense Ratio %
Income Ratio %	—	—	2.32	2.28	2.03	2.30	2.44	2.28	2.38	2.31	—	Income Ratio %
Turnover Rate %	—	—	5	18	7	10	16	12	7	7	—	Turnover Rate %
Net Assets \$mil	—	—	69	153	272	273	407	669	848	956	914	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-12.15	—	—	—
3 Yr	3.91	Avg	Avg	★★★
5 Yr	3.84	Avg	Avg	★★★
10 Yr	—	—	—	—
Incept	3.16	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	5.6	0.3
Beta	0.84	0.98
R-Squared	92	99
Standard Deviation	11.16	—
Mean	3.91	—
Sharpe Ratio	0.39	—

Portfolio Analysis 01-31-16

Total Stocks: 7357
Share change since 12-31-15

Company	Sector	Country	% Assets
Apple Inc	Technology	United States	1.40
Microsoft Corp	Technology	United States	1.02
Exxon Mobil Corporation	Energy	United States	0.84
Johnson & Johnson	Hlth Care	United States	0.74
General Electric Co	Industrl	United States	0.70
Wells Fargo & Co	Finan Svcs	United States	0.65
Facebook Inc A	Technology	United States	0.63
Nestle SA	Cnsmr Def	Switzerland	0.63
AT&T Inc	Comm Svcs	United States	0.58
Alphabet Inc A	Technology	United States	0.57
Alphabet Inc C	Technology	United States	0.57
Amazon.com Inc	Cnsmr Cyc	United States	0.57
JPMorgan Chase & Co	Finan Svcs	United States	0.57
Procter & Gamble Co	Cnsmr Def	United States	0.57
Verizon Communications In	Comm Svcs	United States	0.52
Pfizer Inc	Hlth Care	United States	0.48
Roche Holding AG Divident	Hlth Care	Switzerland	0.47
Coca-Cola Co	Cnsmr Def	United States	0.45
Home Depot Inc	Cnsmr Cyc	United States	0.44
Toyota Motor Corp	Cnsmr Cyc	Japan	0.44

Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large	Giant	45.3	Cyclical	38.10	1.03
Mid	Large	30.6	BasicMat	4.98	1.02
Small	Mid	17.7	CnsmrCyc	12.05	1.03
	Small	5.5	FinanSvcs	17.11	0.98
	Micro	0.8	Real Est	3.96	1.27
	Avg \$mil:	28,478	Sensitive	35.90	0.99
			CommSvcs	4.63	0.88
Value Measures			Energy	5.97	0.94
Price/Earnings	15.47	0.91	Industrl	11.35	1.08
Price/Book	1.75	0.77	Technology	13.95	1.00
Price/Sales	1.22	0.78	Defensive	26.00	0.97
Price/Cash Flow	6.34	0.74	CnsmrDef	10.28	0.95
Dividend Yield %	2.85	1.06	Hlthcare	12.29	0.99
Growth Measures			Utilities	3.43	1.02
Long-Term Emrgs	9.62	0.92			
Book Value	2.15	0.51			
Sales	-4.87	-6.18			
Cash Flow	0.26	0.95			
Historical Emrgs	-39.13	-22.83			

Regional Exposure

	% Stock
UK/W. Europe	22
N. America	56
Japan	9
Latin America	1
Asia X Japan	10
Other	2

Country Exposure

	% Stock
United States	53
Switzerland	3
Japan	9
France	3
UK	7

Composition - Net

	%
Cash	0.4
Bonds	0.0
Stocks	99.5
Other	0.1
Foreign (% of Stock)	46.6

Address: Vanguard International Equity Index Fund
Valley Forge PA 19482
800-662-7447
www.vanguard.com
Web Address: www.vanguard.com
Inception: 06-26-08
Advisor: Vanguard Group Inc
Subadvisor: None

Minimum Purchase: \$3000 Add: \$1 IRA: \$3000
Min Auto Inv Plan: \$3000 Add: \$1
Sales Fees: No-load
Management Fee: 0.21%
Actual Fees: Mgt:0.21% Dist:—
Expense Projections: 3Yr:\$80 5Yr:\$141 10Yr:\$318
Income Distribution: Quarterly

Making Sense of Multialternative Funds

Morningstar Research | Josh Charlson

Recent stock market volatility has served to remind investors of the potential role of alternatives in a diversified portfolio. Alternative mutual funds use asset classes and strategies designed to have low correlation with traditional stocks and bonds, thus in theory providing ballast to a portfolio when the markets are rocky.

One of the most popular entry points for investors considering alternative strategy mutual funds has been the multialternative Morningstar Category. Multialternative funds, as their name suggests, combine multiple alternative strategies and asset classes within a single portfolio, making them a natural starting point for investors who want alternatives exposure but lack the know-how to research, select, and combine single-strategy alternative funds on their own.

But multialternative funds also present challenges. The multialternative category is extremely heterogeneous, and performance is widely dispersed. Most funds have relatively short track records (as is the case across alternative categories). Moreover, fees tend to be higher than those of both traditional long-only funds and single-strategy alternative funds. Finally, performance has been somewhat disappointing. For all these reasons, it's important when selecting a multialternative fund to choose a highly experienced management team running a reasonably priced fund.

Breaking Down the Multialternative Category

First, it will be helpful to break down the varying types of approaches within the category. We have identified three main substrategies within the multialternative category, and there are some further nuances within those strata. Those three substrategies are multi-strategy, global macro, and hedge fund replication.

Multistrategy: The multistrategy approach is by far the most common in the category. Multistrategy funds allocate to distinct alternative strategy sleeves in the

portfolio, using a variety of techniques and structures. Although portfolio managers may alter their allocations to the sleeves over time, the allocations are generally fairly static or strategic in nature. Approximately two thirds of funds in the category use a multistrategy approach. Within the multistrategy bucket, there are several distinct subtypes:

Multistrategy–Fund of Hedge Funds: These funds use managed-account structures to directly access hedge fund strategies.

Multistrategy–Fund of Mutual Funds: These funds employ a traditional fund-of-funds structure.

Multistrategy–Single-Manager: These funds rely on the internal expertise of the asset manager to allocate across teams or strategy types within the firm.

Global Macro: Global-macro managers have the flexibility to invest long and short across global asset classes and markets. Allocation decisions tend to be based on a mix of macroeconomic factors (such as interest rates) and more-fundamental rationales (such as market valuations in one region versus another). Global-macro funds typically use liquid futures to carry out their ideas and often have significant currency components, and many often rely on buckets of pair trades (when long and short ideas on a set of securities are matched within a certain sector, for example).

Hedge Fund Replication: Whereas most multialternative funds are premised on the notion of manager skill, hedge fund replicators take a different tack: Proponents of these funds take the view that most hedge fund returns can be traced to market factors, or beta, and that those factors can be identified and replicated through sophisticated regression techniques. There is academic support to this viewpoint, but the real-world results have been fairly disappointing. Hedge fund replication mutual funds, of which there are a handful, are among the cheapest multialternative strategies available.

How Have Multialternative Funds Performed?

Most multialternative funds are designed as moderate-return, lower-volatility vehicles that should

Multialternative Category 3-Year Performance Statistics

Category	Jan 2016 Return %	3-Yr Total Return %	3-Yr Corr %	3-Yr Beta	3-Yr Std Dev	3-Yr Sharpe Ratio	Max Draw- down	Down Capture Ratio
Multialternative	-1.55	0.69	0.88	0.28	3.51	0.07	-6.18	41.82
Benchmarks								
Barclays US Agg Bond	1.38	2.15	-0.05	-0.01	2.96	0.68	-3.67	-4.85
S&P 500	-4.96	11.30	1.00	1.00	10.94	1.18	-8.36	100.00
MSCI World	-6.05	3.59	0.96	0.99	11.31	0.60	-12.20	122.83
60 40 Blended Benchmark	-3.02	4.73	0.93	0.59	6.94	1.00	-6.27	67.44

*Data through 01/31/16. Correlation and Beta are to the S&P 500. Blended benchmark consists of 60% MSCI World 40% Barclays U.S. Agg.

provide diversification from standard asset classes. Some funds in the category—particularly global-macro managers—do tend to take on more market exposure and higher volatility, depending on their current views of the economy and markets. Results have been mixed so far, however.

A bright spot for the category has been its decent downside protection, reflected in its moderate beta (a measure of equity sensitivity) of 0.28 and three-year downside capture ratio of 42%. In January 2016, when global markets were tanking, this category held up well: While the MSCI World Index lost 6.00%, the multialternative category lost 1.55%. The category does carry market exposure and is not immune to losses, but many funds have shown that they can fulfill their role as diversifiers.

Returns in up markets, however, have been dismal. The multialternative category's average annualized return during the past three years through January 2016 was a marginally positive 0.69%. It's not surprising that the category would trail the S&P 500 (11.3%) by a significant margin, but on a beta-adjusted basis, the lag is greater than expected. Moreover, the fund trails both the conservative-allocation category (slightly) and a blended 60/40 MSCI World/Barclays Aggregate benchmark (more pronouncedly), though its volatility (based on standard deviation) has been lower than both.

Multialternative Recommendations

When assigning Morningstar Analyst Ratings to funds in the multialternative category, Morningstar analysts emphasize established management track records running the strategy or similar versions;

strategies that provide true diversification in the sense of lower correlations and betas to traditional asset classes; parent firms with a legacy of keeping shareholders' interests in mind; and lower fees. And while alternative funds are most often sold through advisors, many are available through retail fund platforms. Here are a few of our favorite multialternative funds that are accessible to individual investors.

Multistrategy: Within the multistrategy subgroup, we recommend two Bronze-rated multimanager funds, **Litman Gregory Masters Alternative Strategies** MASF and **John Hancock Alternative Asset Allocation** JAAAX. Both are headed up by teams with extensive experience vetting managers and putting together portfolios in the mutual fund arena. Litman Gregory uses a fund-of-hedge-funds structure, taking a fairly concentrated approach with only five sub-advisors, while John Hancock uses a more diversified fund-of-funds structure.

Global Macro: Bronze-rated **John Hancock Global Absolute Return Strategies** JHAAX, subadvised by Scotland-based Standard Life Investments, has become one of the largest alternative mutual funds, with \$9 billion in assets under management in the United States and more than \$75 billion across its worldwide vehicles. The flagship strategy has a record going back to 2008, and lead manager Guy Stern has been on the strategy since then, though the team has endured significant turnover. Stern is backed by a deep, 50-person analyst team that develops trade ideas designed to be profitable over a three-year period.

Hedge Fund Replication: Bronze-rated **Natixis ASG Global Alternatives** GAFAX features at its head one of the leading academic researchers on hedge fund replication, Andrew Lo, also a co-founder of AlphaSimplex Group. The quantitative team running the fund seeks to replicate the asset-class exposures (or betas) of the hedge fund industry by regressing the returns from several major hedge fund databases. The team constrains positions to achieve an 8% volatility target and employs a proprietary stop-loss system to manage downside risk. ■■

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Fund Companies Under Fire

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

The impact of redemptions on a fund company is less obvious than at an individual fund, but still quite real. It's a challenge that is facing more fund companies than usual.

I pulled the 50 largest calendar years of outflows in percentage terms to hit any fund company in the past 20 years. Remarkably, 10 of the 50 came in 2015. The next biggest year was the bear-market year of 2008, when five firms had big redemptions. (I limited the search to firms that had at least \$5 billion in assets to begin the year.)

The 10 biggest percentage drops in open-end funds from 2015 had outflows that ranged between 17.8% and 26.0% in a single calendar year. Fund companies can certainly rebound from such an event, and they have, but it does present new challenges. Asset management is a high-profit, low-debt business, and that means fund companies generally have some slack before flows hurt them.

Marsico Capital is one firm that has suffered a slow burn as redemptions and poor performance have gradually eaten away at its standing and led to departures in investment personnel. Marsico had an unusually high level of debt because of a 2007 deal in which it bought control back from **Bank of America** BAC. That's what I meant in the cover story by subtle effects.

More broadly, outflows can spur staff cuts, harm a firm's reputation, hurt performance, and make it tougher for a firm to recruit top talent. Let's take a look at those that are most worrisome among the 10 suffering outflows.

Third Avenue's 26% outflow tops any firm over the past 20 years. Having a fund in the headlines because of a mismatch of flows and holdings liquidity will do that to you. The firm faces an investigation and changes at the top, and investors are fleeing the rest of the firm's funds besides the one that imploded. The reasoning is fear that problems at the firm will lead to big changes or possibly key departures at the other funds. Third Avenue is owned by Affiliated Managers Group, which is on solid footing itself, though AMG generally takes a hands-off approach with its investment boutiques. If you own a Third Avenue fund, you should watch developments closely. It's tough to come back from a severely damaged brand. Even before the scandal, manager departures and poor performance had led us to downgrade a number of the firm's funds.

Wasatch shed about 19% of assets, and that's a concern given its emphasis on small-cap stocks in most funds. The good news is the firm endured a sizable drop in assets under management a decade ago but was able to keep its investment team intact and rebounded nicely. Still, I worry when I see this in small-cap land.

Longleaf Partners is owned by the managers of its funds along with some other employees, so the firm is pretty well insulated from short-term issues. If it were publicly traded you can be sure that changes would be forced on the team. Still, it's enduring its worst performance slump ever and has seen 24% in outflows. I think Longleaf can withstand more, but what it really needs is a rebound in fund performance.

Calamos' CLMS outflows come at a bad time for the publicly traded firm. John Calamos Sr. was thought to be handing over the reins to Gary Black until the two parted company. Now there is a pretty big hole in transition plans at a time when performance has been poor and investors are leaving in droves. The firm saw 18% of AUM go out the door in 2015. ■■■

Beware of Rising Volatility

Red Flags | Laura Lallo

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

Concerned that your stock funds seem much more volatile lately? You aren't alone: **Vanguard 500 Index's** VFAX one-year standard deviation was at 14.28 at the end of January, compared with 10.93 for the three-year period, and most diversified U.S. equity funds show a similar pattern. As observed in the July 2015 *FundInvestor* cover story, market volatility declined after the financial crisis, but the current three-year numbers may be the anomaly: Most of the broad U.S. stock funds in the Morningstar 500 had 10-year standard deviations on par with or even higher than the current one-year figures—Vanguard 500 Index's 10-year figure is 15.15. In other words, this recent surge in volatility probably doesn't signal a dramatic departure from established strategies.

There were a handful of funds, however, with one-year standard deviations significantly higher than their 10-year figures. That could signal a change, perhaps for the worse. One of those is **Sequoia** SEQUX. As has already been discussed in a recent Red Flags, its enormous stake in controversial **Valeant Pharmaceuticals** VRX is the culprit. That fund is not appropriate for shareholders who can't handle such stances, though we continue to give it a Morningstar Analyst Rating of Gold. Below is a look into six more funds that have had notable increases in volatility during the past year.

T. Rowe Price New America Growth PRWAX

This large-growth fund's recent surge in volatility is partly explained by the nearly 10% stake in **Amazon.com** AMZN held by manager Dan Martino at year-end. That was to the fund's advantage in 2015, but not in early 2016. Martino is leaving the fund on April 1, and new manager Justin White expects to have more of a valuation focus that would probably have precluded such a large stake in a pricey name. White is an experienced analyst, but this is his first stint as a portfolio manager, and this manager change, not the

fund's increased volatility, explains the recent downgrade of its Analyst Rating to Neutral from Bronze.

First Eagle Fund of America FEAFX

The recent surge in volatility owes partly to the fund's sector biases, with an overweighting in basic materials that is among the largest in the mid-blend Morningstar Category. Some of its tech picks have had sharp losses as well. However, we are still positive on the fund's process, which has led to moderate volatility over the long term. While we downgraded the fund to Bronze from Silver, that owes to problems at First Eagle itself, stemming from improper use of fund assets for marketing and distribution costs, as well as a pending acquisition by two private equity firms.

Harbor Capital Appreciation HACAX

This fund showed its upside volatility with one of the best showings in the large-growth category last year, owing to high-priced, high-growth names such as Amazon and **Facebook** FB—a focus that is driving above-average losses in 2016. We remain confident in Sig Segalas, who's run the fund for 25 years, and the rest of the growth team at Jennison Associates.

Mainstay ICAP Equity ICAEX and Mainstay ICAP Select Equity ICSLX

These are both concentrated funds, particularly the Select version, with fewer than 30 holdings. The downside risk of such an approach was apparent in both funds' lagging returns during the past year. We have concerns about changes on the management and analyst teams, which are a particular risk for a concentrated, distinctive strategy. Both were downgraded to Neutral from Bronze in 2015.

Century Small Cap Select CSMVX

This fund had a good year in 2015 for a small-growth strategy, ending the year in the black. Its losses for the year to date aren't extreme for the category, either. While the fund's long-term risk profile isn't out of line with the category norm, a concentrated portfolio with pronounced sector bets is bound to be bumpy. When we last rated the fund in 2014, our primary concerns were lackluster performance and changes to the investment team, not volatility. ■■■

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U.S. Stocks Flat in February

Market Overview | Robert Goldsborough

U.S. stocks finished February about where they started. The S&P 500 and the Russell 2000 Index were flat in February. Economic data was mixed as a rally in oil prices helped but was offset by concerns about banks and the threat of a recession.

Overseas markets fared worse in February. European stocks in particular were dragged down by concerns over the United Kingdom's possible exit from the European Union and difficulty at German banks. Emerging-markets stocks were down slightly because of Chinese and Russian stocks' declines.

Brent crude prices ended February at about \$36.50 a barrel, which was its highest level since Jan. 5 and about 10% above its price at the end of January. Somewhat counterintuitively, the energy sector was one of the two worst-performing U.S. equity sectors in February, sliding 2.4%. **Vanguard Energy VGENX**, with a Morningstar Analyst Rating of Neutral, did even worse, declining almost 2.5%. The best-performing U.S. equity sector was the materials sector, which rallied on a strong earnings release from bellwether **Dow Chemical DOW**, which posted strong volumes and profit growth in advance of its pending merger with **DuPont DD**.

The bondlike utilities sector also rallied, as did the industrials sector. The utilities sector's strength was good news for Gold-rated **Franklin Utilities FKUTX**, which rose 2.2%. ■■■

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Benchmark Performance

Total Return % Through 02-29-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	-1.1	-8.1	10.0	8.6	6.1
Large Blend	-0.3	-5.7	8.7	8.3	5.5
Large Value	0.1	-5.2	7.2	7.4	4.6
Mid-Cap Growth	-0.1	-8.4	7.1	6.5	5.6
Mid-Cap Blend	0.8	-5.6	6.8	6.6	5.4
Mid-Cap Value	0.8	-5.6	6.5	6.5	5.5
Small Growth	-1.0	-10.7	5.5	5.7	5.1
Small Blend	0.7	-6.7	5.3	5.6	4.8
Small Value	1.2	-5.5	4.7	5.4	4.7
Aggressive Allocation	-0.4	-5.1	4.4	4.6	3.8
Conservative Allocation	0.0	-1.8	1.8	3.4	3.8
Moderate Allocation	-0.2	-3.7	4.4	5.0	4.6
Communications	1.8	-0.4	7.6	6.2	3.8
Financial	-2.8	-11.2	5.0	5.0	0.6
Global Real Estate	-0.2	-4.8	1.5	4.3	2.5
Health	-2.8	-16.2	16.2	16.2	9.6
Natural Resources	2.1	-4.4	-10.7	-8.7	-1.3
Equity Precious Metals	29.9	32.1	-17.3	-19.0	-2.7
Real Estate	-0.5	-4.6	7.0	8.4	5.2
Technology	-0.9	-9.1	11.8	7.1	6.8
Utilities	1.2	3.0	6.5	7.6	6.2
S&P 500	-0.1	-5.1	10.7	10.0	6.4
S&P MidCap 400	1.4	-4.4	8.2	8.3	7.2
Russell 2000	-0.2	-8.8	5.8	6.1	5.0
Diversified Pacific/Asia	-2.9	-8.6	0.5	1.3	2.3
Diversified Emerging Mkts	-1.0	-6.4	-8.0	-5.0	1.5
Europe Stock	-2.3	-8.1	2.2	2.0	2.7
Foreign Large Blend	-2.5	-8.3	-0.2	0.0	1.3
Foreign Large Growth	-2.3	-8.1	1.1	1.5	2.5
Foreign Large Value	-2.7	-8.2	-0.7	-0.7	0.3
Foreign Small/Mid Growth	-1.9	-8.1	4.3	4.1	4.2
Foreign Small/Mid Value	-0.7	-7.6	1.9	1.2	2.4
World Stock	-0.9	-6.3	4.2	4.2	3.7
MSCI World	-0.7	-6.7	5.3	4.9	3.8
MSCI Emerging Markets	-0.2	-6.6	-8.9	-5.4	1.8
MSCI EAFE	-1.8	-8.9	0.4	0.6	1.5
MSCI Europe	-1.8	-8.3	0.6	0.7	1.8
MSCI Latin America	3.8	-1.0	-19.9	-14.1	-0.6
MSCI Pacific	-1.9	-10.2	-0.1	0.4	0.8
High Yield Bond	0.2	-1.3	0.2	3.2	5.2
Inflation-Protected Bond	0.7	1.5	-2.1	1.7	3.2
Intermediate-Term Bond	0.4	1.2	1.5	3.3	4.3
Muni National Long	0.0	1.0	2.9	5.8	4.2
World Bond	1.0	1.1	-0.9	1.3	3.9
BarCap US Agg Bond TR USD	0.9	2.1	2.2	3.5	4.5
BofAML US HY Master II TR	0.5	-1.1	0.6	3.9	6.5
BarCap Municipal TR USD	0.2	1.4	3.4	5.5	4.8

Akre Focus Is at the Top of the Heap

Leaders & Laggards | Robert Goldsborough

Ten Best-Performing Funds

Fund Name	YTD Cat Rank %
FMI International	1
First Eagle Overseas A	1
JOHCM International Selec	1
Jensen Quality Growth J	1
Mairs & Power Growth Inv	1
Permanent Portfolio	1
Vanguard Inter-Term Bond	1
ASTON/River Road Select V	2
Appleseed Investor	2
FAM Value Investor	2

Ten Worst-Performing Funds

Fund Name	YTD Cat Rank %
CGM Focus	100
Dreyfus Opportunistic Sma	100
Matthews China Investor	100
T. Rowe Price Media & Tel	100
Vanguard Precious Metals	100
Eventide Gilead N	99
Fairholme	99
Fidelity OTC	99
Oakmark Global I	99
Oakmark Select I	99

Leaders

Akre Focus Retail AKREX, with a Morningstar Analyst Rating of Silver, has continued its impressive run of outperformance, besting 96% of its mid-growth peers over the 12 months. Lead manager Chuck Akre and his team have made a significant overweighting in the financials sector this past year. Financials have gotten hammered, but Akre's picks like **Markel** MKL, **MasterCard** MA, and **Visa** V have done quite well. Other strong performers include retailers **Dollar Tree** DLTR and **O'Reilly** ORLY.

Columbia Dividend Income's GSFTX lead manager Scott Davis has stuck to his knitting with this large-value fund. The fund has outpaced 95% of its peers over the past year and more than nine out of 10 competitors over the past five and 10 years. Davis buys steady free-cash-flow-generating firms whose future dividends will grow commensurate with cash flows. Meaningful contributors to outperformance this past year have included top holdings **Microsoft** MSFT and **Johnson & Johnson** JNJ, as well as **Public Storage** PSA and insurer **Chubb** CB, which recently was acquired by ACE.

Silver-rated **Vanguard Short-Term Bond's** VBIRX big weighting in government bonds means the fund outperforms when investors grow wary of lower-quality corporate bonds. We've just had a bout of credit selling, leading the fund to beat 97% of its short-term bond peers the past 12 months.

Bronze-rated **Hennessy Focus** HFCSX has bested 96% of its mid-growth competitors over the past year and 98% of its category peers over the past five years. Among the fund's recent winners have been top holding **O'Reilly Automotive** ORLY, **American Woodmark** AMWD, **Markel** MKL, and **Alphabet** GOOGL.

Laggards

Despite very strong long-term performance, **Third Avenue Real Estate Value** TAREX has lagged 98% of its global real estate competitors over the past year. **Brookdale Senior Living** BKD, timberland owner and manager **Rayonier** RYN, and Singapore real estate development group **City Developments** have all hurt the fund. The fund has used the weakness to boost its positions in Rayonier and City Developments. The fund stands out from its peers because it favors real estate operating companies over REITS. Thus, you'll often find it near the top or bottom in a short time period.

Over the past year, Silver-rated **ClearBridge Aggressive Growth** SHRAX has trailed 95% of its large-growth peers. That's a marked contrast to the previous several years, when the fund had delivered strong performance, and it's also a blemish on a strong long-term track record—the fund has bested nearly two out of every three peers in the trailing 15-year period. Its recent weakness has come at the hands of several culprits, including an overweighting to the energy sector—names like **Anadarko Petroleum** APC and **Newfield Exploration** NFX in particular have detracted—as well as poor stock selection in the information technology sector.

Neutral-rated **PIMCO Unconstrained Bond** PUBDX has struggled over the past year, lagging nearly eight out of every 10 competing non-traditional-bond funds. PIMCO Unconstrained Bond's lead manager Marc Seidner had positioned this fund for a relatively healthy economy. Once fears of slowing growth in China hammered the markets, the fund's negative duration and exposure to credit and emerging-markets debt resulted in underperformance. ■■■

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Fund Manager Changes

American Century Growth TWCGX Impact: Neutral Date: 01/31/2016

Comanager Prescott LeGard was replaced by Justin Brown. Brown joined Greg Woodhams, who has been a manager on the fund since 1997. Brown has been a comanager on American Century Fundamental Equity AFDAX since June 2008. The large-blend fund has lagged its benchmark modestly from his start date through January 2016. **Our Take:** This fund has lagged modestly just like American Century Fundamental Equity, so the change doesn't appear to be a big upgrade or downgrade.


Janus High-Yield JAHYX and Janus Flexible Bond JAFIX Impact: Negative Date: 03/31/2016

Gibson Smith is leaving Janus. Comanager Darrell Waters will take over as lead manager. **Our Take:** We have downgraded the funds to **Neutral** as this is a big blow to two formerly appealing funds. Smith built up Janus' bond effort over the past 12 years and was vital to the team.

Thornburg International Value Impact: Negative Date: 12/31/2016

Wendy Trevisani gave up her comanager duties on the fund in April 2014 and left the firm in early 2015. Bill Fries will give up his comanager position on this fund at the end of 2016. Lei Wang is staying put, and he now has 10 years of experience as a comanager here as well as two decades of investment experience overall. Di Zhou, who became a comanager on this fund on Dec. 8, 2015, has spent 13 years in the investment field, including 14 months as an associate manager here. **Our Take:** Two thirds of the three-person team that owns this fund's long-term record will be gone at the end of 2016, so we have lowered our Morningstar Analyst Rating to Neutral.

Touchstone Sands Capital Select Growth PTSGX Impact: Neutral Date: 01/30/2016

Thomas Ricketts is retiring, and he was replaced by Wesley Johnston. Johnston has been with Sands Capital since 2004. This is Johnston's first time as a listed manager. **Our Take:** Lead manager Frank Sands Jr. is still in place as are the firm's seasoned team of 16 analysts, so we are maintaining our Morningstar Analyst Rating of  **Bronze**.

T. Rowe Price Health Sciences PRHSX Impact: Negative Date: 07/01/2016

Manager Taymour Tamaddon is moving to run T. Rowe Price Institutional Large Cap Growth TRLGX. Ziad Bakri will take his place on July 1, 2016. Bakri has been a healthcare analyst with the firm since 2011. He is an M.D. and had previously worked as a biotech analyst for Cowen and Co. **Our Take:** This is a challenge for T. Rowe because it follows the loss of a manager and two healthcare analysts in 2014. The firm says it plans to hire additional analysts. This is Bakri's first time serving as a portfolio manager.

T. Rowe Price New America Growth PRWAX Impact: Negative Date: 04/01/2016

Dan Martino will be stepping down as portfolio manager in order to join T. Rowe's value team. Justin White will take over T. Rowe Price New America Growth. White has been an analyst at T. Rowe Price since 2008, covering cable and satellite television, Internet infrastructure, and telecom. **Our Take:** It's a surprising move, as Martino had been managing the fund only since May 2013. You don't often see managers go from the growth side to the value side. We have lowered our rating to **Neutral**.

Vanguard Energy VGENX Impact: Negative Date: 06/01/2016

Lead manager Karl Bandtel of Wellington Management will retire. Vanguard named Greg LeBlanc, also of Wellington, comanager of the fund and said he will become the lead manager when Bandtel retires.

Our Take: Bandtel has a strong track record, so he will be missed. We downgraded the fund to **Neutral**.

Vanguard Strategic Equity VSEQX Impact: Neutral Date: 01/28/2016

James Troyer has stepped down as manager. Binbin Guo was promoted to comanager, and he will run the fund along with Michael Roach and James Stetler, who were named comanagers in 2012. Troyer will remain on the team, however. This is Guo's first time as a named manager, but he has been with Vanguard since 2007 and has headed the equity research and portfolio strategy team at Vanguard's Quantitative Equity Group since 2010.

Our Take: Troyer is still on the team, so this doesn't alter our view of the fund.

Fund News

Artisan announced that it is merging **Artisan Small Cap Value ARTVX** into **Artisan Mid Cap Value ARTQX**. The fund has lost \$600 million in outflows during the past year and is now down to just \$367 million, so Artisan decided to fold up the tent and merge into another fund that is getting slammed with outflows. We give Artisan Mid Cap Value a Morningstar Analyst Rating of Silver, so you'll be getting good management. On the downside, you won't be getting small-cap exposure anymore and you may need to add a new small-cap fund.

Buffett Has Faith in U.S. Economy

Berkshire Hathaway BRK.B chairman and CEO Warren Buffett delivered a dose of optimism about America in his annual letter to shareholders. The highly anticipated missive has long been required reading for Berkshire shareholders and value investors across the globe.

Buffett laments the "negative drumbeat" of our presidential election year, which in his view is propagating the story line that, given our country's current trajectory, American children will not live as well as their parents.

"That view is dead wrong," Buffett counters. "The babies being born in America today are the luckiest crop in history."

Backing up his sunny assessment, Buffett offers a per-capita view of economic growth, accounts for productivity, and factors in quality-of-life improvements enabled by technology and innovation.

Considering America's growth per capita paints a different picture, in Buffett's view. "American GDP per capita is now about \$56,000.... [T]hat — in real terms — is a staggering six times the amount in 1930, the year I was born, a leap far beyond the wildest dreams of my parents or their contemporaries. U.S. citizens are not intrinsically more intelligent today,

nor do they work harder than did Americans in 1930. Rather, they work far more efficiently and thereby produce far more. This all-powerful trend is certain to continue: America's economic magic remains alive and well."

Looking ahead, even a lackluster 2% real GDP growth rate results in a per-capita growth rate of 1.2%, which, over 25 years, "leads to a gain of 34.4% in real GDP per capita.... In turn, that 34.4% gain will produce a staggering \$19,000 increase in real GDP per capita for the next generation," Buffett writes. "Were that to be distributed equally, the gain would be \$76,000 annually for a family of four."

American innovation and productivity gains are major ingredients in the secret sauce. Buffett points to the history of farming: "Huge increases in physical [crop] output have been accompanied by a dramatic reduction in the number of farm laborers ('human input'). Today about three million people work on farms, a tiny 2% of our 158-million-person work force [versus 40% of the work force in 1900, by Buffett's numbers]. Thus, improved farming methods have allowed tens of millions of present-day workers to utilize their time and talents in other endeavors... We would not have anything close to the America we now know had we stifled those improvements in productivity."

Those endeavors and innovations in turn enable dramatic improvements to quality of life, including advancements in technology, medicine, transportation, and entertainment. "Rockefeller certainly had power and fame," Buffett observes. "He could not, however, live as well as my neighbors now do." (When Buffett talks about "his neighbors," remember that he famously lives in the same Omaha, Nebraska, house that he bought in 1958.)

But such innovation also has a dark side, Buffett notes: "A long-employed worker faces a different equation. When innovation and the market system interact to produce efficiencies, many workers may be rendered unnecessary, their talents obsolete. Some can find decent employment elsewhere; for others, that is not an option."

Berkshire's own businesses have not been immune. "When low-cost competition drove shoe production to Asia, our once-prosperous Dexter operation folded, putting 1,600 employees in a small Maine town out of work," he recounts. "The same scenario unfolded in slow-motion at our original New England textile operation, which struggled for 20 years before expiring. Many older workers at our New Bedford plant, as a poignant example, spoke Portuguese and knew little, if any, English. They had no Plan B."

Buffett argues that the solution lies not in curbing the march of productivity, but instead helping those displaced workers. "Americans would not be living nearly as well as we do if we had mandated that 11 million people should forever be employed in farming," he argues. "The solution, rather, is a variety of safety nets aimed at providing a decent life for those who are willing to work but find their specific talents judged of small value because of market forces." Buffett specifically says he would favor a reformed and expanded Earned Income Tax Credit.

Near the end of his letter, Buffett adds a darker addendum to his generally optimistic outlook. "There is...one clear, present and enduring danger to Berkshire against which Charlie [Munger, Buffett's business partner] and I are powerless. That threat to Berkshire is also the major threat our citizenry faces: a 'successful' (as defined by the aggressor) cyber, biological, nuclear or chemical attack on the United States. That is a risk Berkshire shares with all of American business."

Buffett further notes that, although the risk of such an event may be small in any given year, small, ever-present risks become much more certain over time to occur at some point. "There is no way for American corporations or their investors to shed this risk," Buffett writes. "If an event occurs in the U.S. that leads to mass devastation, the value of all equity investments will almost certainly be decimated."

He concluded, "For 240 years it's been a terrible mistake to bet against America, and now is no time to start. America's golden goose of commerce and innovation will continue to lay more and larger eggs." ■

Lessons From Your Tax Return

Portfolio Matters | Christine Benz

The market has been lousy for the better part of a year. And unfortunately, the current tax season promises to compound the pain for many investors. Prior to last year, stocks had been on a tear. Valuation-conscious investors may have been unloading highly appreciated securities; strategic buy-and-holders may have been scaling back on winners and rebalancing into bonds and/or foreign stocks. These actions can improve a portfolio's future risk/reward profile, but they also can boost your tax bill if you carry them out in your taxable account.

Even investors who did nothing may own mutual funds that made capital gains distributions. Owing to a confluence of events—a strong market since 2009, and an exodus of investors from actively managed funds and into index products—investors have been hit with high capital gains distributions from many funds for several years running, and 2015 was no exception.

As painful as it is to write that check if you owe additional money on your 2015 taxes—above and beyond what you paid throughout the year—there's a tiny silver lining: Your return and its supporting documents can supply valuable intelligence about your investments. You can see what your financial assets and your investment habits are actually costing you (or maybe saving you) from a tax standpoint.

As you review your tax return, take note of the following line items.

Line 8 of Your 1040:

Interest Income

You can see the raw dollar amount of your interest income on line 8 of your 1040 form. Line 8a shows taxable interest income, or "interest," and line 8b shows tax-exempt interest income, generally from municipal bonds. If you have a high level of taxable

interest income, make sure that you're paying attention to asset location and have assessed whether taxable bonds and money markets, rather than munis, are truly the better bet for your taxable savings, once the tax effects are factored in.

Part I of Schedule B provides specific details on how much interest income various securities have delivered. If you have paltry levels of income from a smattering of cash accounts, see if you can consolidate them into a single, higher-yielding option. If you didn't receive a 1099 from financial institutions where you know you hold cash, don't be alarmed—it's (highly) possible that your interest was less than \$10, so the institution doesn't need to send you a 1099. However, you're technically still required to report that interest. You should be able to find the amount by going online.

Line 9 of Your 1040:

Dividend Income

Line 9a shows the total amount of ordinary dividends you received last year. Those that count as qualified—meaning that they're subject to more-favorable tax treatment—are on line 9b. As with taxable interest above, take a hard look at any investments, such as REITs, that are paying nonqualified dividends that you're being taxed on. Those investments are better housed in a tax-sheltered account such as an IRA, if possible. Even if you don't own a dedicated real estate fund, you may end up with substantial REIT investments if you have a large position in a value-oriented equity fund or equity-income fund. In a similar vein, some of your dividend-focused mutual funds may hold investment types like convertibles and preferred stocks to boost their income; income from those securities doesn't typically qualify for the favorable qualified-dividend treatment. Part II of Schedule B depicts dividends received from all sources last year.

Line 13 of Your 1040:

Capital Gain (or Loss)

As noted at the outset of this article, many investors may have realized sizable capital gains in 2015, whether they triggered the gain with their own selling or one or more of their funds realized gains and made a distribution. If one of your fund holdings made

a big capital gains distribution last year, have you considered whether that fund might be a better fit in a tax-sheltered account? Investors in actively managed funds have seen the biggest capital gains distributions in recent years, underscoring the virtues of opting for exchange-traded, broad-market traditional index, or tax-managed funds for equity exposure instead. All these investment types tend to do a good job of limiting taxable capital gains. Additionally, selecting the specific share-identification method of cost-basis accounting can help you exert a higher level of control. Managing those capital gains distributions is especially important if you fall into the 20% capital gains bracket for single filers earning more than \$413,200 per year in 2015 (the 20% rate kicks in for married couples filing jointly who earned more than \$464,850 in 2015).

Line 25 of Your 1040:**Health-Savings Account Deduction**

Have you evaluated whether a health-savings account, used in conjunction with a high-deductible health-care plan, or HDHP, is a good fit for you? For those who are relatively healthy and have cash on hand to cover out-of-pocket expenses that might arise until they hit the maximum for the year, HSAs can serve as supplemental savings vehicles. You'll enjoy tax benefits on your contributions, and the money in your HSA will roll over from one year to the next. In retirement, any unused monies can be withdrawn tax-free to cover qualified healthcare costs. Yes, the HSA/HDHP combination can be a bit more of a hassle than being covered by a traditional healthcare plan, but healthy higher-income workers, in particular, stand to benefit from having an HSA.

Line 32 of Your 1040:**IRA Deduction**

Many investors reflexively assume a Roth IRA is the way to go. But if you are closing in on retirement, haven't saved much, and can deduct your contribution, funding a traditional IRA may be a better bet than putting money into a Roth. If you're not contributing to a company retirement plan, you can deduct your traditional IRA contribution regardless of income level. Single-filers earning less than \$71,000 in 2015 who are covered by a company retirement plan can

make at least a partially deductible contribution to a traditional IRA for the 2015 tax year. Married couples filing jointly who are eligible to contribute to a company retirement plan can make at least a partially deductible IRA contribution if they earn less than \$118,000. You can deduct your IRA contribution for the 2015 tax year as long as you make it before April 18. (Use that deadline as a motivator to put at least some money to work, since the market has fallen a bit.)

Even if you can't deduct your IRA contribution or make a Roth contribution because you earn too much, the backdoor Roth IRA is still an option. True, the president's budget proposal for fiscal 2017, released in early 2016, included a provision that would effectively put an end to the maneuver. But for now, high-income earners can get money into the Roth column by funding a traditional nondeductible IRA (there are no income limits on contributions) and converting to Roth later. Just be sure you don't have a lot of traditional IRA assets that have never been taxed and remember to file Form 8606, which documents your nondeductible IRA contribution.

Line 50 of Your 1040:**Retirement-Savings Contribution Credit**

Single-filers with incomes of up to \$30,500 in 2015 and married couples filing jointly with incomes under \$61,000 in 2015 can take advantage of a credit for their contributions to IRAs and company retirement plans. The lower the income, the larger the credit—up to \$1,000 for individuals and \$2,000 for married couples. A credit, in contrast to a deduction, is especially valuable in that the credit amount is deducted directly from your bottom-line tax bill. Note that this credit is in addition to—not instead of—allowable deductions for contributions to traditional IRAs and 401(k)s. Form 8880, which you'll need to fill out and attach to your 1040 form (not 1040EZ) to claim the credit, provides more details on how to calculate it. ■■■

Contact Christine Benz at christine.benz@morningstar.com

Four Tax-Appealing Medalists

Tracking Morningstar Analyst Ratings | Russel Kinnel

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

If you are looking for a tax-efficient fund, you can just rank funds by tax efficiency and be done, right? No, in reality, tax efficiency isn't all that helpful.

The goal is to maximize aftertax returns, not tax efficiency (setting aside risk and goals, of course). There is a big difference between the two. You can put money in shoeboxes in your closet and have great tax efficiency. What you really want is aftertax returns. If one fund has aftertax returns of 10% annualized over the next 10 years and another has 8%, you want the one with 10%, regardless of whether you paid more taxes along the way. Vanguard is always eager to make this point because plain-old tax-efficiency measures actually penalize a lower-cost fund, as expenses are taken out of income; therefore, low-cost funds deliver higher aftertax returns but lower tax efficiency.

Second, past tax efficiency can often be the result of random accidents like when a fund was launched or the amount of inflows it had, but those elements of luck won't continue into the future.

To find funds with a good chance of outperforming on an aftertax basis, I screened for Morningstar Medalist funds with below-average expense ratios; net inflows; potential capital gains exposure, or PCGE, below 25%; 10-year aftertax returns that rank in the top third of their Morningstar Category; and turnover below 50%. Put all that together, and you have a much better formula than tax efficiency.

I screened for inflows because outflows can lead to larger capital gains distributions than you'd expect from returns alone. When money leaves a fund, the manager may have to sell stocks held at a profit but then distribute those gains to a smaller shareholder base. Thus, those who stayed with the fund may get a hefty tax bill. We've seen more of this, as I detailed

in *Morningstar FundInvestor's* April 2015 cover story. Conversely, sizable inflows can water down tax bills for shareholders. PCGE tells you the amount of built-up gains a fund has.

Here, then, are four funds that look like good bets and which passed all my screens:

T. Rowe Price Qm US Small-Cap Growth Eq PRDSX

This fund's newfound popularity means it has had lots of inflows to water down gains. It has only a 7% PCGE. To be sure, you wouldn't want the fund to grow so big that it has to alter its strategy, but, as the name says, it is diversified. Sudhir Nanda's quantitative models have run circles around the competition since he took over in 2006.

PRIMECAP Odyssey Growth POGRX

Of course I will plug a Primecap fund whenever I can. It runs outstanding funds, including this excellent large-growth fund. The fund is low-cost, low-turnover, and high-integrity. Our analyst David Kathman sums it up nicely as patient contrarian growth. The strategy will have its off years (it has started 2016 in a hole), but its investment chops show up in the long run.

Vanguard Equity-Income VEIPX

Like a number of Vanguard funds, this one is dull but effective. The fund's two subadvisors run a diversified portfolio of dividend-paying stocks. Michael Reckmeyer of Wellington and a trio of managers from Vanguard's quant group run the portfolio. With a low expense ratio of 0.26%, the fund has built a top-decade record during the past five-, 10-, and 15-year periods, and it looks even better on an aftertax basis.

Fidelity Tax-Free Bond FTABX

If you are building up a portfolio in a taxable account, munis make a lot of sense. Even after a recent run of outperformance versus taxable bonds, they still are pretty attractive when you factor in taxes. Jamie Pagliocco runs the fund to the cautious side of the market, so he sacrifices a bit of yield for better downside protection. The fund doesn't buy bonds subject to the Alternative Minimum Tax, so it is a good idea if you are in AMT territory. ■■■

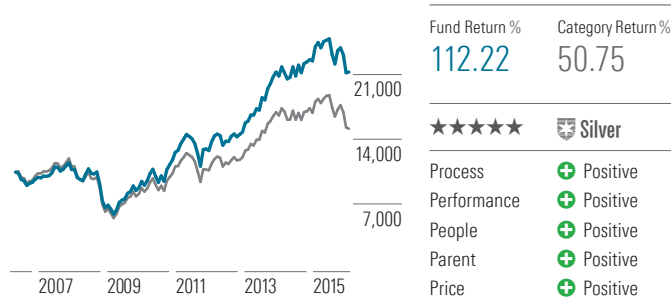
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	79.95	42.13	83.92	42.99	76.48	39.02
Taxable Bond	70.88	40.63	59.88	35.10	35.67	18.38
International Stock	65.73	43.20	61.79	40.51	58.85	43.03
Municipal Bond	63.73	39.06	37.95	16.39	76.58	29.79
Balanced	88.93	54.44	87.09	52.41	81.69	58.88

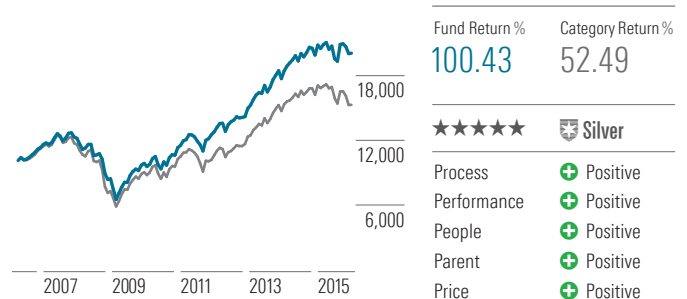
Data through Feb. 29, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

Aftertax Champs

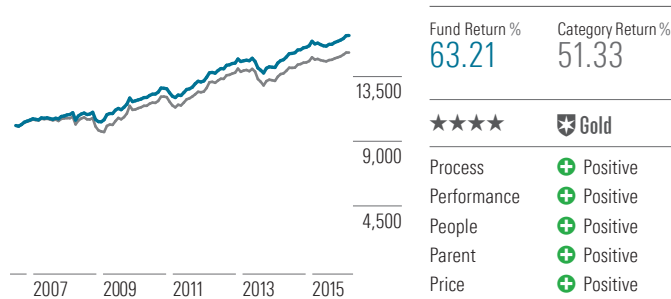
T. Rowe Price Qm US Small-Cap Growth Eq PRDSX



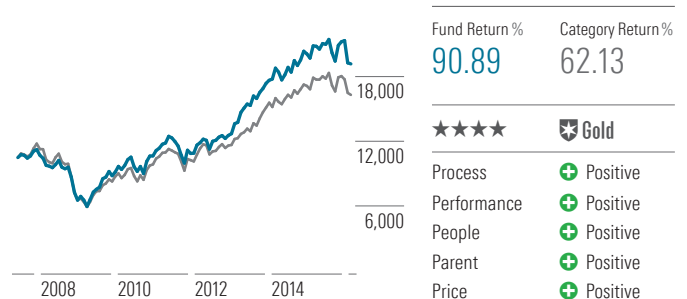
Vanguard Equity-Income Inv VEIPX



Fidelity Tax-Free Bond FTABX



PRIMECAP Odyssey Growth PGRX



The Case for Core Bond Funds

Income Strategist | Cara Esser

High-quality bonds are a tough sell these days. Yields are low so that you are not getting paid much to own them. On top of that, if they rise, you might lose money on the underlying bond whether you own the bond or a high-quality fund. But it doesn't make sense to dump them, especially if you have a big fixed-income stake. Retired investors have long struggled with how to allocate assets and how much to withdraw. The well-known 1998 Trinity Study, which suggested a 4% annual withdrawal rate for retirees, was updated in 2009 and concluded that an allocation of 50% to bonds (less for certain investors) would allow an investor to preserve portfolio value for 25 to 30 years, while withdrawing up to 7% per year.

The 2009 Trinity Study used high-grade corporate bonds as a proxy for its bond allocation, though other studies have used intermediate-term U.S. government bonds with similar results. Most investors will point out that U.S. government bonds are generally considered to be the most sensitive to changes in interest rates because they are default-free. The same applies to investment-grade corporate bonds, which have low default rates. However, long-term investors should not be in the business of choosing bond allocations based on predictions of the timing and magnitude of interest-rate movements. What's more, the yield curve tends not to shift in a parallel fashion, making it difficult to predict which bonds will be more or less affected by changing interest rates. For example, by mid-February, short-term Treasury rates rose (as expected), but long-term rates actually dropped. This was against a backdrop of uneasiness about global growth and, as a result, the Barclays US Treasury Long Index gained 6% by Feb. 5 while the Barclays US Corporate Bond Index gained 0.47%.

Investors seeking traditional bond exposure—generally a mix of ballast, diversification from equity risk,

and income—should avoid investing too much in higher-risk bond funds, including those that hold sizable portions of high-yield bonds, emerging-markets bonds, and bank loans. These funds have better yields, but they will not provide the protection investors need should the equity market unexpectedly take a turn for the worse. For most investors, a more “plain-vanilla” bond allocation—one with a diversified portfolio, minimal credit risk, and moderate interest-rate risk that will act as a true diversifier to the equities in a portfolio—is likely the most suitable choice for a retired investor, with a moderate time horizon, who makes annual withdrawals from his or her portfolio. These “core bond funds” typically fall into the intermediate-term bond Morningstar Category and generally keep their duration close to the Barclays Aggregate Bond Index. Many actively managed core bond funds don't hold the level of Treasuries that the index does, though some hold high-yield, emerging-markets, asset-backed, and mortgage-backed bonds, so it's important to know what you own.

In the year-to-date fund performance through February 2016, you can see why this is. High-quality funds held up quite well while lower-quality funds took on losses. The intermediate-term bond Morningstar Category gained 1.16% while the high-yield bond category lost 1.35%.

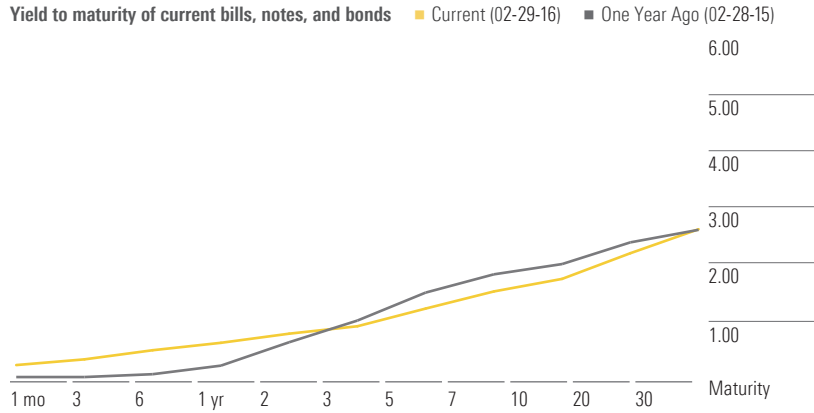
Investors looking for passive exposure to the index can't do much better than **Vanguard Total Bond Market Index** VBTLX, which charges rock-bottom fees (7 basis points) and has tracked the index's returns reasonably well over the long haul.

For more active exposure, investors can look to **Metropolitan West Total Return Bond** MWTRX, which has a Morningstar Analyst Rating of Gold and ranks in the top percentile of returns over the trailing 10 years through February 2016, or **Western Asset Core Bond** WATFX, which often takes the opposite side of consensus bets, making it a slightly more daring option. While investors may view core bond funds as boring, in many cases, boring is best. ■■

Contact Cara Esser at cara.esser@morningstar.com

Bond-Market Snapshot

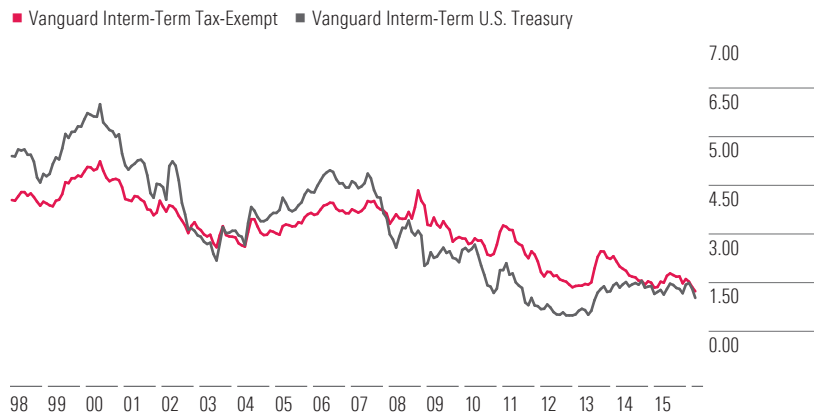
Treasury Yield Curve (%)



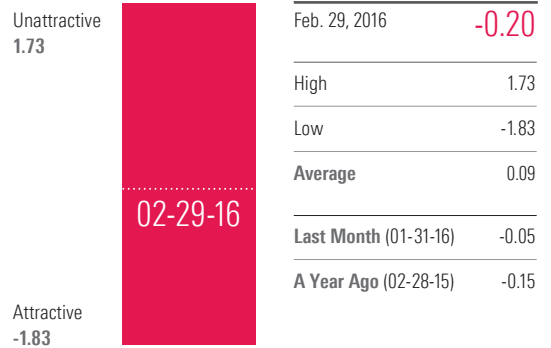
Interest-Rate Review

The Treasury yield curve flattened over February, with the Barclays US Treasury Long Index gaining 2.98% for the month and 8.15% for the year to date. The Barclays US Aggregate posted a return of 0.71%, buoyed by modest monthly gains across all of its subsectors. Municipal markets provided muted though positive returns, and the Bank of America US HY Master II added 0.47% after three previous months of losses. Particularly noteworthy, the Barclays Global Aggregate benefited from loosening monetary policies across regions and delivered 2.23% – its highest monthly return in the past three years.

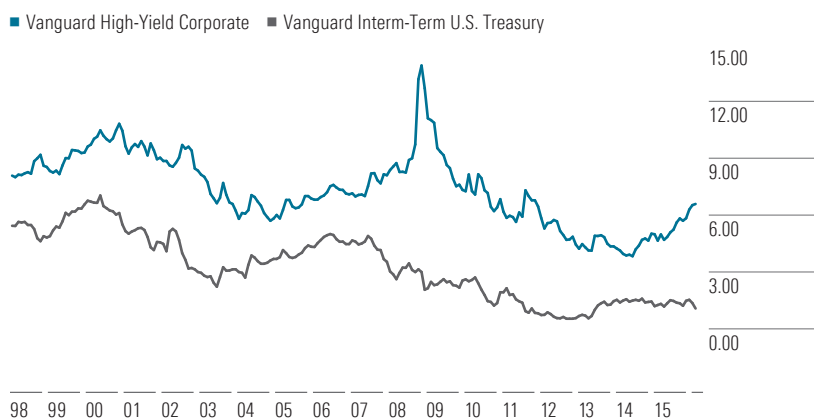
Treasury and Municipal-Bond Yields



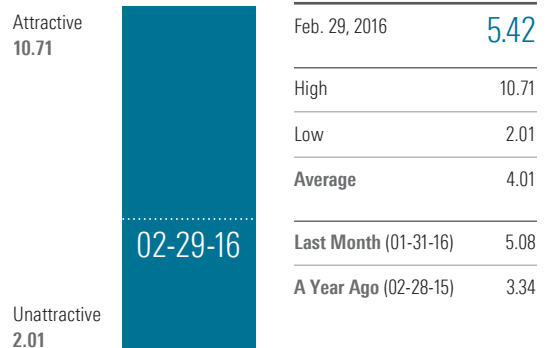
Municipal-Bond Spread Snapshot



High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Data as of Feb. 29, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

New Additions From Artisan, T. Rowe, and Fidelity

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds. Use the list to get new investment ideas and track the funds you already own. FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

We've got three new additions to the Morningstar 500 this month.

Artisan Global Equity ARTHX is a global fund managed by Mark Yockey, Andrew Euretig, and Charles-Henri Hamker. Yockey has a long, distinguished track record at **Artisan International** ARTIX. Euretig has been with Artisan since 2005 and a comanager on Artisan International since 2012. Hamker has been with Artisan since 2000 and was also named a comanager on Artisan International in 2012.

Launched in 2010, the fund has a Morningstar Rating of 4 stars, and it has outperformed 90% of its peers during the past five years. The fund has about \$300 million in assets and charges 1.37% in expenses.

Like Artisan International, the fund has a modest growth bias. However, the fund has a hefty 62% weighting in U.S. stocks, which puts it right on the borderline between our world-stock and U.S. large-growth Morningstar Categories. That U.S. bias has no doubt helped in recent years, as the United States has outperformed foreign markets for the most part, especially when a rising dollar is factored in.

I'm also adding **T. Rowe Price Global Allocation** RPGAX. The fund invests in a mix of stocks and bonds around the world and keeps a small stake in alternative investments. It has been run by Charles Shriver since its 2013 inception. Shriver has also managed **T. Rowe Price Balanced** RPBAX, which has a Morningstar Analyst Rating of Silver, since 2011. The fund has \$160 million in assets and charges 0.98% in expenses. So far in its short existence, it has outperformed its world-allocation peers.

Finally, we have **Fidelity Growth & Income** FGRIX rejoining the Morningstar 500 after an absence of many years. After a long stretch of unimpressive performance, the fund has picked up under Matt Fruhan. The Bronze-rated fund now actually pays attention to income. Fruhan seeks stocks with yields above the S&P 500's that are trading at a discount to his estimates. The \$5.8 billion fund charges a cheap 0.63% expense ratio.

See the facing page for more on the fund.

To make room, I'm cutting **Wasatch Ultra Growth** WAMCX, which we have dropped from coverage. A long-running slump has taken the fund to the bottom quartile of small-growth funds for the trailing 10 years. That has, in turn, spurred outflows that have brought assets down to \$87 million.

In addition, **Calamos Growth & Income** CVTRX is leaving the Morningstar 500. The fund has endured a fair amount of manager turnover, including the departure of Gary Black in 2015. Performance has been uninspiring, and assets have been leaving.

I'm also cutting **Franklin Mutual European** TEMIX, which has been dropped from coverage. ■■

Summary of Changes

Add	Drop
Artisan Global Equity	Calamos Growth & Income
Fidelity Growth & Income	Franklin Mutual European
T. Rowe Price Global Allocation	Wasatch Ultra Growth

Rating Change (Downgrades)	From	To
AllianzGI Technology	Silver	Bronze
Fidelity High Income	Gold	Silver
PIMCO Emerging Local Bond	Bronze	Neutral
T. Rowe Price New America Growth	Bronze	Neutral
T. Rowe Price Retirement 2015	Gold	Silver
Vanguard Capital Value	Bronze	Neutral

Rating Change (Under Review)	From	To
Artisan Small Cap Value	Bronze	Under Review
USAA International	Bronze	Under Review

Data through February 29, 2016 FINRA members: For internal or institutional use only.

Fidelity® Growth & Income

Benchmark 1: Russell 1000 TR USD
 Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 02-23-16



Morningstar Pillars

- Process + Positive
- Performance ○ Neutral
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 02-29-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	4.54	-0.07	-13.97	12.82	1.39
2012	13.43	-3.31	7.55	0.96	19.10
2013	10.58	4.49	5.62	9.30	33.40
2014	1.18	5.11	0.50	3.27	10.38
2015	0.36	1.39	-9.36	5.94	-2.28

Trailng	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-9.19	-2.07	-2.60	79	9,081
6 Mo	-5.16	-3.13	-4.24	74	9,484
1 Yr	-11.09	-3.88	-4.90	73	8,891
3 Yr Avg	7.96	-2.47	-2.79	69	12,583
5 Yr Avg	9.02	-0.90	-1.12	41	15,398
10 Yr Avg	2.10	-4.39	-4.34	98	12,313
15 Yr Avg	1.90	-3.42	-2.96	99	13,269

Tax Analysis	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	7.33	44	0.58	16
5 Yr (estimated)	8.43	23	0.54	20
10 Yr (estimated)	1.15	98	0.94	55

Potential Capital Gain Exposure: -42% of assets

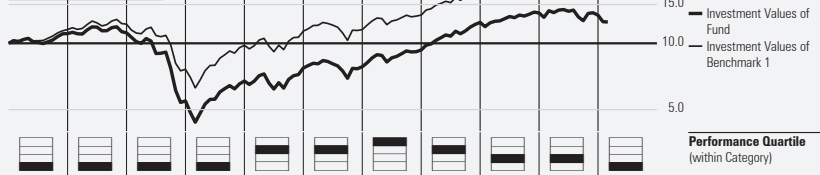
Morningstar's Take by Andrew Daniels 02-23-16

Fidelity Growth & Income has many positive attributes but has posted subpar returns in recent years. Despite the underperformance, this fund has a lot going for it, including low fees, a distinct process focused on dividends and growth, and a talented and experienced portfolio manager surrounded with a proven fundamental analyst team. These strengths justify the fund's Morningstar Analyst Rating of Bronze.

Unlike many growth and income stock funds, this fund has been around for years and takes a measured approach. Manager Matt Fruhan seeks a competitive total return with earnings growth and dividend yield in excess of the S&P 500's and beta roughly in line with the benchmark. The resulting portfolio holds mostly dividend-paying firms where short-term Wall Street consensus earnings estimates are more pessimistic than Fruhan's long-term forecasts. Fruhan avoids such firms as utilities and real estate investment trusts that pay out so much cash that they have little left over to fund future growth. This strategy is similar to Fruhan's approach at Silver-rated Fidelity Large Cap Stock FLSX, which has outperformed 85% of its large-blend peers over the past

Historical Profile

Return Below Avg
 Risk Above Avg
 Rating ** Below Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	02-16	History
NAV	31.15	27.28	13.17	16.06	18.30	18.24	21.26	27.86	30.21	28.92	26.93	NAV
Total Return %	10.71	0.74	-50.89	23.05	14.57	1.39	19.10	10.38	-2.28	-6.88	-6.88	Total Return %
+/- Bmark 1	-4.75	-5.03	-13.29	-5.38	-1.52	-0.11	2.68	0.29	-2.85	-3.20	-1.47	+/- Bmark 1
+/- Bmark 2	-5.08	-4.75	-13.89	-3.42	-0.49	-0.72	3.10	1.02	-3.30	-3.66	-1.79	+/- Bmark 2
Income Return %	0.86	1.05	1.08	0.88	0.57	1.65	2.33	2.11	1.88	1.96	0.00	Income Return %
Capital Return %	9.86	-0.30	-51.97	22.16	14.00	-0.26	16.78	31.30	8.51	-4.24	-6.88	Capital Return %
Total Rtn % Rank Cat	89	89	97	78	37	27	8	32	66	67	76	Total Rtn % Rank Cat
Income \$	0.27	0.31	0.29	0.12	0.09	0.30	0.42	0.45	0.52	0.59	0.00	Income \$
Capital Gains \$	6.08	3.81	0.03	0.01	0.00	0.01	0.03	0.01	0.00	0.01	0.00	Capital Gains \$
Expense Ratio %	0.69	0.68	0.68	0.78	0.75	0.72	0.71	0.68	0.65	0.64	—	Expense Ratio %
Income Ratio %	0.94	0.84	1.29	1.07	0.63	1.09	1.95	2.04	1.86	1.83	—	Income Ratio %
Turnover Rate %	120	52	52	122	98	129	62	49	41	35	—	Turnover Rate %
Net Assets \$mil	30,214	19,209	6,241	6,244	5,612	4,698	4,949	6,471	6,699	5,562	5,086	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-11.09			
3 Yr	7.96	Avg	+ Avg	***
5 Yr	9.02	Avg	+ Avg	***
10 Yr	2.10	Low	+ Avg	*
Incept	9.39			

Other Measures	Standard Index	Best Fit Index
Alpha	-3.2	-3.1
Beta	1.07	1.06
R-Squared	96	96

Standard Deviation	11.99
Mean	7.96
Sharpe Ratio	0.69

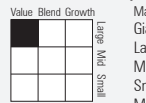
Portfolio Analysis 01-31-16

Total Stocks: 180

Share change since 12-31-15

Stock	Sector	YTD Ret %	% Assets
JPMorgan Chase & Co	Finan Svcs	-14.07	3.97
General Electric Co	Industri	-5.71	3.57
Microsoft Corp	Technology	-7.64	3.56
Apple Inc	Technology	-7.65	2.95
Bank of America Corporati	Finan Svcs	-25.61	2.75
Procter & Gamble Co	Cnsmr Def	1.94	2.51
Chevron Corp	Energy	-6.06	2.33
Johnson & Johnson	Hlth Care	3.15	2.31
Citigroup Inc	Finan Svcs	-24.83	2.29
Target Corp	Cnsmr Def	8.81	1.94
Coca-Cola Co	Cnsmr Def	0.40	1.88
Alphabet Inc A	Technology	-7.81	1.86
Qualcomm Inc	Technology	2.57	1.86
Comcast Corp Class A	Comm Svcs	2.75	1.73
GlaxoSmithKline PLC ADR	Hlth Care	—	1.67
Alphabet Inc C	Technology	—	1.56
Teva Pharmaceutical Indus	Hlth Care	—	1.55
Visa Inc Class A	Finan Svcs	-6.47	1.51
State Street Corp	Finan Svcs	-17.45	1.43
United Parcel Service Inc	Industri	1.14	1.41

Current Investment Style



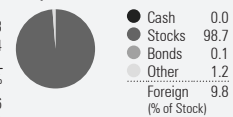
Avg \$mil: 66,196

Value Measures	Rel Category
Price/Earnings	14.77 0.90
Price/Book	1.90 0.82
Price/Sales	1.74 1.14
Price/Cash Flow	8.10 0.88
Dividend Yield %	3.30 1.43
Growth Measures	% Rel Category
Long-Term Erngs	8.95 0.91
Book Value	2.23 0.48
Sales	0.02 0.01
Cash Flow	-2.22 -0.43
Historical Erngs	2.02 0.34

Profitability	%
Return on Equity	19.96
Return on Assets	6.00
Net Margin	14.87

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	31.83	0.98
BasicMat	2.76	0.95
CnsmrCyc	5.65	0.46
FinanSvcs	23.34	1.68
Real Est	0.08	0.02
Sensitive	44.92	1.13
CommSvcs	3.12	0.71
Energy	9.96	1.60
Industri	14.38	1.24
Technly	17.46	0.99
Defensive	23.24	0.84
CnsmrDef	9.88	1.00
Hlthcare	12.72	0.88
Utilities	0.64	0.19

Composition - Net



Address: Fidelity Securities Fund
 Boston, MA 02109
 800-544-8544
 Web Address: advisor.fidelity.com
 Inception: 12-30-85
 Advisor: Fidelity Management & Research Company
 Subadvisor: FMR Investment Management (U.K.) Limited

Minimum Purchase: \$2500 Add: — IRA: \$2500
 Min Auto Inv Plan: — Add: —
 Sales Fees: No-load
 Management Fee: 0.20%
 Actual Fees: Mgt:0.45% Dist:—
 Expense Projections: 3Yr:\$214 5Yr:\$373 10Yr:\$835
 Income Distribution: Quarterly

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk				
		Morningstar Rating vs. Category 5=Best	Total Return % 02-29-16					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category	
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Large Growth		—	-8.1	-9.0	10.0	8.6	6.1	—	—	—	—	—	12.42	(85)	—	
Amana Growth Investor AMAGX	Silver	★★★	-4.2	-7.6	8.6	7.0	6.9	4	36	72	81	30	0.5	11.24	(90)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★	-6.7	-6.4	10.1	8.4	7.1	27	21	53	61	25	0.4	11.48	(93)	-Avg
American Century Ultra Inv TWCUX	Bronze	★★★★	-7.7	-6.8	12.1	10.1	6.4	46	26	18	23	46	0.2	12.61	(88)	Avg
American Funds AMCAP A AMCPX	Gold	★★★	-5.7	-8.3	11.1	10.0	6.7	14	45	34	25	36	0.0	11.0	(91)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	-8.5	-7.5	10.3	9.0	6.0	57	35	49	46	57	0.7	11.6	(90)	-Avg
American Funds New Economy A ANEFX	Gold	★★★	-9.1	-9.5	9.5	9.7	7.0	68	58	61	30	26	0.4	12.34	(76)	Avg
ASTON/Montag & Caldwell Growth N MCGFX	Bronze	★★★★	-5.2	-2.6	8.7	8.7	6.9	10	3	71	54	30	0.3	10.31	(84)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	★★	-7.9	-15.8	10.6	10.5	5.6	49	95	44	16	64	0.0	13.07	(80)	+Avg
Fidelity FFIDX	—	★★★	-7.3	-8.1	9.6	8.3	6.0	38	43	60	62	58	0.8	11.56	(93)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	↓★★★★	-10.2	-9.7	13.1	10.7	8.1	80	61	8	13	9	0.0	12.96	(82)	+Avg
Fidelity Capital Appreciation FDCAX	Bronze	★★★	-7.7	-10.8	10.3	9.9	6.4	46	73	48	26	45	0.8	12.74	(84)	+Avg
Fidelity Contrafund FCNTX	Silver	★★★★★	-6.8	-5.1	11.5	10.1	7.7	30	11	27	23	14	0.3	11.09	(87)	-Avg
Fidelity Focused Stock FTQGX	—	★★★★	-6.5	-8.9	8.8	8.3	7.3	24	51	70	62	19	0.2	12.84	(72)	+Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	-11.8	-10.5	12.8	11.0	8.5	93	69	11	9	4	0.0	14.18	(78)	High
Fidelity Growth Discovery FDSVX	—	★★★★	-8.9	-7.2	12.4	9.7	7.3	62	31	14	29	21	0.1	12.25	(72)	Avg
Fidelity Independence FDFFX	—	↑★★	-12.0	-16.3	8.9	7.1	6.2	93	96	70	80	51	0.1	15.1	(71)	High
Fidelity Magellan FMAGX	Neutral	★★	-8.0	-7.8	11.8	7.8	4.3	51	39	24	70	89	0.6	12.1	(93)	Avg
Fidelity New Millennium FMILX	Bronze	★★★	-6.4	-11.0	7.6	8.2	6.9	23	75	83	63	31	1.0	11.57	(87)	-Avg
Fidelity OTC FOCPX	Bronze	↓★★★★	-14.7	-11.2	15.7	10.5	9.7	99	77	1	15	1	0.0	16.2	(66)	High
Harbor Capital Appreciation Instl HACAX	Gold	★★★★	-11.2	-7.7	12.9	10.7	7.0	90	38	10	13	27	0.1	13.56	(78)	+Avg
Janus Research T JAMRX	—	★★★★	-7.7	-8.5	12.3	9.8	7.9	46	47	16	28	11	0.4	11.88	(92)	Avg
Janus T JANSX	Neutral	★★★	-7.6	-9.0	11.0	8.7	6.0	43	52	37	53	58	0.6	11.95	(90)	Avg
Janus Twenty T JAVLX	Neutral	↑★★★★	-6.2	-3.8	11.8	9.3	8.0	21	6	23	39	10	0.5	12.46	(93)	Avg
Jensen Quality Growth J JENSX	Silver	★★★★★	-1.0	-2.2	11.4	9.9	7.5	1	2	29	26	16	1.2	10.53	(90)	Low
Lateef A LIMAX	—	★★	-6.9	-9.0	7.4	8.2	—	32	52	85	63	—	0.1	13.77	(83)	+Avg
Laudus US Large Cap Growth LGILX	Bronze	★★★★	-10.1	-8.7	10.7	10.1	8.4	78	48	42	23	6	0.0	13.4	(81)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	-7.5	-10.9	8.8	6.8	4.4	41	74	71	84	89	0.4	12.27	(91)	Avg
LKCM Equity Instl LKEQX	Silver	★★★	-5.3	-10.2	5.9	7.5	6.6	11	66	95	75	39	1.0	11.88	(95)	-Avg
Manning & Napier Equity EXEYX	Bronze	↑★★	-4.5	-11.6	7.1	5.9	5.2	5	82	88	90	74	0.0	12.39	(89)	Avg
Marsico Focus MFOCX	Neutral	★★★	-8.1	-10.6	10.5	8.6	5.5	53	71	46	57	69	0.0	12.8	(78)	+Avg
Marsico Growth MGRIX	Neutral	★★	-9.5	-11.9	8.2	7.5	4.6	74	83	77	75	85	0.0	12.65	(80)	Avg
MFS Growth A MFEGX	Silver	★★★★	-6.8	-4.7	11.6	10.5	7.9	30	9	25	16	11	0.0	11.77	(85)	-Avg
Morgan Stanley Inst Growth A MSEGX	Gold	★★★	-12.2	-9.6	14.3	10.4	8.0	94	59	2	17	10	0.0	14.89	(60)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	-5.9	-8.5	8.7	7.5	<i>6.0</i>	17	47	72	75	55	1.1	11.11	(92)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	★★★★	-10.2	-8.0	11.8	10.4	7.8	79	43	23	17	12	0.4	12.95	(75)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	★★★	-5.2	-13.5	6.5	8.5	—	10	92	92	58	—	0.1	11.46	(86)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	↓★	-15.9	-16.2	10.3	6.9	—	99	96	49	83	—	0.0	18.06	(30)	High
Sequoia SEQUX	Gold	★★★	-7.3	-20.5	5.0	8.8	6.7	40	99	97	52	37	0.0	13.29	(23)	+Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	★★★★★	-10.3	-6.4	13.5	11.8	7.9	81	20	5	4	11	0.0	13.63	(80)	High
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★	-10.4	-6.7	12.8	11.0	7.7	82	24	11	10	14	0.0	13.35	(78)	+Avg
T. Rowe Price New America Growth PRWAX	Neutral	★★★★	-10.7	-8.6	11.9	9.3	8.1	87	48	20	39	8	0.0	13.96	(82)	High
T. Rowe Price Spectrum Growth PRSGX	—	★★	-7.1	-10.4	6.6	6.5	5.4	34	68	92	86	71	1.2	11.3	(92)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★	-7.5	-7.7	10.5	10.0	7.9	41	38	46	24	11	1.3	11.88	(95)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	★★★	-14.4	-16.0	7.5	9.0	7.2	98	96	84	46	22	0.0	16.26	(73)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★	-8.4	-9.8	13.2	10.9	8.1	56	62	8	10	9	0.6	12.53	(76)	+Avg
Vanguard Growth Index Adm VIGAX	Silver	★★★★	-6.3	-7.6	11.3	10.6	7.5	23	36	29	14	16	1.4	11.9	(94)	Avg
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★	-7.7	-6.3	11.8	9.4	6.5	44	19	23	36	43	0.7	12.0	(90)	Avg
Vanguard PRIMECAP Core Inv VPCCX	Gold	★★★★	-6.1	-7.9	12.4	10.7	8.2	20	40	14	13	8	1.2	11.12	(92)	-Avg
Russell 1000 Growth Index			-5.7	-5.3	12.4	10.7	7.5									
S&P 500 Index			-5.1	-6.2	10.7	10.0	6.4									

Legend

- Red** = Lowest return in group
- Green** = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
—	20.6	3.2	76,664	26	20	18	—	63	2	98	0	0	7	—	1.15	—	2,416	—
AMAGX	19.6	3.9	41,552	41	28	12	45	0	2	98	0	0	14	NL	1.08	30.43	1,664	Kaiser/Klimo (22.0/3.4)
TWCGX	20.7	3.2	71,572	26	20	16	89	49	1	98	0	1	1	NL	0.97	26.18	7,387	Brown/Woodhams (0.1/18.4)
TWCUX	20.3	4.8	72,219	27	23	17	85	16	0	99	0	0	4	NL	0.98	32.32	7,793	Management Team
AMCPX	20.7	3.1	30,886	24	24	12	245	33	10	88	0	2	9	5.75	0.68	24.47	43,763	Management Team
AGTHX	21.1	2.8	55,346	24	20	20	410	29	7	91	0	2	13	5.75	0.65	37.79	132,655	Management Team
ANEFX	20.7	3.1	21,433	31	25	12	199	34	6	88	0	5	26	5.75	0.78	32.67	14,046	Management Team
MCGFX	20.9	3.3	80,254	31	25	16	38	12	7	93	0	0	0	NL	1.06	18.93	1,636	Canakaris/Jung (21.3/1.0)
SHRAX	20.2	2.3	28,213	37	23	11	76	3	6	94	0	0	6	5.75	1.13	172.4	12,138	Bauman/Freeman (6.8/32.3)
FFIDX	20.0	2.6	71,338	20	16	16	97	59	3	97	0	0	5	NL	0.52	38.96	4,463	John Avery (14.0)
FBGRX	20.9	3.5	54,348	33	24	17	353	51	0	100	0	0	9	NL	0.89	61.91	19,229	Sonu Kalra (6.7)
FDCAX	16.6	3.7	44,490	35	33	11	89	126	4	96	0	0	8	NL	0.83	29.89	7,338	J. Shiel (10.3)
FCNTX	20.5	3.3	75,457	27	20	19	346	35	6	94	0	0	9	NL	0.71	91.54	102,931	William Danoff (25.4)
FTQGX	24.2	3.6	51,033	26	16	14	59	189	1	99	0	0	2	NL	0.73	16.81	1,688	Stephen DuFour (8.9)
FDGRX	21.2	3.8	37,189	35	19	19	390	18	0	100	0	0	4	Clsd	0.88	120.49	36,035	Steven Wymer (19.2)
FDSVX	23.1	4.0	50,022	40	17	16	132	51	7	93	0	0	10	NL	0.77	23.02	1,192	Jason Weiner (9.1)
FFDFX	15.6	2.8	35,772	28	22	20	124	48	0	100	0	0	15	NL	0.86	31.66	3,725	Robert Bertelson (9.2)
FMAGX	18.4	2.6	61,051	20	18	16	143	71	1	99	0	0	4	NL	0.7	82.26	14,717	Jeffrey Feingold (4.4)
FMILX	16.0	1.8	24,185	20	18	14	165	57	2	98	0	0	11	NL	0.74	31.16	2,876	John Roth (9.6)
FOCPX	22.8	3.2	28,367	54	16	13	203	66	0	100	0	0	7	NL	0.83	71.13	11,982	Gavin Baker (6.7)
HACAX	26.3	5.8	82,356	31	29	17	65	37	1	99	0	0	12	NL	0.65	54.01	25,079	McCarragher/Segalas (3.0/25.8)
JAMRX	20.8	4.6	40,092	28	19	17	106	45	1	99	0	1	2	NL	1.0	38.43	4,346	Carmel Wellso (1.2)
JANSX	22.1	4.6	43,908	30	21	17	93	53	3	97	0	0	10	NL	0.87	32.39	7,335	Barnard/Wilson (0.1/4.7)
JAVLX	20.1	4.0	83,779	23	18	16	31	68	0	100	0	0	0	Clsd	0.82	51.43	8,489	Marc Pinto (2.7)
JENSX	19.0	4.7	70,652	21	21	16	26	14	3	97	0	0	0	NL	0.87	36.17	4,582	Management Team
LIMAX	25.2	4.7	28,870	34	27	25	17	29	0	100	0	0	19	5.00	1.24	10.37	479	Management Team
LGILX	24.2	2.4	73,392	32	20	14	49	102	0	99	1	0	11	NL	0.77	14.91	2,029	Lawrence Kemp (2.3)
MSEFX	17.3	2.2	26,900	26	25	14	79	52	5	95	0	0	10	NL	1.17	14.88	299	Management Team
LKEQX	19.2	2.6	36,958	18	18	17	69	14	0	100	0	0	0	NL	0.8	20.26	259	Management Team
EXEYX	18.1	2.9	24,380	27	19	15	52	61	1	99	0	0	1	NL	1.06	10.72	125	Management Team
MFOCX	27.7	5.1	83,065	29	27	18	25	48	2	98	0	0	8	NL	1.19	14.89	715	Marsico/Witter (18.2/5.3)
MGRIX	26.2	4.9	70,305	31	26	18	35	81	2	98	0	0	3	NL	1.27	14.19	342	Marsico/Witter (18.2/5.3)
MFEGX	24.4	4.0	62,230	25	18	17	87	33	4	96	0	0	1	5.75	0.98	65.54	11,204	Fischman/Sabel (13.9/1.8)
MSEGX	32.3	6.5	60,280	40	21	14	40	44	4	92	0	5	4	5.25	0.83	34.5	3,302	Management Team
NRAAX	19.2	3.1	28,122	21	20	14	38	28	2	98	0	0	9	5.75	1.05	17.81	2,077	Management Team
POGRX	19.0	2.3	22,054	36	30	13	128	5	8	92	0	0	12	NL	0.63	24.54	6,093	Management Team
RWGFY	19.3	2.6	61,222	28	20	11	19	24	5	95	0	0	0	NL	1.16	15.54	1,801	David Rolfe (5.4)
DWUGX	48.6	9.4	27,359	48	28	11	25	297	1	99	0	0	0	NL	0.84	21.69	71	Noah Blackstein (6.9)
SEQUX	19.9	3.3	35,531	30	22	20	41	8	5	94	1	0	29	Clsd	1.03	192.04	6,307	Goldfarb/Poppe (35.2/9.8)
TRBCX	22.8	4.4	73,708	26	26	20	131	32	0	100	0	0	6	NL	0.72	64.9	29,133	Larry Puglia (22.7)
PRGFY	22.5	4.2	69,194	28	23	23	97	36	2	97	0	1	5	NL	0.68	48.1	41,526	Joseph Fath (2.1)
PRWAX	23.6	3.0	57,731	26	23	21	107	76	3	97	0	0	7	NL	0.79	37.47	3,907	Daniel Martino (2.7)
PRSGX	17.1	2.0	28,874	17	16	16	14	12	3	96	0	1	34	NL	0.78	19.43	3,296	Charles Shriver (4.8)
TIGRX	19.3	2.2	51,281	23	16	16	182	90	1	99	0	0	9	NL	0.42	10.63	4,500	Susan Kempler (11.0)
PTSGX	36.9	6.8	50,761	29	25	18	32	29	1	99	0	0	8	Clsd	1.08	14.04	4,118	Management Team
VHCOX	18.5	2.2	32,856	35	30	17	137	7	6	94	0	0	11	Clsd	0.45	47.07	12,394	Management Team
VIGAX	20.0	3.7	56,339	26	20	14	354	9	0	100	0	0	1	NL	0.09	51.3	46,372	Gerard O'Reilly (21.2)
VMRGX	20.9	4.0	49,911	27	21	19	354	41	4	96	0	0	4	NL	0.4	23.01	10,882	Management Team
VPCCX	17.2	2.4	55,091	29	28	18	147	10	6	94	0	0	13	Clsd	0.47	19.54	7,535	Management Team
	18.6	4.5	56,579															
	16.7	2.4	69,317															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 02-29-16					Total Return % Category Rank 1=Best, 100=Worst					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Growth (cont'd)		—	-8.1	-9.0	10.0	8.6	6.1	—	—	—	—	—	—	12.42 (85)	—
Vanguard PRIMECAP Inv VPMCX	Gold	★★★★★	-7.7	-8.5	13.1	11.0	8.1	44	47	9	9	8	1.1	11.29 (90)	-Avg
Large Blend		—	-5.7	-9.1	8.7	8.3	5.5	—	—	—	—	—	—	11.35 (94)	—
Amana Income Investor AMANX	Silver	★★★★	-2.2	-6.7	7.9	7.7	7.6	7	25	70	67	4	1.5	10.85 (93)	-Avg
American Funds Fundamental Invs A ANCFX	Gold	★★★★	-5.8	-5.9	9.8	8.6	6.6	55	14	37	50	13	1.5	11.37 (97)	Avg
American Funds Invmt Co of Amer A AIVSX	Silver	★★★	-3.6	-7.6	10.2	8.9	5.8	12	36	26	45	40	1.8	10.91 (95)	-Avg
AMG Yacktman Focused Service YAFFX	Silver	★★★★	-2.2	-6.6	6.4	8.0	9.6	6	23	84	61	1	1.0	9.89 (83)	Low
AMG Yacktman Service YACKX	Gold	★★★★	-1.8	-6.6	6.9	8.3	9.3	4	23	81	54	1	1.5	9.08 (87)	Low
BBH Core Select N BBTEX	Silver	★★★★	-3.1	-6.2	6.5	9.1	8.1	10	17	84	38	3	0.6	9.4 (92)	Low
Bridgeway Blue Chip 35 Index BRLIX	Silver	★★★★★	-4.4	-4.7	9.9	10.4	6.8	19	7	34	7	10	2.7	11.04 (95)	Avg
CGM Focus CGMFX	—	★	-18.4	-22.8	-0.1	-1.1	1.7	100	99	99	100	98	0.0	18.84 (66)	High
Clipper CFIMX	Bronze	↓★★	-9.0	-6.1	9.1	8.8	3.9	95	15	51	47	91	0.5	12.22 (94)	+Avg
Davis NY Venture A NYVTX	Bronze	↓★	-10.5	-11.0	7.1	6.4	4.1	98	73	79	84	88	0.9	12.66 (93)	High
Dreyfus Appreciation Investor DGAGX	Bronze	★★★	-4.3	-9.0	5.5	6.7	5.4	17	53	90	80	56	1.7	11.39 (92)	Avg
Fidelity Dividend Growth FDGFY	Neutral	★★	-5.3	-8.4	9.4	7.3	5.9	40	46	45	73	38	1.5	11.11 (98)	Avg
★ Fidelity Growth & Income FGRIX	Bronze	★★	-6.9	-11.1	8.0	9.0	2.1	76	73	69	41	98	2.2	11.99 (96)	+Avg
Fidelity Large Cap Stock FLCSX	Silver	★★★★	-8.1	-13.5	8.6	8.8	6.5	90	89	60	47	15	1.3	12.63 (93)	High
Fidelity Spartan 500 Index Inv FUSEX	Gold	★★★★	-5.1	-6.3	10.7	10.0	6.4	29	17	14	12	19	2.2	10.96 (100)	Avg
Fidelity Spartan Total Market Idx Inv FSTMX	Gold	★★★★	-5.7	-8.0	9.9	9.5	6.4	52	41	34	29	18	2.0	11.13 (99)	Avg
First Eagle US Value A FEVAX	Neutral	↑★★★★	-1.2	-7.5	4.7	5.7	6.1	3	35	94	90	30	0.2	8.46 (82)	Low
FMI Large Cap FMIHX	Gold	★★★★	-3.4	-8.1	8.7	9.0	7.2	11	43	59	40	6	1.0	10.0 (93)	Low
FPA US Value FPPFX	Neutral	★★	-6.8	-10.5	8.0	7.5	6.2	75	69	68	69	27	0.0	13.9 (69)	High
Gabelli Asset AAA GABAX	—	★★★	-4.0	-11.2	5.6	6.6	6.7	15	75	89	82	12	0.4	11.88 (93)	+Avg
Janus Growth & Income T JAGIX	Neutral	★★★	-4.3	-5.8	10.2	9.0	4.7	18	12	25	43	77	1.9	11.06 (96)	Avg
Longleaf Partners LLPFX	Neutral	★	-6.6	-25.8	-0.9	1.6	2.2	70	100	99	99	98	1.2	14.24 (80)	High
MainStay ICAP Equity I ICAEX	Neutral	★★	-7.6	-11.6	6.9	7.2	5.4	85	78	80	73	55	1.1	12.1 (94)	+Avg
MainStay ICAP Select Equity I ICSLX	Neutral	★★	-8.8	-15.0	5.1	5.8	5.0	93	94	92	90	69	1.1	12.73 (94)	High
MainStay MAP I MUBFX	Bronze	★★★★	-7.7	-13.2	6.3	6.6	5.1	85	87	85	81	66	1.3	12.08 (98)	+Avg
Mairs & Power Growth Inv MPGFX	Silver	↑★★★★★	-0.2	-4.7	9.4	10.8	7.2	1	8	44	4	7	1.5	11.58 (88)	+Avg
MFS Research A MFRFX	Bronze	★★★	-5.6	-7.5	9.1	9.1	6.6	48	35	51	40	14	0.8	10.8 (97)	-Avg
Oakmark I OAKMX	Gold	↓★★★★	-8.2	-13.5	8.3	9.4	7.4	91	89	65	32	5	1.0	12.43 (95)	+Avg
Oakmark Select I OAKLX	Gold	↓★★★	-13.3	-17.2	7.9	8.6	5.7	99	97	69	51	47	0.3	13.41 (88)	High
Parnassus Core Equity Investor PRBLX	Silver	★★★★★	-3.1	-4.1	11.0	10.7	9.1	10	6	10	5	1	2.1	10.26 (92)	-Avg
PRIMECAP Odyssey Stock POSKX	Gold	★★★★★	-6.4	-7.6	11.1	10.0	7.2	67	36	9	12	7	1.1	10.92 (95)	Avg
Royce Special Equity Multi-Cap Service RSEMXX	Bronze	↑★★★★	-2.4	-16.2	5.6	7.5	—	8	96	90	69	—	2.4	12.59 (82)	+Avg
Schwab S&P 500 Index SWPPX	Silver	★★★★	-5.1	-6.3	10.7	10.1	6.4	28	18	14	12	19	2.2	10.94 (100)	Avg
Schwab Total Stock Market Index SWTSX	Silver	★★★★	-5.7	-7.9	9.9	9.6	6.5	52	40	33	25	15	2.0	11.11 (99)	Avg
Selected American Shares D SLADX	Bronze	★★	-10.4	-10.2	7.2	6.7	4.5	98	65	78	81	81	0.9	12.48 (93)	+Avg
T. Rowe Price Dividend Growth PRDGX	Silver	★★★★★	-3.7	-4.2	10.6	10.1	7.1	13	6	16	10	8	1.7	10.33 (97)	-Avg
T. Rowe Price Growth & Income PRGIX	—	★★★★	-5.0	-3.3	11.8	10.1	6.7	25	5	3	11	12	1.1	10.9 (96)	Avg
Thornburg Value A TVAFX	—	★★	-8.3	-8.9	11.6	5.1	5.0	92	52	4	95	69	0.0	11.27 (87)	Avg
TIAA-CREF Social Choice Eq Retail TICRX	Bronze	★★★	-5.3	-9.5	8.2	8.3	<i>5.7</i>	38	58	66	56	<i>48</i>	1.9	11.18 (98)	Avg
Vanguard 500 Index Admiral VFIAX	Gold	★★★★	-5.1	-6.2	10.7	10.1	6.4	28	17	13	11	18	2.2	10.95 (100)	Avg
Vanguard Dividend Appreciation Idx Inv VDAIX	Gold	↑★★★★	-1.2	-5.1	8.5	9.1	—	3	9	61	39	—	2.2	10.56 (92)	-Avg
Vanguard Dividend Growth Inv VDIGX	Gold	★★★★★	-2.6	-2.1	11.2	11.2	8.2	9	2	7	3	2	1.9	10.0 (93)	Low
Vanguard FTSE Social Index Inv VFTSX	Bronze	★★★	-6.8	-8.3	11.4	10.6	5.3	75	46	5	6	60	1.6	11.52 (97)	+Avg
Vanguard Growth & Income Inv VQNPX	Neutral	★★★★	-5.1	-6.0	11.2	10.7	5.8	27	14	7	5	44	1.9	10.79 (99)	-Avg
Vanguard Tax-Managed Capital App Adm VTCLX	Gold	★★★★	-5.7	-7.1	10.5	9.9	6.5	54	31	17	15	16	1.8	11.14 (99)	Avg
Vanguard Total Stock Mkt Idx Adm VTSAX	Gold	★★★★	-5.7	-7.9	10.0	9.6	6.5	52	41	31	24	15	2.1	11.1 (99)	Avg
S&P 500 Index			-5.1	-6.2	10.7	10.0	6.4								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

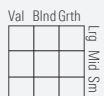
Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/ Earn Ratio	Price/ Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Hold- ings	Turn- over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
VPMCX	20.6	3.2	76,664	26	20	18	63	2	98	0	0	7	1.15	0.4	92.07	2,416	—	
AMANX	16.5	2.4	95,104	18	16	16	65	3	97	0	0	4	1.01	—	3,918	—	—	
ANCFX	18.5	2.7	79,336	18	16	15	215	27	3	96	0	1	12	5.75	0.6	47.78	69,049	Management Team
AIVSX	16.7	2.5	73,201	18	18	13	223	29	3	95	0	2	9	5.75	0.58	32.17	69,145	Management Team
YAFFX	15.8	2.5	104,383	40	28	17	26	16	15	84	1	0	12	NL	1.26	19.34	5,088	Management Team
YACKX	16.5	2.8	89,357	38	23	13	43	9	16	83	1	0	4	NL	0.75	20.5	8,586	Management Team
BBTEX	17.1	2.4	68,808	25	20	13	35	8	8	92	0	0	12	NL	1.0	19.77	4,178	Hartch/Keller (10.4/7.3)
BRLIX	17.0	2.6	180,811	23	14	14	38	19	0	100	0	0	0	NL	0.15	11.17	492	Management Team
CGMFX	13.2	1.6	22,002	51	23	16	21	266	1	142	-42	0	0	NL	1.13	31.98	887	G. Heebner (18.4)
CFIMX	21.0	2.0	69,974	43	13	11	25	38	6	94	0	0	8	NL	0.74	95.06	1,101	Davis/Goei (10.2/2.2)
NYVTX	19.8	2.2	59,879	33	18	12	63	23	1	99	0	1	16	4.75	0.86	27.65	12,178	Davis/Goei (20.4/2.2)
DGAGX	18.0	3.0	119,050	29	16	15	54	6	1	99	0	0	20	NL	0.93	38.26	2,429	Management Team
FDGFX	15.6	2.3	69,517	23	15	15	103	64	3	97	0	0	11	NL	0.69	28.68	7,231	Ramona Persaud (2.2)
FGRIX	14.8	1.9	66,196	23	17	14	189	35	0	99	0	1	10	NL	0.67	26.93	5,883	Matthew Fruhan (5.0)
FLCSX	14.8	1.7	56,462	23	19	14	184	36	0	100	0	0	8	NL	0.88	24.01	2,416	Matthew Fruhan (10.8)
FUSEX	16.6	2.4	70,888	19	15	14	511	4	1	99	0	0	2	NL	0.09	68.13	86,658	Management Team
FSTMX	16.8	2.3	40,197	18	15	15	3491	2	1	99	0	0	2	NL	0.1	55.32	29,169	Management Team
FEVAX	17.2	2.0	28,473	26	22	17	86	15	14	78	0	8	4	5.00	1.09	18.15	2,161	Management Team
FMIHX	17.0	2.4	46,949	21	18	15	28	18	4	96	0	0	13	Clsd	0.87	17.97	7,734	Management Team
FPPFX	12.9	1.4	27,222	34	29	13	26	5	9	87	0	4	8	Clsd	0.85	8.72	151	Gregory Nathan (0.5)
GABAX	18.1	2.2	15,491	22	21	19	495	5	0	100	0	0	17	NL	1.35	51.93	2,631	Management Team
JAGIX	16.2	3.3	65,221	16	15	15	64	30	0	96	0	4	1	NL	0.87	42.23	3,891	Buckley/Pinto (1.6/8.2)
LLPFX	17.3	1.2	18,883	29	18	11	23	46	0	99	0	1	31	NL	0.91	20.04	3,302	Cates/Hawkins (21.9/28.8)
ICAEX	15.8	1.5	52,117	22	19	13	42	76	0	98	0	2	9	NL	0.88	38.73	894	Management Team
ICSLX	16.3	2.0	55,767	22	21	13	30	86	0	99	0	1	8	NL	0.9	32.7	2,929	Management Team
MUBFX	16.4	1.9	52,568	20	17	14	156	51	2	98	0	0	15	NL	0.86	33.29	1,559	Management Team
MPGFX	17.3	3.1	21,742	32	21	12	52	6	1	99	0	0	2	NL	0.65	104.21	3,681	Adams/Henneman (1.2/10.2)
MFRFX	18.2	2.6	50,979	18	16	15	130	44	1	98	0	1	3	5.75	0.82	34.03	4,602	Joseph MacDougall (7.7)
OAKMX	14.6	1.7	63,093	37	21	14	59	33	5	95	0	0	7	NL	0.85	57.73	15,751	Grant/Nygren (15.9/15.9)
OAKLX	15.2	1.3	55,513	41	24	8	23	46	7	93	0	0	3	NL	0.95	33.98	5,256	Management Team
PRBLX	18.3	2.7	30,839	22	19	15	42	27	2	98	0	0	5	NL	0.87	35.84	11,442	Ahlsten/Allen (14.8/3.8)
POSKX	16.7	2.3	42,299	29	24	14	125	7	8	92	0	0	10	NL	0.65	22.11	5,188	Management Team
RSEMX	13.4	3.0	23,779	36	34	24	29	39	7	93	0	0	0	NL	1.24	12.08	128	Dreifus/McBoyle (5.2/1.4)
SWPPX	17.2	2.3	73,759	19	16	15	507	2	1	99	0	0	2	NL	0.09	29.95	20,402	Management Team
SWTSX	17.5	2.3	41,594	18	15	15	2500	2	1	98	0	0	2	NL	0.09	34.05	4,246	Hong/Juwono (4.0/3.0)
SLADX	19.1	2.0	62,582	32	17	14	64	26	2	97	0	1	15	NL	0.6	33.14	2,983	Davis/Goei (21.2/2.2)
PRDGX	18.7	2.7	53,060	19	18	16	108	18	4	96	0	0	2	NL	0.65	33.06	4,495	Thomas Huber (15.9)
PRGIX	18.2	2.1	67,940	21	19	13	51	76	6	94	0	0	0	NL	0.67	27.05	1,480	Jeffrey Rottinghaus (0.7)
TVAFX	15.7	1.8	19,787	19	18	16	51	59	0	92	0	8	10	4.50	1.37	47.52	893	Browne/MacDonald (10.1/1.1)
TICRX	17.5	2.3	36,063	17	17	15	849	17	1	99	0	0	1	NL	0.46	13.34	2,457	Campagna/Liao (10.2/1.7)
VFIAX	16.6	2.4	70,689	19	15	15	513	3	0	100	0	0	1	NL	0.05	178.87	203,392	Michael Buek (24.2)
VDAIX	17.7	3.7	55,832	26	22	15	181	20	0	100	0	0	1	NL	0.2	30.75	23,889	Ryan Ludt (9.8)
VDIGX	18.7	3.2	87,235	20	19	14	50	23	3	97	0	0	10	NL	0.32	21.84	25,631	Donald Kilbride (10.1)
VFTSX	16.2	2.3	61,441	24	21	20	438	20	0	100	0	0	1	NL	0.25	12.31	1,928	Coleman/OReilly (0.2/0.2)
VQNPX	16.3	2.4	57,874	17	16	15	847	116	3	97	0	0	1	NL	0.34	37.55	5,870	Management Team
VTCLX	16.9	2.4	48,847	18	15	15	674	6	0	100	0	0	0	NL	0.12	97.79	6,208	Michael Buek (21.4)
VTSAX	16.8	2.3	40,219	18	15	14	3738	3	1	99	0	0	1	NL	0.05	47.9	388,435	Gerard OReilly (21.2)
	16.7	2.4	69,317															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 02-29-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category		
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
					3 Yr	5 Yr	10 Yr										
Morningstar 500 Domestic Equity																	
Large Blend (cont'd)			—	-5.7	-9.1	8.7	8.3	5.5	—	—	—	—	—	—	11.35 (91)	—	
Weitz Partners Value Investor WPVLX	Silver	★★	-3.5	-15.3	5.0	6.9	5.5	11	95	93	78	51	0.0	9.87 (80)	Low		
Weitz Value Investor WVALX	Silver	↓★★	-4.5	-12.1	6.6	8.2	4.5	20	82	83	57	81	0.0	9.68 (79)	Low		
Large Value																	
			—	-5.2	-10.4	7.2	7.4	4.6	—	—	—	—	—	—	11.23 (91)	—	
AllianzGI NFJ Large-Cap Value A PNBAX	—	★★	-6.8	-13.0	6.2	7.2	3.3	75	74	72	55	80	2.0	11.5 (95)	Avg		
American Beacon Lg Cap Value Inv AAGPX	Bronze	★★★★	-7.4	-15.1	6.5	7.0	4.4	80	86	67	57	56	1.7	12.26 (94)	+Avg		
American Century Equity Income Inv TWEIX	Silver	★★★★★	0.5	0.2	8.7	8.7	6.5	3	2	23	26	11	2.3	7.73 (85)	Low		
American Century Value Inv TWVLX	Silver	★★★★	-4.3	-9.5	7.9	8.3	5.4	33	42	36	34	30	1.6	10.46 (94)	-Avg		
American Funds American Mutual A AMRMX	Gold	★★★★★	-2.6	-6.7	8.6	9.0	6.3	15	17	24	19	14	2.2	9.72 (94)	Low		
American Funds Washington Mutual A AWSHX	Gold	★★★★	-4.2	-6.2	9.8	9.9	6.1	30	14	11	8	18	2.1	10.48 (98)	-Avg		
Artisan Value Investor ARTLX	Bronze	★★	-2.9	-15.9	3.0	5.4	—	18	89	96	86	—	0.5	12.8 (65)	+Avg		
Auxier Focus Inv AUXFX	—	↓★★★★	-4.5	-8.3	6.1	6.4	5.7	36	29	73	73	25	1.1	9.97 (94)	-Avg		
Becker Value Equity Retail BVEFX	Bronze	★★★★	-5.0	-13.6	7.8	7.8	5.9	42	78	39	42	23	1.3	11.56 (93)	Avg		
Columbia Dividend Income Z GSFTX	Silver	★★★★★	-2.6	-3.5	9.8	10.0	7.4	14	5	11	7	3	2.8	10.23 (94)	-Avg		
Diamond Hill Large Cap A DHLAX	Gold	★★★★	-5.2	-7.6	9.3	9.1	6.1	46	25	17	16	18	0.8	12.09 (94)	+Avg		
Dodge & Cox Stock DDDGX	Gold	★★★	-7.5	-12.1	8.6	8.5	4.5	81	68	24	30	53	1.6	12.36 (92)	+Avg		
Fairholme FAIRX	Silver	★	-12.1	-21.2	-0.6	-1.2	3.9	99	99	99	99	70	2.1	16.88 (54)	High		
Fidelity Equity Dividend Income FEQTX	Neutral	★★★	-4.3	-8.0	7.8	7.1	3.8	32	27	39	56	72	2.4	10.42 (97)	-Avg		
Fidelity Equity-Income FEQIX	Neutral	★★	-4.6	-9.3	6.1	6.1	3.9	39	39	73	78	70	3.7	10.19 (94)	-Avg		
Franklin Mutual Beacon A TEBIX	Bronze	★★	-5.6	-13.7	5.3	5.9	3.6	54	79	83	81	76	2.2	10.47 (88)	-Avg		
Franklin Mutual Shares A TESIX	Bronze	↓★★	-5.3	-12.4	5.5	5.9	3.8	48	71	81	80	71	1.9	10.11 (93)	-Avg		
Invesco Comstock A ACSTX	Silver	↓★★	-8.6	-14.9	5.8	6.8	4.7	93	85	78	62	48	1.5	12.44 (93)	+Avg		
Invesco Diversified Dividend A LCEAX	Silver	★★★★★	-1.0	-1.0	10.6	10.1	7.2	8	3	5	7	4	1.7	8.79 (85)	Low		
Invesco Growth and Income A ACGIX	Bronze	★★★	-8.3	-11.8	6.5	6.6	5.0	91	65	67	67	40	1.7	11.69 (93)	Avg		
JPMorgan Value Advantage A JVAAX	Silver	★★★	-5.5	-11.7	7.9	8.8	7.3	52	65	38	21	3	0.6	10.6 (93)	-Avg		
Perkins Large Cap Value T JPLTX	—	★★★	-4.6	-8.5	6.8	6.8	—	38	30	62	63	—	1.5	9.88 (97)	Low		
Schwab Fundamental US Large Company Idx SFLNX	Bronze	★★★★	-3.7	-7.9	9.2	9.0	—	22	27	17	18	—	2.4	10.76 (98)	Avg		
Sound Shore Investor SSHFX	Silver	★★★	-7.1	-14.1	9.3	8.0	5.2	78	81	16	40	35	0.9	12.86 (93)	High		
T. Rowe Price Equity Income PRFDX	Bronze	★★★	-4.4	-11.7	5.1	6.5	4.8	35	64	85	71	44	2.3	11.01 (95)	Avg		
T. Rowe Price Value TRVLX	Bronze	★★★★	-5.4	-8.4	10.2	9.6	6.6	51	29	7	10	10	2.0	11.46 (95)	Avg		
TCW Relative Value Dividend Apprec N TGIGX	Neutral	★★★	-5.0	-11.1	6.6	7.9	5.0	43	58	64	40	41	1.5	11.97 (97)	+Avg		
Torrey TORYX	—	★★★★	-3.7	-6.1	9.6	9.0	4.4	23	13	14	19	56	1.1	10.89 (90)	Avg		
Vanguard Equity-Income Inv VEIPX	Silver	★★★★★	-2.9	-3.6	9.6	11.0	7.2	18	6	14	4	4	2.9	10.21 (95)	-Avg		
Vanguard High Dividend Yield Index Inv VHDYX	Silver	★★★★★	-2.3	-3.9	10.2	11.3	—	13	6	7	2	—	3.2	10.31 (93)	-Avg		
Vanguard US Value Inv VUVLX	Bronze	★★★★	-6.4	-9.0	9.0	10.1	5.0	68	35	20	7	40	2.2	10.92 (93)	Avg		
Vanguard Value Index Adm VVIAX	Silver	★★★★	-4.7	-6.4	9.6	9.2	5.5	39	16	13	16	28	2.7	10.59 (97)	-Avg		
Vanguard Windsor II Inv VWNFX	Bronze	★★★★	-6.1	-10.7	7.7	8.3	5.1	62	53	42	34	37	2.4	11.13 (97)	Avg		
Vanguard Windsor Inv VWNDX	Bronze	★★★	-9.6	-14.4	7.3	7.7	4.6	96	82	51	45	49	1.9	12.41 (92)	+Avg		
Mid-Cap Growth																	
			—	-8.4	-13.4	7.1	6.5	5.6	—	—	—	—	—	—	13.02 (73)	—	
Akre Focus Retail AKREX	Silver	★★★★★	-4.8	-5.6	12.1	13.6	—	11	4	3	1	—	0.0	11.8 (83)	-Avg		
American Century Heritage Inv TWHIX	Bronze	★★★★	-8.9	-13.3	7.3	6.4	8.2	60	49	44	54	9	0.0	12.62 (75)	Avg		
Artisan Mid Cap Investor ARTMX	Silver	★★★★	-12.4	-13.9	7.0	7.8	7.9	91	55	49	29	12	0.0	14.54 (61)	+Avg		
Baron Asset Retail BARAX	—	★★★★	-8.4	-10.6	8.2	8.1	6.1	51	26	35	26	38	0.0	12.27 (78)	Avg		
Baron Growth Retail BGRFX	Bronze	★★★	-6.3	-12.9	5.8	7.5	6.0	21	45	69	32	39	0.0	11.91 (70)	-Avg		
Baron Opportunity Retail BIOPX	—	★★★	-13.9	-16.6	3.8	3.6	6.0	94	82	88	90	40	0.0	16.66 (57)	High		
Buffalo Mid Cap BUFMX	Neutral	★★★	-7.2	-13.0	7.0	5.7	5.5	36	46	49	64	54	0.0	12.6 (68)	Avg		
Champlain Mid Cap Adv CIPMX	Silver	★★★★	-5.9	-7.6	8.4	8.7	—	15	12	33	15	—	0.0	11.56 (83)	-Avg		
Columbia Acorn Select Z ACTWX	—	★★	-7.9	-9.9	5.5	3.9	4.6	46	19	74	89	73	0.0	12.09 (74)	-Avg		
Columbia Acorn Z ACRNX	Neutral	★★	-9.8	-14.1	3.3	4.9	5.1	71	57	90	78	63	0.0	13.08 (71)	Avg		
Russell 1000 Value Index																	
			-5.3	-9.6	8.1	8.6	5.0										
Russell MidCap Growth Index																	
			-6.2	-11.1	9.7	8.6	6.8										

Legend
Red = Lowest return in group ★ = New this month
Green = Highest return in group ↑↓ = Increase/decrease in rating
Italic = Extended performance NR = No Morningstar Rating; fund less than three years old.

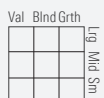
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign					
WPVLX	—	16.5	2.4	95,104	18 16 16	—	65	3	97	0	0	4	—	1.01	—	3,918	—
WVALX		18.5	1.9	16,652	27 16 12	42	26	17	82	0	1	6	NL	1.18	26.24	801	Hinton/Weitz (9.6/32.7)
		21.2	2.5	33,136	23 14 14	35	36	21	79	0	0	8	NL	1.15	36.79	914	Hinton/Perkins (9.6/4.2)
PNBAX	—	14.8	1.8	73,903	21 14 12	—	57	2	97	0	1	6	—	1.07	—	2,189	—
AAGPX		13.0	1.7	67,168	26 14 12	62	26	0	99	0	1	5	5.50	1.11	18.82	494	Management Team
TWEIX		13.2	1.3	51,244	26 14 12	206	32	1	98	0	0	14	NL	0.94	21.23	8,572	Management Team
TWVLX		17.5	2.0	45,666	18 17 15	90	56	2	77	4	17	4	NL	0.93	8.0	8,549	Management Team
AMRMX		16.5	1.6	50,887	23 20 13	127	45	2	98	0	0	4	NL	0.97	7.26	3,313	Management Team
AWSHX		16.4	2.8	68,492	19 17 12	213	27	5	92	1	2	5	5.75	0.58	32.96	33,756	Management Team
ARTLX		17.9	2.7	89,305	16 15 13	181	24	2	97	0	1	5	5.75	0.58	36.82	72,769	Management Team
AUXFX		14.4	1.0	26,056	25 20 13	44	74	2	98	0	0	16	NL	1.0	10.5	862	Management Team
BVEFX		16.7	2.2	57,098	27 24 21	112	4	10	90	0	0	10	NL	1.14	18.34	246	J. Jeffrey Auxier (16.6)
GSFTX		16.4	1.8	48,664	21 15 14	57	32	3	97	0	0	2	NL	0.79	15.34	322	Management Team
DHLAX		17.0	2.9	90,692	16 14 14	77	27	4	96	0	0	2	NL	0.77	17.14	7,900	Management Team
DODGX		14.3	1.9	55,490	27 16 16	51	20	1	99	0	0	0	5.00	0.99	20.32	3,260	Management Team
FAIRX		15.8	1.7	60,944	27 25 17	68	17	2	98	0	0	9	NL	0.52	150.56	50,943	Management Team
FEQTX		10.1	1.1	12,043	58 18 16	57	40	24	53	3	20	8	NL	1.06	16.27	2,869	Bruce Berkowitz (16.2)
FEQIX		15.5	1.8	66,608	24 17 12	106	49	2	98	0	0	11	NL	0.66	23.5	4,728	Scott Offen (4.3)
TEBIX		13.9	1.7	52,656	21 14 13	172	40	3	97	0	0	9	NL	0.69	48.74	7,407	Management Team
TESIX		16.4	1.5	44,513	21 20 17	89	40	2	94	3	0	37	5.75	1.13	13.4	3,552	Management Team
ACSTX		15.7	1.5	39,462	27 16 15	147	19	7	88	3	2	20	5.75	1.1	24.41	13,981	Management Team
LCEAX		13.9	1.4	56,878	31 14 14	80	17	4	96	0	0	11	5.50	0.83	19.81	11,253	Management Team
ACGIX		17.0	2.0	30,188	31 15 14	83	11	10	90	0	0	11	5.50	0.83	17.4	12,053	Management Team
JVAAX		15.3	1.4	57,604	34 14 11	84	23	3	97	0	0	11	5.50	0.84	21.62	7,389	Management Team
JPLTX		13.8	1.5	27,061	31 16 10	120	17	3	97	0	0	1	5.25	1.25	26.26	10,500	Management Team
SFLNX		16.3	2.0	71,844	26 18 14	68	39	5	95	0	0	5	NL	0.87	14.24	148	Perkins/Preloger (7.2/7.2)
SSHFX		15.8	1.9	57,718	14 13 13	631	12	0	100	0	0	1	NL	0.35	13.51	4,439	Management Team
PRFDX		15.4	1.5	42,044	28 23 15	38	47	5	94	0	2	13	NL	0.92	38.38	1,779	Management Team
TRVLX		15.0	1.6	50,946	23 23 11	117	27	2	96	1	1	6	NL	0.66	27.2	21,126	John Linehan (0.3)
TGIGX		14.5	1.6	45,059	23 22 11	102	54	0	98	0	1	3	NL	0.82	29.55	21,201	Mark Finn (6.2)
TORYX		14.9	1.8	40,676	22 15 15	56	17	0	100	0	0	7	NL	1.14	15.51	967	Diane Jaffee (14.2)
VEIPX		15.6	1.8	39,951	22 19 18	35	15	10	90	0	0	2	NL	1.15	43.81	370	Fialco/Torrey (7.8/25.2)
VHDYX		15.8	2.2	81,645	17 14 13	193	32	1	98	0	2	8	NL	0.26	28.69	18,571	Management Team
VUVLX		15.9	2.3	74,622	16 14 13	435	11	0	100	0	0	1	NL	0.16	25.84	15,165	Coleman/O'Reilly (0.0/0.0)
VVWFX		13.5	1.6	29,220	25 13 12	242	66	1	99	0	0	1	NL	0.26	15.25	1,233	Management Team
VVWDX		14.6	1.8	71,247	22 16 11	329	6	0	100	0	0	1	NL	0.09	30.34	36,404	Gerard O'Reilly (21.2)
AKREX		14.3	1.7	64,916	22 19 13	284	26	3	97	0	0	9	NL	0.34	31.44	42,489	Management Team
THWHX		14.7	1.6	34,729	28 18 15	145	28	2	97	0	1	12	NL	0.39	17.32	15,682	Management Team
ARTMX	—	20.4	3.3	8,806	19 19 18	—	62	3	97	0	0	4	—	1.24	—	1,157	—
BARAX		27.3	3.5	19,562	30 26 18	38	16	1	96	1	2	3	NL	1.34	22.01	4,053	Management Team
BGRFX		23.1	4.2	12,178	23 19 18	98	62	0	99	0	1	7	NL	1.0	19.33	4,872	Holland/Walsh (9.0/8.0)
BIOPX		25.8	4.6	13,212	24 21 21	68	51	5	95	0	0	4	Clsd	1.19	35.01	7,816	Management Team
BUFMX		27.0	4.2	9,732	23 22 19	61	13	2	98	0	0	3	NL	1.31	52.34	2,349	Andrew Peck (12.6)
CIPMX		24.0	3.4	4,374	22 19 14	78	6	0	98	0	2	2	NL	1.29	59.23	5,787	Ronald Baron (21.2)
ACTWX		47.6	5.2	16,915	48 19 9	47	41	1	98	0	1	8	NL	1.38	14.32	269	Management Team
ACRNX		23.7	3.8	6,698	24 22 19	61	12	7	93	0	0	2	NL	1.01	14.22	436	Carlsen/Male (1.1/14.2)
		22.1	2.7	6,851	20 18 16	60	46	1	98	0	1	0	NL	1.28	12.47	682	Management Team
		21.1	2.9	4,442	24 21 13	41	17	0	100	0	0	4	NL	0.84	14.04	372	Frank/Szafranski (0.2/0.8)
		20.3	2.8	3,339	25 19 19	146	17	0	100	0	0	3	NL	0.79	17.44	6,361	Management Team
		15.3	1.5	48,701													
		19.2	3.9	10,555													

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk				
		Morningstar Rating vs. Category 5=Best	Total Return % 02-29-16					Total Return % Category Rank 1=Best, 100=Worst					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Mid-Cap Growth (cont'd)	—	—	-8.4	-13.4	7.1	6.5	5.6	—	—	—	—	—	—	13.02	(73)	—
Eventide Gilead N ETGLX	Neutral	↓★★★★	-15.7	-21.8	11.9	10.8	—	99	93	4	4	—	0.0	17.12	(55)	High
FAM Value Investor FAMVX	—	★★★★	-2.6	-7.0	10.1	8.8	5.5	2	9	14	14	52	0.0	10.83	(83)	Low
Fidelity Mid-Cap Stock FMCSX	Bronze	★★★★	-5.6	-11.8	7.9	7.9	5.8	13	35	38	27	46	0.6	11.4	(77)	-Avg
Hennessy Focus Investor HFCSX	Bronze	★★★★★	-4.6	-5.5	11.2	11.7	9.1	9	4	7	2	2	0.0	11.93	(81)	-Avg
Janus Enterprise T JAENX	Bronze	★★★★★	-4.3	-6.8	10.7	9.6	8.3	8	7	10	10	8	0.3	10.39	(78)	Low
Meridian Contrarian Legacy MVALX	Bronze	★★★	-6.9	-14.4	6.4	7.7	5.6	30	61	59	30	50	0.1	13.26	(78)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	Gold	★★★★★	-9.3	-10.5	16.2	14.5	10.9	63	25	1	1	1	0.0	15.3	(62)	High
T. Rowe Price Mid-Cap Growth RPMGX	Gold	★★★★★	-6.9	-5.9	12.6	10.1	8.9	30	4	1	7	4	0.0	11.8	(77)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	Bronze	★★★★	-9.2	-13.6	8.0	8.3	7.0	62	52	37	22	22	0.3	12.74	(79)	Avg
Westport R WPFRX	—	↑★★★★	-5.1	-12.2	5.9	6.6	7.2	11	39	68	49	18	0.0	12.01	(88)	-Avg
Mid-Cap Blend	—	—	-5.6	-12.7	6.8	6.6	5.4	—	—	—	—	—	—	12.03	(79)	—
Ariel Appreciation Investor CAAPX	—	★★★	-7.1	-16.4	7.3	7.2	6.6	77	80	48	48	28	1.1	14.25	(88)	High
Ariel Fund Investor ARGFX	Bronze	★★	-8.4	-16.5	8.4	6.9	5.1	90	80	24	52	62	0.6	15.52	(85)	High
ASTON/Fairpointe Mid Cap N CHTTX	Silver	↑★★★★	-3.8	-16.1	7.8	7.0	8.5	17	77	36	51	1	0.3	15.22	(74)	High
Fidelity Spartan Extended Mkt Index Inv FSEMXX	Silver	★★★	-8.4	-14.9	6.8	7.2	6.4	89	74	57	49	33	1.5	13.27	(76)	+Avg
First Eagle Fund of America Y FEAFFX	Bronze	★★★★	-7.6	-13.5	6.9	8.2	7.5	82	64	56	26	9	0.0	12.45	(81)	+Avg
FMI Common Stock FMIMX	Gold	★★★★	-2.3	-11.7	6.2	6.9	7.6	7	50	68	53	8	0.0	11.27	(77)	-Avg
Janus Contrarian T JSVAX	Neutral	★★	-8.0	-20.4	6.8	5.7	4.3	85	93	57	72	79	0.3	12.94	(62)	+Avg
Longleaf Partners Small-Cap LLSCX	Gold	★★★★	-1.2	-12.1	8.2	9.7	7.9	3	52	27	6	4	0.1	11.75	(65)	Avg
Osterweis OSTFX	Neutral	★★★	-5.3	-15.7	4.7	5.6	4.9	48	76	83	72	66	0.5	11.28	(83)	-Avg
Vanguard Capital Value Inv VCVLX	Neutral	↓★	-11.8	-23.8	3.7	3.2	4.2	98	98	88	92	80	1.3	15.83	(78)	High
Vanguard Extended Market Idx Adm VEXAX	Gold	★★★	-8.4	-14.8	6.9	7.2	6.3	90	73	55	48	39	1.5	13.32	(76)	+Avg
Vanguard Mid Cap Index Adm VIMAX	Gold	★★★★	-6.3	-11.1	9.5	8.7	6.7	62	43	10	18	24	1.6	11.52	(88)	Avg
Vanguard Strategic Equity Inv VSEQX	Neutral	★★★★	-6.7	-11.6	10.9	10.7	5.9	71	49	4	2	47	1.7	12.37	(83)	+Avg
Weitz Hickory WEHIX	Silver	↑★★★★	-2.9	-13.7	3.8	6.0	5.1	8	64	88	65	64	0.0	11.08	(70)	-Avg
Westport Select Cap R WPSRX	—	★★	-8.6	-18.7	3.8	2.6	4.5	92	89	88	96	75	0.0	15.11	(64)	High
Westwood SMidCap Institutional WHGMX	—	★★★★	-7.7	-14.6	5.0	5.5	7.8	82	72	81	74	6	0.1	13.1	(79)	+Avg
Mid-Cap Value	—	—	-5.6	-12.9	6.5	6.5	5.5	—	—	—	—	—	—	11.87	(82)	—
American Century Mid Cap Value Inv ACMVX	Silver	★★★★★	-2.9	-6.0	10.6	9.8	8.4	10	3	3	3	3	1.1	9.88	(87)	Low
Artisan Mid Cap Value Investor ARTQX	Silver	★★★	-2.8	-14.9	3.0	5.7	6.5	9	73	93	69	22	0.4	11.48	(87)	-Avg
Delafield Fund DEFIX	—	↑★★	-5.6	-21.8	-3.5	0.3	4.4	53	95	98	97	79	0.0	16.34	(65)	High
Diamond Hill Small-Mid Cap A DHMAX	Gold	★★★★	-4.9	-7.1	9.5	9.2	7.4	33	11	10	7	10	0.2	11.15	(74)	-Avg
Fidelity Leveraged Company Stock FLVCX	Bronze	★★	-10.3	-18.7	3.9	5.2	5.1	97	89	89	80	62	1.0	13.42	(81)	+Avg
Fidelity Low-Priced Stock FLPSX	Silver	↑★★★★★	-4.7	-7.8	9.2	9.1	7.1	30	13	13	8	12	1.3	9.91	(85)	Low
Fidelity Value FDVLX	Neutral	★★★	-5.3	-14.1	7.6	7.7	5.0	45	67	37	30	65	1.1	11.99	(86)	Avg
FPA Capital FPPTX	Bronze	★	-7.5	-22.3	-4.6	-1.2	2.9	81	96	99	99	95	0.4	12.69	(48)	Avg
GoodHaven GOODX	Neutral	★	-2.3	-18.2	-7.5	—	—	6	87	99	—	—	0.0	11.22	(37)	-Avg
Harbor Mid Cap Value Investor HIMVX	Bronze	★★★★	-5.0	-13.2	10.0	9.4	6.1	36	56	7	6	31	1.1	12.36	(84)	+Avg
Perkins Mid Cap Value T JMCVX	Bronze	★★★★	-4.6	-8.5	5.7	5.2	5.9	28	18	67	81	40	1.4	9.7	(89)	Low
T. Rowe Price Mid-Cap Value TRMCX	Gold	★★★★★	-2.5	-8.9	8.4	8.1	7.3	7	20	19	24	11	1.3	10.61	(83)	-Avg
Vanguard Selected Value Inv VASVX	Gold	★★★★	-6.0	-11.8	8.2	8.5	7.0	61	37	21	19	14	1.7	12.18	(84)	Avg
Small Growth	—	—	-10.7	-16.2	5.5	5.7	5.1	—	—	—	—	—	—	15.55	(57)	—
Artisan Small Cap Investor ARTSX	Silver	★★★	-12.1	-12.7	5.0	8.0	4.7	66	25	61	14	65	0.0	16.94	(36)	+Avg
Baron Small Cap Retail BSCFX	Bronze	★★★	-9.5	-17.7	3.8	5.3	5.0	31	60	77	58	54	0.0	13.63	(73)	-Avg
Brown Capital Mgmt Small Co Inv BCSIX	Gold	★★★★★	-11.2	-6.4	10.1	11.1	11.0	55	4	4	2	1	0.0	15.98	(54)	Avg
Buffalo Small Cap BUF SX	Neutral	★★★	-11.0	-17.4	2.8	4.7	4.6	52	57	85	71	68	0.0	15.76	(60)	Avg
Russell MidCap Growth Index			-6.2	-11.1	9.7	8.6	6.8									
S&P MidCap 400 Index			-4.4	-10.0	8.2	8.3	7.2									
Russell MidCap Value Index			-4.9	-11.9	8.0	8.7	6.3									
Russell 2000 Growth Index			-11.4	-16.5	7.2	7.0	5.8									

Legend
 Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
ETGLX	—	20.4	3.3	8,806	19	19	18	62	3	97	0	0	4	—	1.24	—	1,157	—	
FAMVX		19.3	2.4	10,444	32	25	17	40	6	7	93	0	0	4	1.18	58.48	918	Fox/Putnam (15.8/29.2)	
FMCSX		16.3	1.8	6,213	17	16	16	166	29	6	94	0	0	8	0.76	30.9	6,654	John Roth (5.0)	
HFCSX		20.2	2.9	13,077	30	28	12	24	18	15	85	0	0	7	1.46	65.94	2,037	Management Team	
JAENX		22.7	4.1	8,659	30	27	16	84	17	5	94	0	1	11	0.92	81.99	6,214	Brian Demain (8.3)	
MVALX		19.1	2.0	6,923	29	16	14	64	76	7	93	0	0	7	1.11	29.84	530	Cordisco/England (2.4/14.2)	
POAGX		19.5	1.6	6,118	34	30	16	152	15	3	97	0	0	12	0.62	29.4	5,943	Management Team	
RPMGX		22.5	3.3	9,940	25	19	17	143	26	5	93	0	1	1	0.77	68.24	22,371	Brian Berghuis (23.7)	
VMGRX		19.1	1.9	9,076	25	23	16	101	93	4	96	0	0	4	0.43	20.39	3,970	Management Team	
WPFRX		19.4	3.1	16,597	26	23	15	32	3	1	100	0	-1	8	1.23	27.22	427	Edmund Nicklin, Jr. (18.2)	
CAAPX	—	16.0	1.9	6,715	17	16	15	63	3	97	0	0	3	—	1.13	—	1,459	—	
ARGFX		14.6	2.0	10,412	28	25	18	42	22	0	100	0	0	0	1.12	41.87	1,650	Fidler/Rogers, Jr. (6.2/13.4)	
CHTTX		15.1	1.8	4,094	31	21	16	40	25	1	99	0	0	0	1.02	54.45	1,891	Management Team	
FSEMX		15.6	1.4	4,785	26	25	13	48	31	0	100	0	0	3	1.11	33.04	3,704	Management Team	
FEAFX		17.5	1.8	3,105	16	15	15	3296	7	1	99	0	0	2	0.1	46.0	14,274	Management Team	
FEAFX		15.7	1.3	16,614	23	22	20	40	35	2	98	0	0	13	1.31	32.92	3,278	Management Team	
FMIMX		15.3	1.8	3,115	47	14	13	43	29	7	93	0	0	5	1.07	22.28	1,111	Management Team	
JSVAX		16.7	2.1	7,956	23	16	15	35	70	0	97	0	2	5	1.04	17.11	2,842	Daniel Kozlowski (4.7)	
LLSCX		19.5	1.5	4,126	36	17	13	22	50	15	83	1	0	10	0.91	26.66	3,646	Management Team	
OSTFX		17.8	2.2	19,168	22	22	11	34	29	12	88	0	0	14	0.99	24.13	698	Management Team	
VCVLX		16.6	1.6	13,115	18	17	13	149	90	0	98	0	2	13	0.5	9.63	927	Higgins/Palmer (7.7/6.2)	
VEVAX		17.5	1.8	3,041	15	15	14	3333	131	0	100	0	0	2	0.1	58.24	39,719	Donald Butler (18.2)	
VIMAX		17.2	2.1	9,913	18	15	14	367	11	0	100	0	0	1	0.09	139.35	61,316	Donald Butler (17.7)	
VSEQX		13.9	2.0	3,801	19	16	13	404	70	0	99	0	0	0	0.21	26.4	5,347	Management Team	
WEHIX		18.9	1.9	4,504	42	15	14	37	26	21	78	0	1	6	1.23	44.92	283	Weitz/Weitz (4.2/13.2)	
WPSRX		16.1	2.1	4,176	39	16	15	22	4	5	97	0	-2	0	1.4	12.05	198	Knuth/Nicklin, Jr. (18.2/18.2)	
WHGMX		17.5	2.2	2,990	20	18	15	64	51	1	99	0	0	0	0.95	13.37	453	Management Team	
ACMVX	—	14.1	1.5	8,334	21	14	13	59	3	97	0	0	4	—	1.17	—	1,314	—	
ARTQX		17.5	1.8	11,567	22	12	12	110	66	3	97	0	0	5	1.01	14.17	6,109	Management Team	
DEFIX		14.8	1.3	8,336	24	18	17	61	31	5	95	0	0	2	1.19	18.22	4,895	Management Team	
DHMAX		12.9	1.3	2,607	38	21	21	46	19	6	94	0	0	5	1.26	22.6	490	Delafeld/Sellecchia (22.2/22.2)	
FLVCX		15.1	1.6	4,428	26	18	12	64	21	6	94	0	0	1	1.25	17.4	1,267	Management Team	
FLVX		14.7	1.2	17,074	25	14	13	115	4	4	96	0	0	4	0.79	35.72	3,472	Thomas Soviero (12.7)	
FLPSX		14.5	1.7	6,452	29	18	14	894	9	10	90	0	0	37	0.79	45.52	37,747	Management Team	
FDVLX		14.2	1.4	7,578	20	12	12	283	80	2	98	0	0	11	0.84	90.64	7,354	Management Team	
FPPTX		13.1	1.0	3,441	38	29	14	28	38	19	79	1	1	0	0.73	29.93	711	Ahitov/Bryan (2.7/8.2)	
GOODX		20.9	0.8	4,648	37	17	15	26	18	30	68	0	1	10	1.1	18.92	236	Pitkowsky/Trauner (4.8/4.8)	
HIMVX		11.9	1.3	5,819	20	14	13	203	12	2	98	0	0	1	1.25	17.94	649	Management Team	
JMVCX		17.5	2.1	7,614	22	15	11	76	49	4	96	0	0	2	0.69	14.68	3,871	Management Team	
TRMCX		17.2	1.6	8,030	26	12	12	95	32	11	89	0	0	5	0.8	24.31	10,471	David Wallack (15.2)	
VASVX		13.3	1.4	9,908	29	19	16	126	24	6	94	0	0	10	0.39	24.29	8,460	Management Team	
ARTSX	—	23.1	2.9	2,565	24	19	16	77	3	97	0	0	3	—	1.33	—	784	—	
BSCFX		38.7	4.7	3,230	45	18	16	72	45	5	95	0	0	4	1.02	23.57	1,098	Management Team	
BCSIX		26.9	3.2	3,735	22	18	17	82	14	2	97	0	1	4	1.3	25.52	3,532	Clifford Greenberg (18.4)	
BUFSX		35.3	3.5	2,264	64	26	5	38	11	6	94	0	0	0	1.26	63.38	2,407	Management Team	
BUFSX		30.2	4.1	2,149	33	17	15	61	17	0	100	0	0	6	1.0	15.71	982	Cuellar/Male (1.1/17.8)	
		19.2	3.9	10,555															
		16.6	1.5	8,741															
		19.8	2.8	1,510															

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 02-29-16		ANNUALIZED					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	%	(R ²)			
Morningstar 500 Domestic Equity			—	-10.7	-16.2	5.5	5.7	5.1	—	—	—	—	—	15.55	(57)	—	
Small Growth (cont'd)																	
Century Small Cap Select Inv CSMVX	—	★★★★	-11.9	-18.2	3.5	4.7	3.9	64	65	81	69	80	0.0	16.38	(57)	Avg	
Champlain Small Company Adv CIP SX	☞ Silver	★★★★	-10.3	-12.1	5.2	6.6	7.3	40	20	58	35	4	0.0	13.89	(60)	-Avg	
Columbia Acorn USA Z AUSAX	—	★★★★	-12.2	-16.9	3.9	4.9	4.3	68	55	75	65	74	0.0	14.75	(61)	-Avg	
Conestoga Small Cap Investors CCASX	☞ Silver	★★★★★	-10.0	-5.2	7.5	8.3	6.9	37	4	21	12	8	0.0	16.67	(49)	+Avg	
Janus Triton T JATTX	Neutral	★★★★★	-7.6	-11.3	9.7	9.6	9.4	19	16	5	5	1	0.1	13.12	(71)	-Avg	
Janus Venture T JAVTX	Neutral	★★★★★	-10.6	-14.6	9.2	9.8	7.3	43	34	9	5	4	0.0	14.83	(65)	Avg	
Kalmar Growth-with-Value Sm Cp Inv KGSCX	—	★★★★	-7.1	-16.3	2.5	4.3	4.7	17	51	86	77	63	0.0	16.21	(61)	Avg	
LKCM Small Cap Equity Instl LKSCX	☞ Silver	★★	-10.0	-17.5	1.8	3.5	3.6	38	58	90	86	84	0.0	15.3	(55)	Avg	
Loomis Sayles Small Cap Growth Retail LCGRX	☞ Silver	★★★★	-11.4	-15.0	7.2	6.8	7.1	58	39	23	32	6	0.0	16.59	(48)	+Avg	
Meridian Growth Legacy MERDX	☞ Bronze	★★★★	-5.5	-11.9	5.6	6.4	7.4	9	20	51	38	3	0.0	12.33	(65)	Low	
Meridian Small Cap Growth Investor MISGX	☞ Bronze	NR	-7.7	-15.4	—	—	—	21	43	—	—	—	0.0	—	(—)		
Neuberger Berman Genesis Inv NBGNX	☞ Bronze	★★★★	-4.6	-7.1	6.8	7.3	7.0	7	6	30	24	7	0.4	12.56	(70)	Low	
Royce Premier Invmt RYPRX	☞ Bronze	↑★★★★	-3.9	-14.6	1.7	2.6	5.6	4	35	91	92	40	0.8	14.29	(68)	-Avg	
Royce Smaller-Companies Growth Svc RYVPX	—	★★	-10.8	-16.0	4.6	3.5	3.5	48	49	66	86	86	0.0	16.37	(60)	+Avg	
T. Rowe Price New Horizons PRNHX	☞ Silver	★★★★★	-10.9	-11.2	10.5	11.5	8.7	51	15	3	1	1	0.0	14.19	(61)	-Avg	
T. Rowe Price QM US Small-Cap Growth Eq PRDSX	☞ Silver	★★★★★	-8.1	-11.4	10.1	9.5	7.8	23	17	4	6	2	0.0	13.9	(70)	-Avg	
T. Rowe Price Small-Cap Stock OTCFX	☞ Silver	★★★★	-7.5	-12.5	6.8	8.0	7.0	18	23	31	14	7	0.1	13.52	(66)	-Avg	
Vanguard Explorer Inv VEXPX	Neutral	↑★★★★	-8.5	-16.5	6.9	6.8	5.1	24	52	29	32	52	0.3	14.42	(71)	-Avg	
Vanguard Small Cap Growth Index Admiral VSGAX	☞ Silver	★★★★	-9.0	-15.5	6.0	<i>6.6</i>	<i>6.4</i>	26	45	44	<i>34</i>	<i>18</i>	1.1	13.85	(66)	-Avg	
Wasatch Core Growth WGROX	☞ Silver	★★★★	-8.9	-10.0	7.6	9.9	6.0	26	11	20	4	28	0.0	13.03	(61)	Low	
Wasatch Small Cap Growth Investor WAAEX	☞ Gold	★★★★	-11.5	-17.1	4.1	6.4	5.5	59	56	73	38	42	0.0	13.92	(54)	-Avg	
William Blair Small Cap Growth N WBSNX	—	★★★★	-9.0	-15.1	7.5	6.5	4.3	26	41	20	36	75	0.0	14.73	(57)	Avg	
Small Blend																	
AMG Managers Skyline Special Equities SKSEX	☞ Bronze	★★★★	-5.4	-11.6	8.6	9.1	6.4	25	34	8	3	14	0.0	14.99	(61)	+Avg	
ASTON/River Road Select Value N ARSMX	—	★★★★	-1.6	-8.1	4.0	6.3	—	2	6	75	44	—	0.0	12.12	(68)	Low	
ASTON/River Road Small Cap Value N ARSVX	—	★★★★	-3.2	-7.5	4.8	6.0	5.1	7	4	67	49	40	0.0	11.74	(65)	Low	
Berwyn BERWX	☞ Silver	★★	-4.4	-19.6	-0.1	3.5	4.1	13	92	95	88	67	0.0	14.48	(52)	Avg	
Bogle Small Cap Growth Inv BOGLX	—	↑★★★★	-8.1	-19.2	5.8	7.4	3.8	75	91	50	25	73	0.0	16.65	(71)	High	
Bridgeway Ultra-Small Company Market BRSEX	—	★★★★	-9.1	-17.3	6.9	6.6	3.0	92	87	34	39	88	1.0	14.73	(54)	+Avg	
Broadview Opportunity BVAOX	☞ Silver	★★★★	-8.5	-18.3	4.2	5.3	6.7	81	89	73	64	9	0.0	13.49	(62)	-Avg	
DFA US Micro Cap I DFSCX	☞ Gold	★★★★	-5.8	-9.9	8.3	8.2	5.2	32	17	14	14	38	0.9	14.8	(61)	+Avg	
DFA US Small Cap I DFSTX	☞ Gold	★★★★	-5.4	-10.4	8.2	8.1	6.3	25	22	14	16	15	1.2	14.26	(67)	Avg	
Dreyfus Opportunistic Small Cap DSCVX	—	★★★★	-12.6	-16.0	5.3	4.7	7.7	100	82	60	75	4	0.4	17.87	(57)	High	
Fidelity Small Cap Discovery FSCRX	☞ Gold	★★★★★	-4.0	-11.2	6.5	9.2	9.3	10	31	39	3	1	0.5	13.26	(66)	-Avg	
Fidelity Small Cap Stock FSLCX	☞ Bronze	★★★★	-5.9	-8.0	8.3	3.7	5.0	35	5	13	85	42	0.6	12.64	(74)	Low	
Fidelity Stock Selector Small Cap FDSCX	—	★★★★	-8.1	-11.6	6.8	6.0	4.4	74	33	35	51	62	0.5	13.71	(67)	Avg	
Mairs & Power Small Cap MSCFX	☞ Silver	★★★★	-3.5	-10.7	7.4	—	—	7	26	23	—	—	0.4	13.28	(65)	-Avg	
Perritt MicroCap Opportunities Investor PRCGX	—	★★	-7.0	-11.0	5.6	4.8	3.8	51	28	54	73	74	0.0	13.26	(55)	-Avg	
Royce Micro-Cap Invmt RYOTX	—	★	-7.7	-19.4	-2.7	-3.1	2.3	66	92	96	97	95	0.0	14.16	(54)	Avg	
Royce Pennsylvania Mutual Invmt PENNX	Neutral	★★★★	-2.1	-13.3	2.8	3.8	4.5	3	51	84	85	56	0.9	14.01	(67)	Avg	
Royce Total Return Invmt RYTRX	—	★★★★	-2.8	-10.9	4.2	5.6	5.0	5	28	73	59	44	0.9	12.03	(73)	Low	
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	-7.1	-12.7	5.6	6.8	4.9	51	43	55	36	45	0.1	13.16	(68)	-Avg	
T. Rowe Price Small-Cap Value PRSVX	☞ Bronze	★★★★	-4.5	-8.8	4.2	6.2	5.5	14	7	73	46	32	0.8	12.88	(65)	Low	
Vanguard Explorer Value Inv VEVFX	—	★★★★	-5.9	-10.9	6.6	7.6	—	33	28	38	21	—	0.8	13.25	(74)	-Avg	
Vanguard Small Cap Index Adm VSMAX	☞ Gold	★★★★	-6.8	-13.3	7.3	7.6	6.4	45	50	27	22	13	1.6	13.22	(75)	-Avg	
Vanguard Tax-Managed Small Cap Adm VTMSX	☞ Gold	★★★★★	-5.3	-9.2	9.1	9.3	6.7	23	10	3	3	9	1.3	13.58	(66)	Avg	
Small Value																	
AllianzGI NFJ Small-Cap Value A PCVAX	☞ Silver	★★★★	-5.5	-12.8	4.7	5.4	4.7	—	—	—	—	—	—	13.72	(65)	—	
Russell 2000 Index																	
			-8.8	-15.0	5.8	6.1	5.0										
Russell 2000 Growth Index																	
			-11.4	-16.5	7.2	7.0	5.8										

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

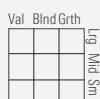
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign					
	—	23.1	2.9	2,565		—	77	3	97	0	0	3	—	1.33	—	784	—
CSMVX		18.6	2.8	1,829		61	69	2	97	0	2	4	NL	1.42	19.11	185	Alexander Thorndike (16.2)
CIP SX		23.0	2.1	1,924		80	37	4	96	0	0	1	Clsd	1.38	14.21	1,195	Management Team
AUSAX		20.6	2.7	1,992		110	12	0	100	0	0	3	NL	1.08	19.48	690	Doyle/Litfin (2.2/0.2)
CCASX		30.4	3.6	1,372		46	11	6	94	0	0	0	NL	1.1	32.16	615	Mitchell/Monahan (13.4/2.1)
JATX		23.6	3.4	3,252		119	27	3	96	0	1	3	Clsd	0.92	20.31	6,168	Jonathan Coleman (2.7)
JAVTX		24.4	3.3	2,436		123	40	3	96	0	0	8	Clsd	0.92	55.09	2,463	Jonathan Coleman (2.7)
KGSCX		26.5	3.1	2,039		63	25	0	100	0	0	2	NL	1.34	13.53	207	Draper/Walker (18.8/18.8)
LKSCX		24.4	3.1	2,292		71	60	0	100	0	0	3	NL	0.94	17.87	525	Management Team
LCGRX		25.2	3.2	2,029		97	78	3	97	0	0	4	Clsd	1.19	17.69	1,052	Burns/Slavik (11.1/10.9)
MERDX		22.2	3.1	2,487		83	46	7	92	0	0	3	Clsd	0.84	29.0	1,148	Meade/Schaub (2.4/2.4)
MISGX		21.0	2.5	965		101	45	10	89	0	1	4	NL	1.39	10.38	241	Meade/Schaub (2.2/2.2)
NBGNX		21.5	3.5	3,061		142	13	3	97	0	0	5	NL	1.01	29.39	9,369	Management Team
RYPRX		17.7	2.5	2,661		59	9	0	95	0	5	8	NL	1.1	13.72	2,302	Management Team
RYVPX		23.0	2.6	1,472		88	52	1	92	0	7	13	NL	1.45	9.99	509	Brown/Skinner III (2.8/12.2)
PRNHX		29.4	4.1	4,408		260	39	5	89	0	7	6	Clsd	0.79	37.83	13,924	Henry Ellenbogen (6.0)
PRDSX		22.6	3.7	3,425		294	10	3	97	0	0	1	NL	0.85	23.62	2,003	Sudhir Nanda (9.4)
OTCFX		20.0	2.1	1,998		322	18	7	92	0	1	3	Clsd	0.91	35.72	7,751	Gregory McCrickard (23.5)
VEXPX		19.9	2.5	2,877		721	62	2	98	0	1	3	NL	0.49	73.61	10,031	Management Team
VSGAX		22.4	2.4	2,699		739	26	0	100	0	0	1	NL	0.09	38.9	14,494	Gerard O'Reilly (11.2)
WGROX		20.9	3.6	2,514		68	39	8	92	0	0	6	NL	1.17	48.2	1,126	Lambert/Taylor (11.1/15.2)
WAAEX		25.0	3.6	2,050		102	31	2	95	0	2	16	Clsd	1.22	36.53	1,803	Cardon/Taylor (29.2/3.1)
WBSNX		19.5	2.5	1,259		81	82	1	99	0	0	6	NL	1.5	20.45	342	Balkin/Brewer (7.7/16.2)
	—	15.3	1.8	2,392		—	65	3	98	0	0	2	—	1.2	—	771	—
SKSEX		14.1	1.5	1,427		70	37	6	94	0	0	6	Clsd	1.33	33.79	1,229	Management Team
ARSMX		16.0	1.4	1,885		64	58	1	99	0	0	2	NL	1.52	6.14	43	Management Team
ARSVX		15.3	1.4	1,106		64	60	5	95	0	0	4	NL	1.39	10.69	237	Management Team
BERWX		16.2	1.3	575		40	17	1	99	0	0	3	NL	1.17	25.47	147	Management Team
BOGLX		12.6	1.2	1,115		202	196	1	99	0	0	10	NL	1.35	22.19	130	John Bogle (16.4)
BRSEX		13.3	1.1	168		643	32	0	100	0	0	1	NL	0.78	11.73	314	Management Team
BVAOX		17.7	2.1	2,124		76	41	15	85	0	0	4	NL	1.23	28.65	630	Management Team
DFSCX		15.7	1.6	757		1622	12	3	97	0	0	3	NL	0.52	16.5	4,577	Management Team
DFSTX		16.2	1.7	1,485		2023	11	2	98	0	0	2	NL	0.37	26.84	10,208	Management Team
DSCVX		14.7	1.6	1,417		73	74	1	99	0	0	8	Clsd	1.09	25.08	729	Management Team
FSCRX		17.8	1.5	2,375		60	13	1	99	0	0	1	Clsd	1.06	25.37	4,826	Charles Myers (9.9)
FSLCX		19.1	1.9	2,343		146	64	2	98	0	0	15	NL	0.66	16.34	1,865	Lionel Harris (4.2)
FDSCX		19.4	2.0	2,587		206	48	6	94	0	0	6	NL	0.77	21.2	1,328	Management Team
MSCFX		18.7	1.9	1,468		47	15	3	97	0	0	1	NL	1.07	18.8	183	Adams/Steinkopf (4.5/1.2)
PRCGX		14.9	1.3	278		99	20	2	98	0	0	3	NL	1.22	29.42	301	Corbett/Metrou (19.2/2.0)
RYOTX		18.3	1.5	406		177	18	3	92	0	5	9	NL	1.48	10.24	245	Management Team
PENNX		17.0	1.8	1,464		290	21	0	95	0	4	6	NL	0.92	9.13	2,651	Management Team
RYTRX		15.6	1.7	2,017		290	18	1	92	0	7	6	NL	1.19	11.58	2,663	Management Team
STSCX		15.1	1.8	3,109		60	11	2	98	0	0	0	NL	1.11	64.96	1,063	Management Team
PRSVX		17.8	1.6	1,368		307	16	3	96	0	1	2	NL	0.96	34.68	6,615	J. Wagner (1.7)
VEVFX		16.7	1.4	2,268		178	35	6	93	0	0	3	NL	0.65	26.79	271	Management Team
VSMAX		17.2	1.7	2,631		1506	10	1	99	0	0	0	NL	0.09	49.44	51,017	Michael Buek (24.2)
VTMSX		17.5	1.8	1,404		610	40	1	99	0	0	0	NL	0.12	42.02	3,471	Michael Buek (16.9)
	—	15.4	1.4	2,274		—	72	3	97	0	0	2	—	1.3	—	811	—
PCVAX		12.2	1.5	2,006		128	42	4	95	0	1	3	Clsd	1.19	19.05	4,142	Management Team
		17.4	1.6	1,377													
		19.8	2.8	1,510													

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 02-29-16					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category		
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr					
					3 Yr	5 Yr	10 Yr										
Small Value (cont'd)			—	-5.5	-12.8	4.7	5.4	4.7	—	—	—	—	—	—	13.72	(65)	—
American Beacon Small Cp Val Inv AVPAX	Bronze	↓★★★★	-5.5	-12.0	6.2	6.3	5.3	47	45	35	30	33	0.5	13.97	(68)	Avg	
American Century Small Cap Value Inv ASVIX	—	★★★★★	-8.6	-13.3	5.2	5.6	6.1	93	61	50	47	15	0.4	14.07	(70)	Avg	
Artisan Small Cap Value Investor ARTVX	Under Review	★★	-2.0	-13.4	-1.5	-0.5	3.3	6	64	97	99	84	1.2	13.3	(62)	-Avg	
Dean Small Cap Value DASCX	—	↓★★★★	-4.1	-10.7	6.4	7.0	4.4	22	31	31	17	60	0.2	12.71	(61)	-Avg	
DFA US Targeted Value I DFFVX	Gold	★★★★★	-5.5	-13.1	6.5	6.6	5.4	45	59	29	22	30	1.4	14.35	(71)	Avg	
Diamond Hill Small Cap A DHSCX	Gold	★★★★★	-4.6	-9.3	6.5	6.7	5.1	27	21	27	20	38	0.3	10.66	(70)	Low	
Fidelity Small Cap Value FCPVX	Bronze	★★★★★	-2.0	-4.8	8.4	9.2	7.7	6	3	6	2	1	0.8	12.81	(66)	-Avg	
Perkins Small Cap Value T JSCVX	Silver	★★★★★	-3.4	-8.0	7.0	5.7	6.8	13	12	20	44	9	0.7	11.49	(71)	-Avg	
Royce Opportunity Invmt RYPNX	Bronze	★★	-6.6	-19.9	1.8	3.0	4.3	74	92	89	90	65	0.0	15.71	(61)	+Avg	
Royce Small-Cap Value Service RYVFX	—	★★	1.1	-11.6	4.1	1.6	4.7	2	39	68	96	53	0.5	13.15	(57)	-Avg	
Royce Special Equity Invmt RYSEX	Gold	★★★★★	-2.3	-14.8	2.0	4.7	6.2	8	74	87	67	15	1.2	13.34	(58)	-Avg	
Third Avenue Small Cap Value Instl TASCX	—	★★★	-5.1	-13.3	4.2	5.0	3.4	41	62	67	64	83	0.0	13.03	(70)	-Avg	
Vanguard Small Cap Value Index Admiral VSIAX	Silver	★★★★★	-5.0	-11.4	8.1	<i>8.2</i>	<i>5.9</i>	37	37	8	7	18	2.1	13.13	(78)	-Avg	
Allocation			—	-2.9	-6.9	2.7	3.5	3.5	—	—	—	—	—	6.77	(75)	—	
American Funds 2020 Trgt Date Retire A AACTX	Silver	TE	★★★★★	-2.3	-4.7	5.9	6.2	—	25	12	2	2	—	1.2	6.68	(96)	Avg
American Funds American Balanced A ABALX	Silver	MA	★★★★★	-2.5	-3.0	8.0	8.4	6.4	16	3	3	2	7	1.6	7.69	(90)	Avg
American Funds Income Fund of Amer A AMECX	Silver	MA	★★★	-2.3	-6.2	5.9	6.9	5.8	12	24	22	11	15	3.3	7.92	(93)	+Avg
Arbitrage R ARBFX	Bronze	NE	★★★★★	1.0	1.2	1.4	1.5	3.0	30	35	48	38	13	0.0	1.82	(1)	Low
ASTON/Montag & Caldwell Balanced N MOBAX	—	MA	★★★★★	-2.2	-0.6	6.1	6.3	5.8	10	1	19	23	14	0.7	6.38	(72)	Low
Berwyn Income BERIX	Silver	CA	★★★★★	0.2	-4.4	4.4	4.9	6.6	3	29	6	12	1	2.4	4.54	(72)	-Avg
Calamos Market Neutral Income A CVSIX	Neutral	NE	★★★	-2.0	-1.9	1.8	2.6	3.0	81	58	39	18	16	1.1	3.34	(0)	Avg
Dodge & Cox Balanced DODBX	Gold	MA	★★★★★	-4.9	-8.3	7.0	7.3	5.0	88	66	9	7	36	2.2	8.62	(85)	High
Fidelity Balanced FBALX	Bronze	MA	★★★★★	-4.6	-6.8	7.1	7.1	5.6	80	34	8	10	17	1.7	7.97	(91)	+Avg
Fidelity Four-in-One Index FFNOX	Silver	AL	★★★★★	-5.3	-8.5	6.3	6.4	5.0	48	19	14	12	13	2.2	9.5	(96)	Avg
Fidelity Puritan FPURX	Bronze	MA	★★★★★	-5.0	-6.1	7.5	7.2	6.0	90	23	6	9	11	2.2	8.1	(87)	+Avg
Fidelity Strategic Real Return FSRRX	Bronze	CA	★	-1.2	-9.6	-3.5	-0.6	2.0	32	89	94	96	93	1.6	4.64	(39)	-Avg
FPA Crescent FPACX	Gold	MA	★★★★★	-5.2	-8.7	4.8	5.8	6.3	92	72	44	32	9	1.0	7.01	(84)	-Avg
Franklin Income A FKINX	Bronze	CA	★★	-2.9	-13.0	1.2	3.5	4.8	85	96	76	50	17	5.9	8.94	(88)	High
Gateway A GATEX	Silver	LO	★★★	-2.6	-1.6	2.9	3.4	3.0	31	15	60	42	44	1.9	4.36	(87)	Low
Greenspring GRSPX	—	MA	★★	-2.8	-8.7	0.4	2.5	3.8	22	72	97	96	76	2.4	7.66	(64)	Avg
Invesco Equity and Income A ACEIX	Bronze	MA	★★★	-5.6	-8.7	5.8	5.9	5.3	96	73	25	31	26	2.4	8.47	(86)	+Avg
Janus Balanced T JABAX	Neutral	MA	★★★★★	-4.3	-6.0	6.3	6.5	6.8	70	20	17	18	4	1.6	7.07	(91)	Avg
JPMorgan Income Builder A JNBAX	Bronze	CA	★★★	-2.8	-6.8	2.2	4.3	—	83	73	50	23	—	4.4	6.7	(88)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	↑★★★★★	-1.2	-3.3	6.6	4.5	5.0	35	7	2	9	6	0.0	6.98	(69)	Avg
Mairs & Power Balanced Inv MAPOX	Silver	MA	★★★★★	-1.1	-4.8	5.5	7.4	6.4	3	12	30	6	7	2.6	7.38	(89)	Avg
Manning & Napier Pro-Blend Cnsvr Term S EXDAX	Bronze	CA	★★★★★	-1.3	-5.8	1.6	3.3	4.6	33	59	68	59	21	1.5	4.71	(93)	Avg
Manning & Napier Pro-Blend Extnr Term S MNBAX	Bronze	MA	★★★	-2.9	-10.0	2.8	4.0	4.7	24	87	82	74	45	0.6	7.83	(95)	+Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	Bronze	CA	★★★	-2.0	-8.2	2.0	3.4	4.3	61	83	58	56	31	0.8	6.18	(95)	+Avg
Merger Investor MERFX	Silver	NE	★★★★★	-0.7	-2.9	1.3	1.5	2.8	61	67	50	40	23	0.8	2.77	(0)	-Avg
MFS Total Return A MSFRX	Bronze	MA	★★★	-1.8	-3.9	6.4	6.7	5.2	7	7	16	16	29	2.5	6.55	(93)	-Avg
Oakmark Equity & Income I OAKBX	Silver	MA	★★★★★	-4.2	-10.3	5.4	5.2	6.1	67	89	33	45	11	1.2	8.5	(86)	+Avg
Pax World Balanced Individual Inv PAXWX	—	MA	★★★	-3.5	-5.4	5.4	4.7	3.8	44	15	32	57	75	0.9	7.38	(91)	Avg
Permanent Portfolio PRPFX	—	CA	↑★★★★	3.2	-5.9	-2.1	-0.1	5.1	1	62	91	95	6	1.1	7.18	(34)	High
Russell 2000 Index				-8.8	-15.0	5.8	6.1	5.0									
Russell 2000 Value Index				-6.0	-13.4	4.3	5.2	4.0									
S&P 500 Index				-5.1	-6.2	10.7	10.0	6.4									
BarCap US Agg Bond TR USD				2.1	1.5	2.2	3.5	4.5									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Aggressive Allocation
- CA Conservative Allocation
- LO Long-Short
- MA Moderate Allocation
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- SU Utilities
- TD Target Date 2011-2015
- TE Target Date 2016-2020
- TG Target Date 2021-2025
- TH Target Date 2026-2030
- TI Target Date 2031-2035
- TJ Target Date 2036-2040
- TK Target Date 2041-2045
- TL Target Date 2050+
- TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Costs		Operations		Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign	Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)				
	—	15.4	1.4	2,274	24	17	13	—	72	3	97	0	0	2	—	1.3	—	811	—
AVPAX		14.6	1.3	1,888	27	17	16	601	47	5	95	0	0	5	NL	1.16	20.54	5,117	Management Team
ASVIX		16.4	1.6	1,333	24	18	17	138	78	0	99	0	1	4	Clsd	1.25	6.94	1,291	John/Lewis (3.7/1.3)
ARTVX		15.2	1.2	1,390	39	19	10	94	39	6	94	0	0	1	Clsd	1.27	9.91	367	Management Team
DASCX		13.9	1.5	1,428	26	24	12	61	128	3	97	0	0	0	NL	1.25	12.99	173	Steven Roth (7.7)
DFVX		13.8	1.2	1,983	28	20	14	1526	15	2	98	0	0	2	NL	0.37	18.67	6,627	Management Team
DHSCX		13.9	1.5	2,584	28	28	11	77	17	20	80	0	0	4	Clsd	1.31	29.48	1,565	Management Team
FCPVX		17.6	1.5	2,226	30	15	14	57	34	1	97	0	2	3	Clsd	1.19	16.41	2,649	Derek Janssen (3.1)
JSCVX		17.4	1.9	2,191	22	20	17	81	86	4	96	0	0	2	NL	0.81	17.59	1,257	Management Team
RYPNX		16.3	1.1	629	35	19	17	251	36	5	92	0	3	3	NL	1.15	9.87	1,370	Hench/Zaino (11.7/17.9)
RYVFX		12.9	1.4	1,191	32	22	18	60	38	1	98	0	2	3	NL	1.45	8.8	490	Jay Kaplan (12.2)
RYSEX		14.5	1.7	1,481	48	17	13	44	21	2	98	0	0	0	NL	1.12	17.53	1,402	Dreifus/McBoyle (17.8/1.4)
TASCX		15.9	1.7	2,051	33	17	17	62	40	5	93	0	2	4	NL	1.1	17.79	299	Bui/Rewey, III (3.2/1.7)
VSIAX		14.7	1.4	2,578	19	16	13	865	12	1	99	0	0	0	NL	0.09	40.35	16,035	Michael Buek (17.7)
	—	1.7	0.2	3,761	—	—	—	—	30	13	54	31	3	19	—	1.24	—	1,643	—
AACTX		17.0	2.4	56,341	15	15	13	21	8	7	53	39	2	21	5.75	0.71	10.8	5,836	Management Team
ABALX		17.7	2.4	103,871	18	17	14	1506	68	9	59	32	1	8	5.75	0.58	23.24	83,135	Management Team
AMECX		17.6	2.3	66,223	16	14	14	1687	45	6	70	22	2	18	5.75	0.55	19.76	91,579	Management Team
ARBFX		25.0	2.1	5,800	24	23	13	108	514	28	72	0	1	9	NL	1.45	12.66	1,970	Management Team
MOBAX		20.9	3.4	78,644	30	24	17	73	35	13	54	32	0	0	NL	1.36	22.21	34	Canakaris/Donahue (21.3/3.0)
BERIX		15.8	1.6	5,987	33	16	13	88	45	40	20	25	14	7	NL	0.64	12.87	1,697	Management Team
CVSIX		16.7	2.2	95,346	19	17	16	506	37	6	32	10	52	-2	4.75	1.11	12.5	3,676	Management Team
DODBX		15.8	1.7	60,949	27	25	17	395	20	2	66	32	1	10	NL	0.53	89.8	13,454	Management Team
FBALX		17.6	2.2	39,287	18	16	14	1185	128	3	65	30	3	8	NL	0.56	20.24	26,580	Management Team
FFNOX		16.8	2.0	37,803	17	14	14	4	8	2	83	16	0	27	NL	0.22	34.26	4,070	Dierdorf/Sharpe (7.1/6.7)
FPURX		18.5	2.4	62,153	21	19	16	1186	106	6	70	24	0	8	NL	0.56	19.31	24,303	Management Team
FSRRX		30.5	2.1	7,375	98	1	0	361	23	2	14	31	52	2	NL	0.8	8.13	863	Management Team
FPACX		15.6	1.5	50,716	34	27	14	131	31	37	52	6	6	9	NL	1.11	29.44	16,943	Management Team
FKINX		15.8	1.8	71,445	18	16	14	515	44	5	55	30	10	20	4.25	0.61	2.02	72,704	Management Team
GATEX		16.6	2.4	72,866	19	16	15	276	13	3	96	0	0	-2	5.75	0.94	28.96	8,029	Management Team
GRSPX		15.2	1.6	2,614	31	20	15	97	50	6	68	22	4	1	NL	0.9	21.57	293	Charles Carlson (32.7)
ACEIX		15.2	1.4	57,790	34	14	11	430	69	11	65	17	7	8	5.50	0.8	9.08	12,597	Management Team
JABAX		17.3	3.3	75,190	19	19	18	470	75	3	59	35	2	8	NL	0.83	27.7	12,838	Management Team
JNBAX		15.5	1.7	30,599	22	21	9	2424	41	3	37	56	4	34	4.50	0.75	9.37	11,662	Management Team
LCORX		12.8	1.5	14,319	20	20	18	315	78	45	40	13	1	9	NL	1.21	17.38	879	Management Team
MAPOX		16.4	2.7	45,840	24	22	17	304	4	3	66	30	0	3	NL	0.73	80.26	642	Earley/Kaliebe (1.2/10.2)
EXDAX		17.8	2.9	37,909	21	18	11	716	45	9	33	58	0	13	NL	0.9	12.59	1,294	Management Team
MNBAX		18.8	3.1	25,580	24	24	11	642	65	5	52	44	0	17	NL	1.08	15.23	1,303	Management Team
EXBAX		18.8	3.0	25,157	24	24	11	690	56	9	40	52	0	14	NL	1.07	12.46	1,377	Management Team
MERFX		17.7	1.7	19,951	22	16	13	169	137	35	57	4	4	-5	NL	1.27	15.21	4,550	Behren/Shannon (9.1/9.1)
MSFRX		14.5	1.9	56,573	22	15	13	808	45	5	60	35	1	9	5.75	0.74	16.8	6,671	Management Team
OAKBX		13.9	1.8	35,568	29	18	17	272	25	21	61	16	2	7	NL	0.75	27.37	16,592	Management Team
PAXWX		17.6	2.4	53,990	20	19	17	310	52	4	65	31	0	10	NL	0.93	20.99	1,800	Management Team
PRPFX		21.9	1.9	19,170	33	15	12	109	17	11	33	28	28	12	NL	0.76	35.64	2,767	Michael Cuggino (12.8)
		17.4	1.6	1,377															
		15.7	1.2	1,260															
		16.7	2.4	69,317															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk					
			Morningstar Rating	Total Return % 02-29-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation	Risk Relative to Category		
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr		(R ²)		
Morningstar Analyst Rating						3 Yr	5 Yr	10 Yr										
Morningstar 500 Domestic Equity																		
Allocation (cont'd)																		
			—	-2.9	-6.9	2.7	3.5	3.5	—	—	—	—	—	—	—	6.77	(75)	—
PIMCO All Asset All Authority D PAUDX	🥉 Bronze	TV	★★	-1.4	-14.9	-7.4	-1.2	2.5	37	91	98	87	68	5.1	7.26	(58)	-Avg	
PIMCO All Asset D PASDX	🥇 Gold	TV	★★★	-1.5	-12.2	-3.6	0.7	3.3	38	73	87	65	40	3.5	7.13	(74)	-Avg	
PIMCO Inflation Response MultiAsst Instl PIRMX	—	CA	★	0.0	-10.0	-4.8	—	—	4	91	96	—	—	3.1	7.11	(38)	High	
PIMCO RAE Fundamental Advantage PLUS D PFSDX	—	NE	★★	-0.7	-8.1	-2.6	0.3	—	66	91	89	62	—	6.3	3.37	(5)	Avg	
T. Rowe Price Balanced RPBAX	🥈 Silver	MA	★★★★	-4.2	-6.9	5.6	6.1	5.6	67	36	29	27	17	2.2	7.72	(96)	+Avg	
T. Rowe Price Capital Appreciation PRWCX	🥇 Gold	MA	★★★★★	-2.6	-0.4	10.4	9.8	8.0	18	1	1	1	1	1.4	7.15	(86)	Avg	
T. Rowe Price Personal Strat Growth TRSGX	🥈 Silver	AL	★★★★	-5.9	-9.3	6.2	6.5	5.4	67	30	18	10	4	1.7	9.64	(95)	Avg	
T. Rowe Price Personal Strat Income PRSIX	🥈 Silver	CA	★★★★★	-2.4	-4.8	3.8	4.7	5.3	71	38	13	14	4	2.1	5.63	(96)	+Avg	
T. Rowe Price Retirement 2015 TRRGX	🥈 Silver	TD	★★★★	-2.8	-5.9	4.4	5.1	5.0	64	51	8	12	1	2.0	6.84	(98)	High	
Vanguard Balanced Index Adm VBIAX	🥇 Gold	MA	★★★★★	-2.5	-4.1	6.9	7.4	6.1	17	9	10	7	10	2.1	6.65	(94)	-Avg	
Vanguard LifeStrategy Income Inv VASIX	🥇 Gold	CA	★★★★	0.5	-1.0	3.3	3.9	4.4	2	2	23	36	30	2.1	3.28	(57)	Low	
Vanguard Managed Payout Investor VPGDX	—	AL	★★★	-2.3	-5.6	4.7	5.0	—	9	3	43	35	—	8.7	6.68	(97)	Low	
Vanguard STAR Inv VGSTX	🥈 Silver	MA	★★★★	-4.3	-7.3	5.3	6.0	5.3	70	46	34	27	24	2.1	7.49	(97)	Avg	
Vanguard Target Retirement 2025 Inv VTTVX	🥇 Gold	TG	★★★★	-3.5	-7.0	5.3	5.6	4.9	49	38	7	10	12	2.2	7.56	(98)	Avg	
Vanguard Tax-Managed Balanced Adm VTMFX	—	CA	★★★★★	-2.0	-1.5	6.7	7.3	5.8	60	3	1	1	2	2.1	5.4	(92)	Avg	
Vanguard Wellesley Income Inv VWINX	🥇 Gold	CA	★★★★★	0.2	0.2	5.3	7.1	6.8	2	1	2	2	1	3.0	4.56	(77)	Avg	
Vanguard Wellington Inv VWELX	🥇 Gold	MA	★★★★★	-3.0	-4.7	6.9	7.4	6.7	29	11	10	6	5	2.7	7.26	(92)	Avg	
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★	-2.3	-5.9	4.1	5.9	6.3	13	20	58	30	9	1.4	6.23	(83)	Low	
U.S. Specialty Funds																		
AllianzGI Technology Institutional DRGTX	🥉 Bronze	ST	★★★★	-9.2	-7.8	14.7	7.7	8.3	54	45	23	45	26	0.0	15.04	(64)	Avg	
Cohen & Steers Realty Shares CSRSX	🥉 Bronze	SR	★★★★	-5.7	-4.2	8.3	8.6	6.2	87	40	18	50	21	2.6	14.68	(17)	Avg	
Davis Financial A RPFGX	—	SF	★★★★	-9.1	-7.6	8.6	7.5	3.9	17	27	20	22	23	0.5	12.25	(77)	-Avg	
Fidelity Real Estate Investment Port FRESX	🥉 Bronze	SR	★★★★	-3.9	-1.2	8.7	9.8	5.8	19	4	10	8	37	1.6	14.71	(14)	+Avg	
Fidelity Select Energy FSENX	—	EE	★★★★	-7.2	-27.6	-9.5	-7.1	0.1	31	15	12	12	18	1.2	18.87	(41)	-Avg	
Fidelity Select Health Care FSPHX	—	SH	★★★★	-13.3	-14.9	21.3	18.5	11.7	41	52	1	25	10	0.0	17.12	(45)	Avg	
Fidelity Select Technology FSPTX	—	ST	★★★	-8.7	-7.2	11.6	7.2	8.3	40	38	51	57	26	0.1	13.76	(66)	-Avg	
Franklin Utilities A FKUTX	🥇 Gold	SU	★★★★	6.3	1.4	9.5	11.4	8.3	13	14	5	4	4	3.0	12.55	(8)	+Avg	
Harbor Commodity Real Return ST Instl HACMX	—	BB	★★★	-3.9	-29.4	-20.5	-14.3	—	67	74	73	45	—	2.4	14.11	(83)	+Avg	
Oppenheimer Gold & Special Minerals A OPGSX	—	SP	★★	28.2	-8.9	-18.5	-21.2	-1.8	72	55	71	89	47	0.0	37.77	(2)	Avg	
PIMCO Commodity Real Ret Strat D PCRDY	🥈 Silver	BB	★★★	-4.0	-29.6	-20.7	-14.6	-5.4	72	77	76	50	28	6.2	13.93	(81)	+Avg	
T. Rowe Price Global Technology PRGTX	—	ST	★★★★★	-12.4	-1.2	21.4	14.4	12.6	84	6	1	1	1	0.0	15.57	(70)	+Avg	
T. Rowe Price Health Sciences PRHSX	—	SH	★★★★★	-14.1	-12.5	21.1	21.6	14.2	50	41	2	5	1	0.0	17.31	(39)	+Avg	
T. Rowe Price Media & Telecommunications PRMTX	—	SC	★★★★★	-7.4	-1.1	13.5	11.8	12.3	100	31	1	1	1	0.2	13.98	(78)	High	
T. Rowe Price New Era PRNEX	Neutral	SN	★★★★	-1.3	-21.4	-6.3	-7.0	0.7	13	18	23	31	22	1.5	16.06	(51)	-Avg	
T. Rowe Price Real Estate TRREX	🥇 Gold	SR	★★★★	-4.4	-3.2	9.1	9.4	5.9	41	20	8	15	36	2.4	14.1	(19)	Avg	
T. Rowe Price Science & Tech PRSCX	—	ST	★★★	-9.8	-7.3	14.7	8.2	7.9	62	39	24	36	32	0.0	15.03	(74)	+Avg	
Third Avenue Real Estate Value Instl TAREX	🥈 Silver	GR	★★★★	-10.1	-16.8	3.6	5.6	3.3	98	98	14	20	30	0.8	10.29	(73)	Low	
Vanguard Energy Inv VGENX	Neutral	EE	★★★★	-3.9	-25.3	-9.7	-7.4	0.6	5	11	16	17	12	2.7	18.06	(49)	Low	
Vanguard Health Care Inv VGHGX	🥇 Gold	SH	★★★★	-10.7	-6.0	19.7	17.8	10.9	12	4	14	32	26	1.2	12.68	(57)	Low	
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★	20.8	-19.6	-18.3	-19.4	-5.2	100	100	66	51	83	1.9	26.98	(6)	Low	
Vanguard REIT Index Adm VGSIX	🥇 Gold	SR	★★★	-3.7	-4.3	7.8	9.2	6.2	17	43	38	20	23	4.1	14.79	(13)	+Avg	
S&P 500 Index				-5.1	-6.2	10.7	10.0	6.4										
BarCap US Agg Bond TR USD				2.1	1.5	2.2	3.5	4.5										
Dow Jones Moderate Portfolio Index				-2.9	-6.4	3.9	4.7	4.8										

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Aggressive Allocation
- BB Commodities Broad Basket
- CA Conservative Allocation
- EE Equity Energy
- GR Global Real Estate
- IH World Allocation
- LO Long-Short
- MA Moderate Allocation
- NE Market Neutral
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- SU Utilities
- TA Target-Date 2000-2010
- TD Target Date 2011-2015
- TE Target Date 2016-2020
- TG Target Date 2021-2025
- TH Target Date 2026-2030
- TI Target Date 2031-2035
- TJ Target Date 2036-2040
- TK Target Date 2041-2045
- TL Target Date 2050+
- TV Tactical Allocation
- RI Retirement Income

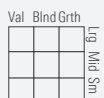
Current Portfolio Style

Costs

Operations

Current Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)				
				Cash	Stock	Bond			Other	Foreign												
PAUDX	18.3	2.3	—	—	—	—	44	75	58	29	17	-3	-36	NL	1.65	7.52	8,630	Robert Arnott (12.3)				
PASDX	19.1	1.9	—	—	—	—	44	86	47	21	17	14	-5	NL	1.27	10.05	19,868	Robert Arnott (13.6)				
PIRMX	17.8	1.5	11,026	55	20	7	343	383	-18	8	71	39	3	NL	0.7	7.81	895	Johnson/Worah (1.2/4.5)				
PFSDX	—	—	—	—	—	—	602	413	188	77	-94	-71	-146	NL	1.29	9.3	686	Management Team				
RPBAX	16.7	2.0	46,551	19	18	14	1481	52	3	64	32	1	27	NL	0.64	20.56	3,737	Charles Shriver (4.8)				
PRWCX	19.4	3.0	39,769	24	22	17	250	72	16	61	19	4	7	Clsd	0.7	24.41	23,695	David Giroux (9.7)				
TRSGX	16.7	2.0	38,145	19	19	15	1541	52	2	80	18	1	34	NL	0.78	26.18	1,547	Charles Shriver (4.8)				
PRSIX	16.7	2.0	38,088	19	19	15	1621	73	14	39	46	1	30	NL	0.58	16.92	1,478	Charles Shriver (4.8)				
TRRGX	16.6	2.0	33,853	18	15	14	19	14	5	52	42	1	29	NL	0.62	13.3	9,246	Clark/Lee (12.0/0.6)				
VBIAX	16.7	2.3	40,213	18	15	14	11794	53	2	59	39	0	5	NL	0.09	28.48	25,598	Management Team				
VASIX	15.8	1.9	29,618	17	14	13	5	14	2	20	77	1	36	NL	0.12	14.65	3,334	Management Team (21.4)				
VPGDY	16.2	1.9	6,551	16	15	15	10	23	13	64	17	6	38	NL	0.42	16.82	1,542	Ameriks/Buek (1.9/7.8)				
VGSTX	16.3	1.9	36,031	19	18	17	12	8	4	60	35	1	25	NL	0.34	22.29	17,799	Coleman/Nejman (3.0/3.0)				
VTTVX	15.8	1.9	29,648	17	14	13	5	24	1	66	32	0	38	NL	0.15	15.07	28,846	Coleman/Nejman (3.0/3.0)				
VTMFX	16.7	2.3	50,837	18	15	14	2166	8	1	49	50	0	0	NL	0.12	26.32	2,493	D'Arcy/Perre (2.7/16.2)				
VWINX	16.8	2.2	99,275	15	15	14	1389	59	2	38	59	0	18	NL	0.23	24.58	40,928	Keogh/Reckmeyer (8.0/9.2)				
VWELX	15.6	2.0	101,002	23	20	14	1420	71	1	65	34	0	14	Clsd	0.26	35.68	84,157	Bousa/Keogh (13.2/9.9)				
WHGIX	17.3	2.3	48,698	19	16	16	64	19	21	51	15	13	2	NL	0.86	13.77	2,299	Freeman/Williams (10.2/10.2)				
DRGTX	26.9	6.2	72,896	70	18	7	145	165	12	88	0	0	-12	NL	1.26	49.31	1,256	Chen/Price, Jr. (20.2/20.2)				
CSRSX	44.4	2.7	12,117	98	2	0	40	52	1	99	0	0	0	NL	0.97	66.52	5,483	Management Team				
RFPGX	14.5	1.4	49,225	89	4	4	30	32	12	88	0	0	13	4.75	0.86	35.8	845	Christopher Davis (2.2)				
FRESX	40.1	2.2	10,817	100	0	0	48	34	1	98	0	1	0	NL	0.78	39.0	4,381	Steve Buller (18.2)				
FSENX	25.8	1.5	17,766	97	2	1	75	73	1	99	0	0	4	NL	0.79	32.63	1,761	John Dowd (9.6)				
FSPHX	20.4	2.5	21,122	96	3	1	112	98	0	100	0	0	14	NL	0.74	180.51	7,848	Edward Yoon (7.4)				
FSPTX	22.3	2.5	25,628	86	7	3	233	144	1	98	0	0	24	NL	0.78	107.78	2,824	Charlie Chai (9.1)				
FKUTX	16.4	1.6	15,052	93	6	1	55	9	1	98	1	0	6	4.25	0.73	16.39	5,358	Kohli/Schmicker (17.2/6.2)				
HACMX	—	—	—	—	—	—	213	784	7	0	81	12	25	NL	0.94	3.22	79	Management Team				
OPGSX	20.7	0.9	1,781	100	0	0	90	79	3	97	0	0	88	5.75	1.17	13.37	713	Shanquan Li (18.7)				
PCRDY	—	—	—	—	—	—	523	123	-22	0	97	25	7	NL	1.19	5.94	5,078	Management Team				
PRGTX	24.9	4.5	34,024	69	17	13	65	228	6	93	0	1	43	NL	0.91	11.88	2,481	Joshua Spencer (3.7)				
PRHSX	21.4	3.2	24,375	95	2	1	148	42	3	96	0	1	6	Clsd	0.77	59.17	12,003	Taymour Tamaddon (3.0)				
PRMTX	30.6	3.8	55,450	40	31	27	78	24	3	94	0	3	23	NL	0.8	65.4	3,345	Paul Greene II (2.7)				
PRNEX	20.9	1.6	12,033	48	33	7	116	61	1	99	0	0	28	NL	0.65	26.92	2,651	Shawn Driscoll (2.4)				
TRREX	44.2	2.7	11,869	97	2	1	40	3	7	92	0	1	0	NL	0.76	26.28	5,514	David Lee (18.3)				
PRSCX	22.3	2.1	23,454	70	18	7	77	80	3	95	0	2	33	NL	0.84	30.91	3,276	Kennard Allen (7.2)				
TAREX	18.5	1.4	7,048	75	10	9	61	14	9	89	0	2	45	NL	1.09	25.84	2,371	Management Team				
VGENX	22.1	1.1	32,172	97	2	1	149	31	5	94	0	1	30	NL	0.37	39.44	8,121	Management Team				
VGHCX	22.9	3.4	46,460	94	4	1	99	20	2	96	0	2	20	NL	0.34	196.71	47,522	Jean Hynes (7.7)				
VGPMX	27.3	0.8	2,119	98	2	0	62	62	2	98	0	0	92	NL	0.29	7.68	1,465	Jamie Horvat (2.0)				
VGSLX	35.7	2.2	9,668	99	1	0	154	8	0	99	0	0	0	NL	0.12	108.75	48,238	Gerard O'Reilly (19.7)				
			16.7	2.4	69,317																	

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 International Equity	Morningstar Analyst Rating	vs. Category	Morningstar Rating	Total Return % 02-29-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst								
						3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Foreign Stock			—	-8.1	-11.9	1.5	1.6	2.3	—	—	—	—	—	—	12.13	(85)	—
American Beacon Intl Equity Inv AAPX	—	FV	★★★★	-9.5	-16.6	0.1	0.3	1.5	69	57	39	26	14	1.3	12.89	(92)	Avg
American Funds Europacific Growth A AEPGX	★ Gold	FG	★★	-8.8	-14.5	1.1	1.1	3.1	59	72	44	56	33	1.9	11.33	(91)	Low
American Funds Intl Gr and Inc A IGAAX	★ Gold	FB	↓★★	-7.0	-18.1	-1.5	0.7	—	24	85	75	33	—	3.5	11.34	(92)	Low
Ariel International Investor AINTX	—	FV	★★★★★	-4.6	-5.4	6.1	—	—	6	1	1	—	—	0.2	10.71	(90)	Low
Artisan International Investor ARTIX	★ Silver	FG	★★★	-8.5	-16.1	1.5	4.1	3.5	50	90	39	13	24	0.5	12.89	(83)	+Avg
Artisan International Small Cap Investor ARTJX	★ Gold	FR	★★★	-10.6	-4.0	2.3	5.8	5.6	86	21	73	20	16	0.1	13.96	(63)	High
Artisan International Value Investor ARTKX	★ Gold	FB	★★★★★	-5.9	-11.7	4.4	5.8	6.4	10	14	3	3	1	0.9	10.85	(82)	Low
Causeway International Value Inv CIVVX	★ Gold	FB	★★★	-9.4	-16.8	0.2	0.9	2.1	74	73	44	29	27	1.9	12.34	(89)	Avg
Columbia Acorn International Z ACINX	★ Silver	FR	★★★	-6.3	-12.1	1.3	2.4	5.0	28	94	87	79	25	1.3	11.0	(89)	-Avg
DFA International Small Company I DFISX	★ Silver	FQ	★★★	-7.1	-6.8	4.0	2.5	3.8	25	15	35	68	11	2.3	12.06	(84)	+Avg
Dodge & Cox International Stock DODFX	★ Gold	FB	★★	-12.0	-25.6	-1.5	-0.6	2.0	97	100	75	68	28	2.6	14.63	(91)	High
Fidelity Diversified International FDIVX	★ Bronze	FG	★★★	-8.4	-11.7	3.9	2.5	2.3	49	43	12	29	57	1.0	12.37	(88)	+Avg
Fidelity International Discovery FIGRX	★ Bronze	FG	↓★★★★	-9.4	-11.1	2.8	2.3	2.7	67	36	20	32	45	1.1	12.41	(87)	+Avg
Fidelity Overseas FOSFX	★ Bronze	FB	↑★★★★★	-8.1	-8.2	5.6	4.3	2.5	46	5	2	4	21	1.1	11.91	(88)	Avg
Fidelity Spartan International Idx Inv FSIIX	★ Silver	FB	★★★	-8.7	-15.2	0.4	0.5	1.6	56	51	41	38	35	2.9	12.77	(94)	+Avg
First Eagle Overseas A SGOVX	★ Bronze	FB	↑★★★★★	-2.1	-5.8	2.7	3.2	5.4	1	3	10	6	2	0.2	8.67	(83)	Low
FMI International FMIJX	—	FB	★★★★★	-2.1	-5.2	7.1	8.7	—	1	2	2	1	—	1.8	8.0	(63)	Low
Harbor International Institutional HAINX	★ Gold	FB	★★★	-6.1	-15.4	-1.2	0.3	3.4	12	53	71	44	11	1.9	13.4	(94)	High
Harding Loevner International Eq Inv HLMNX	★ Silver	FG	★★★	-6.7	-13.8	0.3	1.2	3.7	26	61	62	54	17	0.8	13.26	(92)	+Avg
IVA International A IVIOX	★ Silver	FQ	★★★★	-3.0	-5.2	3.5	3.9	—	3	11	46	41	—	2.6	6.41	(89)	Low
JOHCM International Select II JOHAX	—	FG	★★★★★	-2.1	-14.1	7.7	5.8	—	1	64	2	2	—	0.2	12.72	(67)	+Avg
Litman Gregory Masters Intl Instl MSILX	—	FB	★★★	-9.5	-20.7	-1.3	-0.7	2.4	77	95	73	70	23	1.9	12.85	(90)	+Avg
Longleaf Partners International LLINX	Neutral	FB	★	-9.1	-20.0	-5.1	-3.3	-0.2	69	93	95	94	87	2.0	15.41	(80)	High
MainStay ICAP International I ICEUX	Neutral	FB	★★★	-9.9	-19.3	-1.5	-0.7	1.4	84	90	76	69	39	1.8	13.05	(87)	+Avg
Manning & Napier World Opportunities A EXWAX	★ Bronze	FB	★★★	-4.0	-13.8	-2.4	-1.9	2.4	3	34	89	89	22	1.9	13.08	(88)	+Avg
Neuberger Berman International Eq Inv NIQVX	★ Bronze	FB	★★★★	-6.9	-10.0	1.8	<i>2.1</i>	<i>1.8</i>	22	6	16	<i>11</i>	<i>30</i>	0.5	11.29	(86)	-Avg
Oakmark International I OAKIX	★ Gold	FB	★★★★	-10.7	-19.7	-0.3	1.9	4.3	92	92	54	12	5	2.5	14.69	(86)	High
Oakmark International Small Cap I OAKEX	★ Bronze	FQ	↓★★	-10.4	-16.8	0.4	0.6	2.9	90	98	81	79	58	2.8	13.09	(84)	High
Oppenheimer International Growth A OIGAX	★ Silver	FG	★★★★	-5.4	-8.0	2.7	4.2	4.9	12	8	21	12	1	0.9	12.34	(85)	Avg
T. Rowe Price International Discovery PRIDX	★ Silver	FR	★★★★★	-8.0	-2.5	6.0	6.2	5.9	49	15	27	14	12	0.7	10.32	(85)	Low
T. Rowe Price International Gr & Inc TRIGX	Neutral	FV	★★★★	-7.1	-14.8	0.4	0.2	1.6	27	35	35	28	13	2.2	12.05	(93)	-Avg
T. Rowe Price International Stock PRITX	Neutral	FG	★★★	-7.5	-14.4	0.6	1.2	2.4	35	70	55	54	55	1.2	12.42	(94)	Avg
T. Rowe Price Overseas Stock TROSX	★ Bronze	FB	★★★★	-7.9	-16.0	0.6	1.0	—	40	64	34	27	—	2.3	11.75	(95)	-Avg
Thornburg International Value A TGVAX	Neutral	FG	★★	-9.7	-10.9	0.7	0.0	3.1	76	33	52	77	34	0.9	12.37	(84)	Avg
Tweedy, Browne Global Value TBGVX	★ Silver	FV	★★★★★	-5.2	-9.5	2.2	4.7	4.2	10	4	14	1	1	0.9	8.32	(84)	Low
USAA International USIFX	Under Review	FG	↓★★★★	-8.8	-14.4	0.0	1.8	3.3	58	71	66	42	28	1.4	12.26	(90)	Avg
Vanguard Developed Markets Idx Admiral VTMGX	★ Gold	FB	↓★★★★	-8.5	-14.6	0.7	0.6	1.7	53	44	32	36	32	3.2	12.68	(95)	+Avg
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	★ Gold	FB	★★	-7.9	-16.9	-1.8	<i>-1.1</i>	—	40	75	82	<i>79</i>	—	3.2	12.46	(98)	Avg
Vanguard FTSE All-Wld ex-US SmCp Idx Inv VFSVX	★ Silver	FQ	★★	-6.6	-11.4	0.1	-0.2	—	20	82	85	89	—	2.7	12.18	(87)	Avg
Vanguard International Explorer Inv VINEX	Neutral	FQ	★★★	-8.9	-7.3	6.0	3.0	3.8	61	17	13	63	16	1.6	11.13	(84)	-Avg
Vanguard International Growth Inv VWIGX	★ Silver	FG	↑★★★★	-9.2	-15.1	0.5	1.2	3.0	65	83	56	54	39	1.5	14.1	(94)	High
Vanguard International Value Inv VTRIX	★ Bronze	FV	★★★	-7.6	-18.0	-1.2	-0.6	1.3	31	70	61	51	22	2.3	13.41	(95)	+Avg
Vanguard Total Intl Stock Index Admiral VTIAX	★ Gold	FB	★★	-7.8	-16.4	-1.5	-1.0	<i>1.4</i>	37	69	78	77	<i>38</i>	3.1	12.35	(98)	Avg
Virtus Foreign Opportunities A JVIAX	★ Silver	FG	★★★★	-4.7	-6.3	0.9	5.1	3.9	4	4	48	6	12	0.9	11.49	(77)	Low
World Stock			—	-6.3	-11.5	4.2	4.2	3.7	—	—	—	—	—	—	11.71	(78)	—
American Funds Capital World Gr&Inc A CWGIX	★ Gold	★★★★	★★★	-6.4	-12.2	4.6	4.9	4.7	46	56	44	39	22	2.5	10.9	(90)	-Avg
American Funds New Perspective A ANWPX	★ Gold	★★★★	★★★★	-8.4	-8.2	6.6	6.3	6.2	75	17	13	16	4	0.7	11.44	(84)	Avg
American Funds SMALLCAP World A SMCWX	★ Bronze	★★★★	★★★	-9.6	-11.1	4.7	5.0	5.1	85	41	40	36	15	0.0	12.27	(60)	+Avg
★ Artisan Global Equity Investor ARTHX	—	↓★★★★	★★★★	-11.3	-14.8	4.1	7.6	—	95	82	55	7	—	0.0	12.54	(71)	+Avg
MSCI World Index				-6.7	-11.0	5.3	4.9	3.8									
MSCI EAFE Index				-8.9	-15.2	0.4	0.6	1.5									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- FA Foreign—Small/Mid Value
- FB Foreign—Large Blend
- FG Foreign—Large Growth
- FQ Foreign Small/Mid Blend
- FR Foreign—Small/Mid Growth
- FV Foreign—Large Value
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SU Real Estate
- ST Utilities
- ST Technology

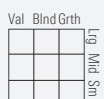
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)						Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other			Cash	Stock	Bond	Other					
	—	0.9	5,568	55	6	1	18	14	1	—	11	4	96	0	0	—	1.32	—	1,624	—
AAIPX	■	5.7	32,624	62	4	0	14	9	2	184	33	4	94	0	2	NL	1.07	15.86	1,926	Management Team
AEPGX	■	7.2	34,638	44	2	1	14	26	2	442	28	7	89	1	3	5.75	0.83	41.36	116,195	Management Team
IGAAX	■	5.9	25,311	48	6	2	12	22	2	181	25	2	92	1	5	5.75	0.91	26.37	9,643	Management Team
AINTX	■	9.1	30,011	54	6	0	14	9	1	85	34	11	89	0	0	NL	1.26	11.98	58	Rupal Bhansali (4.2)
ARTIX	■	10.7	39,775	55	12	2	9	13	0	74	45	5	94	0	1	Clstd	1.17	26.24	16,932	Management Team
ARTJX	■	13.2	2,331	67	2	0	7	12	0	46	43	10	90	0	0	Clstd	1.52	21.57	921	Hamker/Yockey (4.1/14.2)
ARTKX	■	7.7	24,906	53	15	2	5	11	0	49	23	14	86	0	0	Clstd	1.2	29.83	10,274	O'Keefe/Samra (9.3/13.4)
CIVVX	■	5.4	39,763	70	2	0	16	11	0	59	28	1	99	0	0	NL	1.15	12.68	5,360	Management Team
ACINX	■	9.4	3,412	44	6	1	24	23	1	169	28	0	99	0	1	NL	0.93	36.66	6,263	Egan/Mendes (12.8/12.8)
DFISX	■	4.5	1,390	54	6	0	24	11	1	4098	0	1	97	0	2	NL	0.54	15.99	8,692	Management Team
DODFX	■	5.2	37,953	42	10	5	13	11	7	90	18	0	96	0	4	Clstd	0.64	32.1	51,576	Management Team
FDIVX	■	6.3	27,158	54	14	0	15	11	3	232	31	2	98	0	0	NL	1.0	32.11	20,685	William Bower (14.9)
FIGRX	■	6.4	16,450	58	6	0	17	11	3	210	60	3	97	0	0	NL	0.99	35.7	10,022	William Kennedy (11.3)
FOSFX	■	6.2	14,843	63	8	0	18	5	2	178	28	3	97	0	0	NL	1.04	37.55	4,761	Vincent Montemaggiore (4.1)
FSIIX	■	5.0	29,455	63	1	0	23	11	1	967	1	1	99	0	0	NL	0.2	32.81	14,294	Management Team
SGOVX	■	7.1	12,718	30	6	3	23	12	1	159	12	15	75	1	9	Clstd	1.16	21.5	12,836	Brooker, Jr./McLennan (6.0/7.4)
FMIJX	■	11.3	19,038	39	18	0	12	9	0	43	9	19	77	0	5	NL	0.98	27.61	2,886	Management Team
HAINX	■	6.4	46,422	73	8	1	9	3	0	78	25	4	94	0	2	NL	0.76	55.8	38,824	Management Team
HLMNX	■	11.8	38,308	51	7	1	15	17	4	57	12	4	96	0	0	NL	1.16	15.94	5,290	Management Team
IVIOX	■	7.5	5,869	18	3	0	13	17	1	106	27	37	52	6	5	Clstd	1.25	15.12	3,717	de Lardemelle/de Vaulx (7.4/7.4)
JOHAX	■	5.9	23,659	48	11	0	20	13	0	34	50	6	91	0	2	Clstd	1.3	17.46	2,952	Lees/Richyal (6.6/6.6)
MSILX	■	6.1	29,505	66	7	1	9	8	0	58	70	7	90	0	2	NL	0.99	14.6	1,163	Management Team
LLINX	■	2.3	9,048	44	0	4	4	47	0	24	54	-7	102	0	5	NL	1.25	11.22	976	Management Team
ICEVX	■	3.6	90,937	69	0	3	14	9	4	38	78	1	99	0	0	NL	0.95	27.75	1,730	Management Team
EXWAX	■	10.3	29,202	51	19	9	4	14	0	51	71	4	96	0	0	NL	1.08	6.5	1,425	Management Team
NIQVX	■	10.5	13,950	60	6	0	11	7	4	94	25	7	89	0	4	NL	1.25	18.88	1,311	Benjamin Segal (10.7)
OAKIX	■	4.0	27,648	64	2	1	19	11	0	73	48	3	97	0	0	Clstd	0.95	19.07	24,471	Herro/Taylor (23.4/7.2)
OAKEX	■	8.6	2,097	58	3	2	10	22	1	65	46	4	96	0	0	Clstd	1.35	12.69	2,506	Herro/Manelli (20.3/4.7)
OIGAX	■	10.4	15,126	76	7	1	6	6	1	106	10	2	97	0	1	5.75	1.14	34.12	20,806	Dunphy/Evans (3.9/19.9)
PRIDX	■	10.5	1,883	41	1	3	21	25	1	217	39	8	91	0	1	NL	1.21	49.62	4,081	Justin Thomson (17.2)
TRIGX	■	6.5	19,695	55	2	1	16	15	3	123	25	7	93	0	0	NL	0.85	12.14	10,989	Jonathan Matthews (5.7)
PRITX	■	8.0	28,344	46	7	2	14	24	2	128	32	5	95	0	0	NL	0.83	14.14	13,246	Richard Clattenburg (0.9)
TROX	■	6.0	32,780	60	2	0	19	14	0	161	12	5	95	0	0	NL	0.84	8.28	10,643	Raymond Mills (9.2)
TGVAX	■	5.3	41,871	57	7	0	14	8	0	57	70	0	86	0	14	4.50	1.27	21.78	8,634	Management Team
TBGVX	■	5.8	28,697	59	9	1	1	8	0	202	8	23	77	0	0	NL	1.37	23.19	8,371	Management Team
USIFX	■	7.4	18,765	63	5	0	20	9	1	535	17	1	99	0	1	NL	1.12	24.37	3,068	Management Team
VTMGX	■	4.9	23,851	57	3	0	23	14	1	3702	4	1	98	0	1	NL	0.09	10.81	51,215	Christine Franquin (3.0)
VFWAX	■	4.6	23,791	46	6	2	18	21	3	2491	3	1	97	0	2	NL	0.13	24.88	24,115	Franquin/Hales (0.0/0.0)
VFSVX	■	4.8	1,295	40	11	1	16	27	2	3431	9	1	98	0	1	NL	0.31	33.04	3,268	Miller/Perre (0.5/0.0)
VINEX	■	8.7	1,751	54	1	0	23	15	0	335	42	5	92	0	3	NL	0.42	15.44	2,832	Dobbs/Thomas (16.2/5.7)
VWIGX	■	5.8	31,868	48	7	1	11	20	2	174	29	2	95	0	3	NL	0.47	19.15	20,145	Management Team
VTRIX	■	4.4	30,348	49	3	1	22	12	4	162	36	5	91	0	4	NL	0.46	28.72	7,291	Management Team
VTIAX	■	4.7	17,517	45	6	2	18	22	3	5959	3	1	99	0	0	NL	0.12	22.36	182,995	Louie/Perre (0.0/7.5)
JVIAX	■	17.7	49,629	60	18	0	2	18	2	48	32	0	100	0	0	5.75	1.41	27.05	1,762	Rajiv Jain (14.0)
	—	6.5	38,439	28	52	1	6	8	1	—	55	3	96	1	1	—	1.32	—	1,471	—
CWGIX	■	8.4	46,269	30	44	1	3	15	0	401	35	2	94	1	3	5.75	0.77	40.6	77,648	Management Team
ANWPX	■	10.1	56,780	29	46	1	7	7	2	325	27	5	91	0	5	5.75	0.75	32.99	55,580	Management Team
SMCWX	■	9.0	2,809	18	45	2	6	17	2	657	33	3	89	1	7	5.75	1.07	39.45	24,847	Management Team
ARTHX	■	11.9	25,005	25	61	0	0	11	0	70	78	3	97	0	0	NL	1.37	14.24	294	Management Team

Equity Style Box



Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	Total Return %		ANNUALIZED					Total Return %					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category
			02-29-16		1=Best, 100=Worst												
			vs. Category	YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
World Stock (cont'd)			—	-6.3	-11.5	4.2	4.2	3.7	—	—	—	—	—	—	11.71	(78)	—
Artisan Global Opportunities Inv ARTRX	Silver	★★★★★	—	-8.0	-6.1	6.6	7.6	—	70	9	13	7	—	0.1	12.75	(76)	+Avg
Artisan Global Value Investor ARTGX	Silver	★★★★★	—	-5.5	-10.2	5.9	8.2	—	36	35	19	5	—	0.4	10.99	(79)	-Avg
BBH Global Core Select N BBGX	—	NR	—	-3.1	-7.9	—	—	—	17	15	—	—	—	0.6	—	(—)	—
Dodge & Cox Global Stock DODWX	Gold	★★★	—	-9.5	-18.7	4.2	3.9	—	85	96	53	63	—	1.9	13.33	(85)	+Avg
Fidelity Worldwide FWWFX	—	★★★★★	—	-8.3	-9.9	6.2	5.6	5.4	73	32	16	22	10	0.6	12.05	(72)	+Avg
Franklin Mutual Global Discovery A TEDIX	Silver	★★★★	—	-6.7	-13.4	3.9	4.5	5.1	52	69	61	47	15	1.6	10.16	(78)	Low
Franklin Mutual Quest A TEQIX	Silver	★★★★	—	-3.2	-11.0	4.1	4.5	4.7	18	40	55	47	23	4.5	8.39	(73)	Low
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★	—	-6.8	-9.3	4.8	4.4	5.2	53	27	38	49	14	0.1	11.68	(83)	Avg
Janus Global Research T JAWWX	Bronze	★★★	—	-9.3	-16.0	4.0	4.1	5.6	83	88	58	57	9	0.8	12.06	(81)	+Avg
MFS Global Equity A MWFEF	Gold	★★★★★	—	-4.6	-9.8	5.2	7.1	6.2	28	31	30	9	5	0.8	11.58	(80)	Avg
Oakmark Global I OAKGX	Gold	★★★	—	-14.2	-20.2	2.3	3.1	4.4	99	98	81	74	32	1.3	14.16	(76)	High
Oakmark Global Select I OAKWX	Silver	↓★★★★	—	-11.4	-13.3	4.8	5.6	—	96	67	38	24	—	0.9	13.56	(77)	High
Old Westbury Small & Mid Cap OWSMX	—	★★★★★	—	-6.5	-8.4	4.4	4.8	6.8	49	19	50	40	2	0.8	10.29	(76)	-Avg
Oppenheimer Global A OPPAX	Silver	★★★	—	-11.9	-14.4	3.9	4.2	4.0	96	78	59	55	46	0.7	13.38	(80)	+Avg
Oppenheimer Global Opportunities A OPGIX	—	★★★	—	-13.1	-5.2	9.5	5.5	4.9	99	7	2	24	20	0.1	15.73	(29)	High
Perkins Global Value T JGVAX	Bronze	★★★★	—	-4.5	-8.8	4.6	5.5	4.4	27	21	44	25	34	2.1	8.5	(80)	Low
Tweedy, Browne Value TWEBX	Silver	★★★★	—	-5.6	-12.4	2.3	4.5	4.2	37	58	81	48	38	1.1	9.8	(78)	Low
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★★	—	-6.2	-15.3	-0.3	2.5	—	44	85	94	80	—	2.8	11.3	(91)	-Avg
USAA World Growth USAWX	Silver	★★★★★	—	-4.7	-9.8	5.2	7.1	6.3	29	31	30	8	4	0.7	11.58	(79)	Avg
Vanguard Global Equity Inv VHGX	Bronze	★★★★	—	-7.3	-11.1	5.4	5.2	3.8	59	42	28	32	52	1.8	11.05	(84)	-Avg
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR	—	-1.7	-0.4	—	—	—	10	2	—	—	—	1.8	—	(—)	—
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★	—	-6.6	-12.2	3.9	3.8	—	50	55	60	64	—	2.5	11.16	(92)	Avg
Regional Stock			—	-6.4	-21.5	-8.0	-5.0	1.5	—	—	—	—	—	—	13.94	(74)	—
Mathews Asia Dividend Investor MAPIX	Silver	DP	↑★★★★	-5.3	-7.4	1.3	3.9	—	3	6	13	7	—	1.8	11.6	(81)	-Avg
Mathews Asian Growth & Inc Investor MACSX	Silver	PJ	★★★★	-3.5	-9.7	-2.5	2.2	5.9	2	4	33	22	63	2.6	10.61	(80)	Low
Mathews China Investor MCHFX	Bronze	CH	★★★	-18.2	-19.3	-5.0	-4.3	7.2	100	41	83	92	21	1.2	20.07	(51)	+Avg
Mathews Emerging Asia Investor MEASX	—	PJ	NR	-4.4	-8.3	—	—	—	5	2	—	—	—	0.0	—	(—)	—
Mathews India Investor MINDX	—	EI	★★★★	-12.6	-20.3	12.0	5.7	8.6	6	18	7	8	1	0.1	21.94	(21)	High
Mathews Pacific Tiger Investor MAPTX	Silver	PJ	↓★★★★	-9.1	-15.9	0.2	3.7	7.6	57	29	10	10	11	1.8	13.73	(65)	Avg
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	-10.4	-18.3	-3.6	1.2	7.2	78	36	49	33	21	1.5	12.83	(72)	-Avg
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★★	-8.5	-15.7	1.0	0.9	2.1	45	78	74	72	61	3.5	13.54	(88)	Avg
Diversified Emerg. Mkts.			—	-6.4	-21.5	-8.0	-5.0	1.5	—	—	—	—	—	—	13.94	(74)	—
American Funds New World A NEWFX	Gold	★★★★★	—	-7.4	-16.2	-3.1	-0.6	3.9	64	10	6	6	8	0.6	11.45	(92)	Low
DFA Emerging Markets Value I DFEVX	Bronze	★★	—	-5.0	-24.9	-10.8	-7.9	2.2	25	82	82	92	32	2.7	16.0	(73)	+Avg
Harding Loevner Emerging Markets Advisor HLEMXX	Silver	★★★★	—	-5.2	-20.2	-5.6	-2.0	2.5	28	34	20	14	30	0.6	13.86	(83)	Avg
Lazard Emerging Markets Equity Open LZDEX	Silver	★★★★	—	-4.7	-25.3	-10.8	-5.3	2.1	21	86	82	51	35	1.4	16.06	(71)	High
Oppenheimer Developing Markets A ODMAX	Silver	★★★★	—	-7.0	-20.7	-6.5	-2.9	4.1	59	40	27	19	4	0.5	14.91	(82)	+Avg
Parametric Emerging Markets Investor EAEMX	Bronze	★★★	—	-3.6	-21.5	-8.3	-4.9	—	9	46	47	45	—	0.1	12.66	(80)	-Avg
Seafarer Overseas Gr and Income Investor SFGIX	—	★★★★★	—	-3.1	-13.0	-2.1	—	—	7	3	4	—	—	1.1	12.72	(74)	-Avg
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	★★★	—	-7.4	-21.5	-7.1	-4.2	1.3	65	46	33	36	53	0.6	14.41	(74)	Avg
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	★★★★	—	-6.8	-24.3	-8.6	-5.5	1.7	54	78	52	56	45	3.5	14.96	(76)	+Avg
Virtus Emerging Markets Opportunities A HEMZX	Silver	★★★★★	—	-5.5	-18.1	-5.2	0.9	4.9	32	21	17	2	2	0.7	13.58	(60)	Avg
World Allocation			—	-3.6	-10.3	0.9	2.2	3.8	—	—	—	—	—	—	8.11	(86)	—
American Funds Capital Income Bldr A CAIBX	Silver	★★★★★	—	-1.6	-7.3	4.4	5.7	4.9	15	24	5	3	23	3.7	8.72	(82)	Avg
Appleseed Investor APPLX	Neutral	★★	—	0.2	-12.5	-0.4	2.6	—	2	80	76	50	—	0.0	9.25	(57)	+Avg
BlackRock Global Allocation Inv A MDLOX	Gold	★★★★	—	-4.5	-8.7	2.4	2.5	4.8	68	41	36	57	26	1.0	6.96	(92)	-Avg
First Eagle Global A SGENX	Bronze	↑★★★★★	—	-1.5	-5.9	4.2	4.8	6.5	13	9	8	11	2	0.1	8.05	(90)	Avg
IVA Worldwide A IWVAX	Silver	★★★	—	-2.2	-6.6	3.2	3.1	—	27	16	21	41	—	1.4	5.7	(90)	Low
PIMCO Global Multi-Asset D PGMDX	Neutral	★	—	-7.1	-12.0	-3.5	-1.2	—	94	77	93	94	—	0.0	9.04	(67)	+Avg
★ T. Rowe Price Global Allocation RPGAX	—	NR	—	-4.2	-7.7	—	—	—	64	29	—	—	—	1.0	—	(—)	—
MSCI Emerging Markets Index			—	-6.6	-23.4	-8.9	-5.4	1.8	—	—	—	—	—	—	8.11	(86)	—
MSCI World Index			—	-6.7	-11.0	5.3	4.9	3.8	—	—	—	—	—	—	8.11	(86)	—
MSCI Pacific Index			—	-10.1	-13.6	-0.1	0.4	0.8	—	—	—	—	—	—	8.11	(86)	—

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
DP Diversified Pacific/Asia Stock
EI India Equity
ES Europe Stock
FA Foreign-Small/Mid Value

FB Foreign-Large Blend
FG Foreign-Large Growth
FR Foreign-Small/Mid Growth
FV Foreign-Large Value
JS Japan Stock

LS Latin America Stock
PJ Pacific/Asia ex-Japan Stock
TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/ Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Hold- ings	Turn- over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W.		North Amer	Latin Amer	Asia ex-		Other			Cash	Stock	Bond	Other					
				Europe	Amer			Japan	Japan												
	—	6.5	38,439	28	52	1	6	8	1	—	55	3	96	1	1	—	1.32	—	1,471	—	
ARTRX	☐☐	18.8	28,140	16	57	2	8	8	0	54	55	9	91	0	1	NL	1.19	17.97	1,416	Management Team	
ARTGX	☐☐	8.2	48,518	25	53	2	0	8	0	48	19	10	88	0	2	NL	1.29	13.46	1,504	O'Keefe/Samra (8.2/8.2)	
BBGNX	☐☐	12.1	37,386	37	56	0	0	0	0	43	31	7	93	0	0	NL	1.25	10.47	107	Hartch/Lombardi (2.9/2.9)	
DODWX	☐☐	6.0	45,885	22	53	3	3	11	4	91	17	3	97	0	0	NL	0.65	9.47	5,255	Management Team	
FWWFX	☐☐	9.5	28,429	28	55	0	7	5	2	306	151	2	98	0	0	NL	0.96	20.37	1,513	DuFour/Kennedy (8.4/10.2)	
TEDIX	☐☐	6.5	41,503	35	49	0	0	7	3	164	23	3	94	2	2	5.75	1.29	26.93	22,626	Management Team	
TEQIX	☐☐	6.0	20,122	17	35	0	0	4	1	145	65	9	57	27	8	5.75	1.11	13.83	4,720	Luh/Tumulty (5.2/12.2)	
HLMGX	☐☐	15.3	31,997	19	54	2	9	9	4	73	45	3	97	0	0	NL	1.18	28.68	747	Management Team	
JAWWX	☐☐	9.1	32,100	19	65	0	4	7	0	131	51	0	96	0	4	NL	0.88	56.01	2,342	Carmel Wellso (1.2)	
MWVFX	☐☐	10.6	39,330	38	56	1	1	1	1	100	8	1	99	0	0	5.75	1.22	32.69	2,056	Mannheim/Morley (23.9/6.4)	
OAKGX	☐☐	6.2	30,556	36	45	1	11	8	0	43	36	1	99	0	0	Clsd	1.12	23.25	2,689	McGregor/Taylor (12.3/10.4)	
OAKWX	☐☐	8.3	56,234	39	47	0	4	4	0	23	48	5	95	0	0	NL	1.13	13.69	2,090	Herro/Nygren (9.4/9.4)	
OWSMX	☐☐	8.9	3,648	19	55	1	9	11	2	5639	38	2	98	0	0	NL	1.14	13.91	4,746	Management Team	
OPPAX	☐☐	5.1	34,928	36	45	1	12	4	0	91	11	1	99	0	0	5.75	1.14	66.18	9,092	Rajeev Bhaman (11.6)	
OPGIX	☐☐	12.9	2,886	46	43	0	7	1	0	93	16	3	97	0	0	5.75	1.19	38.97	3,093	Frank Jennings (20.4)	
JGVAX	☐☐	9.2	37,728	26	48	3	7	3	0	76	25	13	87	0	0	NL	0.89	12.4	222	Chessen/Kolb (2.2/10.7)	
TWEBX	☐☐	5.8	64,495	42	44	0	1	4	0	72	6	9	91	0	0	NL	1.37	18.7	498	Management Team	
TBHDX	☐☐	6.0	66,136	65	22	0	0	7	0	33	7	5	94	0	1	NL	1.36	8.33	347	Management Team	
USAWX	☐☐	12.0	42,464	38	56	1	1	1	1	106	9	0	99	0	1	NL	1.17	24.92	1,090	Mannheim/Morley (13.7/6.4)	
VHGEX	☐☐	5.8	21,404	18	53	1	10	11	2	808	36	4	95	0	1	NL	0.57	21.92	4,044	Management Team	
VMVFX	☐☐	9.8	7,464	20	55	2	4	14	1	446	57	2	96	0	2	NL	0.27	11.11	1,359	Management Team	
VTWSX	☐☐	6.3	28,478	22	55	1	8	10	2	7413	7	0	99	0	0	NL	0.25	21.9	7,028	Franquin/Louie (3.0/0.0)	
MAPIX	☐☐	5.5	10,315	0	2	0	31	65	0	69	20	0	100	0	0	NL	1.05	14.55	4,484	Management Team	
MACSX	☐☐	9.8	14,036	4	3	0	6	76	0	58	16	0	89	0	11	NL	1.08	15.47	2,780	Horrocks/Lowe (6.8/4.2)	
MCHFX	☐☐	4.1	22,575	0	0	0	0	87	0	39	10	0	98	0	2	NL	1.13	15.06	607	Management Team	
MEASX	☐☐	5.9	877	0	0	0	0	99	0	84	8	1	99	0	0	NL	1.48	10.77	167	Harvey/Ishida (2.8/2.8)	
MINDX	☐☐	22.1	3,677	0	4	0	0	91	5	49	14	0	100	0	0	NL	1.12	23.09	1,396	Asnani/Shroff (5.3/9.7)	
MAPTX	☐☐	7.9	12,886	3	3	0	0	95	0	64	11	0	100	0	0	NL	1.08	21.39	6,312	Management Team	
PRASX	☐☐	8.8	20,404	3	0	0	0	94	0	84	53	2	97	0	0	NL	0.94	13.68	2,410	Anh Lu (1.7)	
VEUSX	☐☐	5.8	28,147	98	1	0	0	0	0	1250	13	0	99	0	1	NL	0.12	57.2	19,473	Franquin/Hales (0.0/0.0)	
	—	4.1	16,545	3	1	12	0	64	15	—	76	3	98	-1	0	—	1.53	—	1,125	—	
NEWFX	☐☐	10.1	22,123	19	12	4	5	34	6	494	41	6	81	6	7	5.75	1.04	46.29	21,048	Management Team	
DFEVX	☐☐	2.1	4,995	0	0	14	0	67	14	2270	6	1	96	0	3	NL	0.56	19.37	13,021	Management Team	
HLEMX	☐☐	6.3	17,300	5	1	16	0	54	20	78	30	2	98	0	0	NL	1.45	37.17	2,074	Management Team	
LZOEX	☐☐	3.8	18,755	0	0	12	0	60	20	85	12	1	94	0	4	Clsd	1.37	13.17	9,089	Management Team	
ODMAX	☐☐	6.3	18,220	7	1	15	0	60	12	94	36	5	94	0	1	Clsd	1.3	28.28	26,427	Lech/Leverenz (0.4/8.8)	
EAEMX	☐☐	4.2	5,402	3	1	17	0	42	33	1655	9	0	97	0	3	NL	1.36	11.09	2,885	Atwill/Seto (1.7/9.0)	
SFGIX	☐☐	10.4	4,783	0	0	20	3	46	17	53	28	8	86	3	2	NL	1.15	10.03	816	Andrew Foster (4.0)	
PRMSX	☐☐	8.7	22,634	3	0	11	0	67	15	100	15	2	98	0	0	NL	1.24	26.38	8,043	Gonzalo Pangaro (7.4)	
VEMAX	☐☐	3.7	13,626	0	0	13	0	67	17	3404	7	0	99	0	1	NL	0.15	25.47	62,040	Miller/Perre (0.0/7.5)	
HEMZK	☐☐	16.8	33,458	19	0	13	0	62	5	76	28	0	99	0	1	5.75	1.56	8.2	9,049	Rajiv Jain (9.7)	
	—	7.3	34,256	13	26	1	5	6	1	—	67	13	54	33	0	—	1.29	—	2,736	—	
CAIBX	☐☐	7.9	49,152	27	46	0	1	6	0	1419	63	2	80	17	1	5.75	0.59	54.93	93,330	Management Team	
APPLX	☐☐	3.6	4,928	5	42	0	6	10	2	40	52	19	61	3	18	NL	1.24	10.94	179	Management Team	
MDLOX	☐☐	6.2	35,909	11	29	1	9	3	1	954	84	18	52	19	11	5.25	1.14	17.03	46,485	Management Team	
SGENX	☐☐	7.2	25,837	15	44	1	13	5	0	180	11	14	78	1	8	5.00	1.11	50.56	43,778	Brooker, Jr./McLennan (5.0/7.4)	
IVWAX	☐☐	8.6	19,727	13	24	0	7	8	0	106	30	36	53	6	6	Clsd	1.25	15.97	8,463	de Lardemelle/de Vaulx (7.4/7.4)	
PGMDX	☐☐	7.5	41,554	6	24	0	0	1	0	313	444	-52	55	81	15	NL	1.57	10.15	889	Sundstrom/Worah (0.6/2.1)	
RPGAX	☐☐	8.3	27,202	16	26	1	5	9	1	1353	33	5	57	27	11	NL	1.19	10.07	160	Charles Shriver (2.7)	

Equity Style Box

Val	Blnd	Grth	Up Mid Sm
☐	☐	☐	
☐	☐	☐	
☐	☐	☐	

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
			Morningstar Rating	Total Return % 02-29-16					Total Return % Category Rank					30-Day Yld	Stand-ard Devia-tion	Risk Relative to Category
			vs. Category	ANNUALIZED					1=Best, 100=Worst							
			5=Best	YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	%	(R ²)	
Morningstar Analyst Rating																
Morningstar 500 Bond Funds																
High-Quality Bond																
			—	1.6	-0.1	0.9	2.8	3.7	—	—	—	—	—	—	3.35 (66)	—
AMG GW&K Core Bond Service MBDFX	—	CI	★★★★	2.1	-0.2	1.5	3.4	5.4	3	54	52	48	11	—	3.62 (93)	High
AMG Managers Bond Service MGFIX	—	CI	★★★★	-0.1	-3.0	1.1	4.0	5.6	94	94	71	14	7	—	3.32 (56)	+Avg
Baird Aggregate Bond Inst BAGIX	—	CI	★★★★★	1.8	1.0	2.5	4.5	5.0	17	20	8	6	22	2.7	3.08 (98)	Avg
Dodge & Cox Income DODIX	★	Gold	★★★★	0.1	-1.5	1.7	3.4	5.0	94	82	43	48	23	—	2.49 (66)	-Avg
DoubleLine Total Return Bond I DBLTX	—	CI	★★★★★	1.6	2.8	3.2	5.4	—	28	1	2	1	—	—	2.59 (86)	-Avg
Fidelity GNMA FGMNX	★	Gold	★★★★★	1.4	2.1	2.2	3.4	4.9	75	24	9	12	7	2.4	2.82 (77)	Avg
Fidelity Government Income FGOVX	★	Gold	★★★★	2.5	2.2	2.0	3.2	4.4	10	21	18	18	21	1.3	2.95 (95)	+Avg
Fidelity Intermediate Bond FTHRX	★	Silver	★★★★	1.3	1.0	1.5	3.0	4.1	46	20	55	71	63	1.9	2.26 (93)	Low
Fidelity Investment Grade Bond FBNDX	★	Silver	★★★★	1.3	-1.7	1.3	3.3	4.1	53	84	65	51	65	2.7	3.11 (89)	Avg
Fidelity Mortgage Securities FMSFX	—	CI	★★★★	1.6	2.3	2.5	3.5	4.0	29	3	9	36	69	2.6	2.6 (85)	-Avg
Fidelity Spartan US Bond Idx Investor FBIDX	★	Bronze	★★★★	2.1	1.4	2.0	3.4	4.3	3	11	26	44	55	2.2	3.14 (99)	+Avg
Fidelity Total Bond FTBFX	★	Gold	★★★★	1.1	-0.8	1.7	3.6	4.9	65	69	44	35	26	3.2	3.1 (87)	Avg
Harbor Bond Institutional HABDX	—	Bronze	★★★★	0.3	-1.1	1.1	3.1	5.3	90	76	71	63	12	2.8	3.52 (81)	High
Harbor Real Return Instl HARRX	—	IP	★★★★	1.5	-3.6	-2.5	2.0	3.9	65	79	71	43	15	0.9	5.93 (70)	+Avg
Janus Flexible Bond T JAFIX	—	Neutral	★★★★★	1.4	0.1	1.9	3.8	5.6	43	45	32	22	7	2.8	2.74 (94)	-Avg
Loomis Sayles Investment Grade Bond A LIGRX	★	Gold	★★	-0.2	-5.8	-0.1	2.9	5.4	95	98	96	74	9	3.0	4.75 (29)	High
Metropolitan West Total Return Bond M MWTRX	★	Gold	★★★★★	1.7	0.7	2.3	4.5	6.3	25	29	14	6	1	1.5	2.85 (93)	Avg
PIMCO Investment Grade Corp Bd Instl PIGIX	★	Silver	★★★★★	0.9	-1.4	2.4	5.5	7.2	41	30	16	10	8	4.1	4.82 (80)	+Avg
PIMCO Low Duration D PLDDX	★	Bronze	★★★★	-0.5	-0.9	0.0	1.3	3.3	89	85	82	52	24	0.7	1.69 (35)	+Avg
PIMCO Real Return D PRRDX	★	Silver	★★★★	1.4	-4.2	-2.7	1.9	3.8	67	86	80	46	20	-1.3	6.04 (73)	High
PIMCO Short-Term D PSHDX	★	Silver	★★★★	-0.7	-0.1	0.5	0.9	2.2	98	58	29	33	14	1.8	0.98 (0)	High
PIMCO Total Return Instl PTTRX	★	Bronze	★★★★	0.3	-0.8	1.2	3.4	5.7	90	69	70	44	4	3.2	3.76 (80)	High
Scout Core Plus Bond Instl SCPZX	★	Silver	★★★★	1.6	1.1	1.1	4.1	6.7	31	19	72	13	1	2.0	2.08 (59)	Low
T. Rowe Price Corporate Income PRPIX	—	TW	★★★★	1.0	-1.9	2.3	4.8	5.2	38	39	18	22	40	3.4	4.42 (87)	+Avg
T. Rowe Price GNMA PRGMX	—	GI	★★★★	1.1	1.7	1.6	2.8	4.2	87	45	43	45	30	2.0	2.59 (74)	Avg
T. Rowe Price New Income PRCIX	★	Bronze	★★★★	1.5	0.2	1.7	3.3	4.8	36	42	47	52	32	2.3	3.1 (94)	Avg
T. Rowe Price Short-Term Bond PRWBX	—	Neutral	★★★★	0.2	0.4	0.6	1.1	2.9	56	32	49	65	47	1.3	0.86 (54)	Avg
TCW Total Return Bond I TGLMX	★	Bronze	★★★★★	1.9	2.2	3.2	5.2	7.0	14	4	2	1	1	2.7	2.68 (84)	-Avg
USAA Income USAIX	—	CI	★★★★	1.1	-1.3	1.6	3.7	4.9	62	79	48	28	24	3.5	2.98 (88)	Avg
Vanguard GNMA Inv VFIIIX	★	Gold	★★★★	1.5	2.4	2.4	3.3	4.7	61	13	4	13	11	2.7	2.86 (79)	+Avg
Vanguard Inflation-Protected Secs Inv VIPSX	★	Gold	★★★★	2.6	-0.9	-1.4	2.7	4.0	10	13	20	6	12	0.2	5.34 (80)	+Avg
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	2.9	2.4	2.5	4.9	5.8	1	2	10	2	3	2.4	4.48 (97)	High
Vanguard Interm-Term Invmt-Grade Inv VFICX	★	Silver	★★★★	1.7	1.5	2.5	4.6	5.5	9	2	12	30	33	2.7	3.54 (92)	Avg
Vanguard Interm-Term Treasury Inv VFITX	—	GI	★★★★★	3.2	3.6	1.9	3.6	5.0	2	2	19	5	5	1.1	3.68 (89)	High
Vanguard Long-Term Investment-Grade Inv VWESX	★	Silver	★★★★★	2.9	-2.1	3.9	7.8	6.7	3	44	1	2	11	4.1	8.26 (87)	High
Vanguard Long-Term Treasury Inv VUSTX	—	GL	★★★★	8.2	3.7	5.8	9.5	7.3	30	37	31	24	37	2.3	11.26 (85)	Avg
Vanguard Short-Term Bond Index Adm VBIRX	★	Silver	★★★★	1.1	1.4	1.1	1.7	3.4	4	3	14	34	23	1.2	1.31 (80)	Avg
Vanguard Short-Term Federal Inv VSGBX	★	Silver	★★★★	1.0	1.4	0.8	1.3	3.1	36	16	17	25	20	0.8	1.06 (79)	Avg
Vanguard Short-Term Investment-Grade Inv VFSTX	★	Silver	★★★★	0.7	1.1	1.4	2.0	3.5	18	8	5	18	20	2.0	1.26 (74)	Avg
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★★	1.0	1.2	0.7	1.0	2.7	38	19	27	44	39	0.6	0.95 (66)	Avg
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	★★★★★	0.7	-0.1	-0.9	—	—	79	3	6	—	—	-0.1	1.75 (36)	Low
Vanguard Total Bond Market Index Adm VBTIX	★	Silver	★★★★	2.1	1.3	2.1	3.5	4.7	4	14	23	38	37	2.3	3.07 (99)	Avg
Western Asset Core Bond I WATFX	★	Silver	★★★★	1.4	0.9	2.7	4.1	5.1	46	23	7	12	16	2.4	3.04 (92)	Avg
Western Asset Core Plus Bond I WACPX	★	Silver	★★★★★	0.6	0.1	2.7	4.4	5.7	84	46	7	7	5	3.2	3.25 (86)	+Avg
High-Yield Bond																
			—	-1.3	-7.7	0.2	3.2	5.2	—	—	—	—	—	—	5.23 (10)	—
Eaton Vance Income Fund of Boston A EVIBX	★	Silver	★★★★	0.1	-4.7	2.0	4.4	6.0	12	20	14	14	22	6.2	4.81 (14)	-Avg
Fairholme Focused Income FOCIX	—	Neutral	★★★★	-4.3	-10.2	3.8	3.3	—	96	82	1	49	—	—	14.04 (5)	High
Fidelity Capital & Income FAGIX	★	Silver	★★★★★	-3.2	-7.5	3.0	4.0	7.2	92	50	2	25	1	5.1	6.12 (7)	High
BarCap US Agg Bond TR USD				2.1	1.5	2.2	3.5	4.5								
BofAML US HY Master II TR				-1.1	-8.5	0.6	3.9	6.5								

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance

★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CI Intermediate-Term Bond
 CL Long-Term Bond
 CS Short-Term Bond

GI Intermediate Government Bond
 GL Long Government Bond
 GS Short Government Bond

IP Inflation-Protected Bond
 TW Corporate Bond
 UB Ultrashort Bond

Current Portfolio Style

Costs

Operations

	Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)	
					High	Mid	Low	Other		Cash	Stock	Bond	Other						
	—	0.0	—	—	8	4	0	0	22	16	0	84	0	—	0.76	—	1,689	—	
MBDFX	■	5.6	5.1	A	60	40	0	0	177	2	0	97	1	NL	0.56	10.08	482	Mary Kane (1.0)	
MGFIX	■	4.9	5.1	BBB	24	66	10	0	26	21	0	76	3	NL	1.0	26.05	2,437	Management Team	
BAGIX	■	5.7	5.1	A	58	41	1	0	32	3	0	97	0	NL	0.3	10.76	6,948	Management Team	
DODIX	■	4.3	5.1	BBB	51	37	12	0	27	3	0	95	3	NL	0.44	13.3	43,367	Management Team	
DBLTX	■	3.6	5.1	BB	73	5	16	6	13	12	0	88	0	NL	0.47	10.89	53,858	Barach/Gundlach (5.8/5.8)	
FGMNX	■	3.4	4.3	AAA	100	0	0	0	450	1	0	99	0	NL	0.45	11.63	5,999	Castagliuolo/Irving (6.2/11.3)	
FGOVX	■	5.1	4.3	AA	99	0	0	1	83	2	0	98	0	NL	0.45	10.53	4,527	Castagliuolo/Irving (6.2/9.2)	
FTHRX	■	3.9	5.1	A	50	47	3	0	53	6	0	92	3	NL	0.45	10.83	3,128	Foley/Galusza (2.3/6.7)	
FBNDX	■	5.3	5.1	A	55	37	7	0	182	3	0	92	6	NL	0.45	7.64	7,236	Jeffrey Moore (11.2)	
FMSFX	■	3.8	5.1	A	92	2	1	5	439	3	0	97	0	NL	0.45	11.38	1,066	Castagliuolo/Irving (6.2/7.9)	
FBIDX	■	5.4	5.1	AA	78	22	0	0	75	3	0	97	0	NL	0.2	11.69	21,007	Bettencourt/Small (1.7/0.8)	
FTBFX	■	5.2	5.1	BBB	46	39	14	0	140	5	0	95	0	NL	0.45	10.32	22,158	Management Team	
HABDX	■	—	5.1	—	—	—	—	—	586	3	0	92	5	NL	0.51	11.51	2,809	Management Team	
HARRX	■	—	6.3	—	—	—	—	—	531	4	0	94	2	NL	0.54	9.0	121	Banet/Worah (1.1/8.2)	
JAFIX	■	5.6	5.1	BBB	53	34	11	2	124	3	0	94	2	NL	0.69	10.4	9,192	Management Team	
LIGRX	■	4.9	5.1	BBB	30	57	9	4	23	5	4	81	10	4.25	0.83	10.79	7,671	Management Team	
MWTRX	■	5.0	5.1	BBB	74	20	6	0	246	-1	0	100	1	NL	0.69	10.77	70,787	Management Team	
PIGIX	■	6.4	6.8	—	—	—	—	—	86	-61	0	156	5	NL	0.5	9.94	6,428	Mark Kiesel (13.2)	
PLDDX	■	1.1	2.1	—	—	—	—	—	110	0	0	96	4	NL	0.75	9.8	10,962	Mather/Schneider (1.4/1.4)	
PRRDX	■	7.5	6.3	—	—	—	—	—	117	-14	0	111	2	NL	0.85	10.65	10,918	Banet/Worah (1.2/8.2)	
PSHDX	■	0.0	0.3	—	—	—	—	—	283	16	0	78	7	NL	0.7	9.64	13,785	Jerome Schneider (5.2)	
PTTRX	■	5.0	5.1	—	—	—	—	—	265	-37	0	133	4	NL	0.46	10.06	89,270	Management Team	
SCPZX	■	4.4	5.1	BBB	62	32	6	0	187	8	0	91	1	NL	0.4	31.78	807	Management Team	
PRPIX	■	7.2	6.8	BBB	4	83	13	0	48	2	0	96	2	NL	0.62	9.3	785	David Tiberii (12.6)	
PRGMX	■	3.8	4.3	AA	100	0	0	0	430	3	0	97	0	NL	0.59	9.49	1,525	Andrew McCormick (7.9)	
PRCIX	■	5.4	5.1	BBB	58	34	8	1	144	8	0	91	1	NL	0.59	9.46	27,445	Daniel Shackelford (13.2)	
PRWBX	■	1.9	2.1	A	55	42	3	0	53	13	0	87	0	NL	0.52	4.71	5,625	Reinartz/Wiese (1.1/21.2)	
TGLMX	■	5.0	5.1	BB	81	8	16	-4	287	9	0	91	0	NL	0.49	10.28	9,116	Management Team	
USAIX	■	5.9	5.1	BB	32	59	7	3	10	1	2	91	6	NL	0.53	12.68	5,873	Management Team	
VFIX	■	4.4	4.3	A	96	0	0	4	685	1	5	92	3	NL	0.21	10.78	25,902	Michael Garrett (9.2)	
VIPSX	■	7.9	6.3	AAA	100	0	0	0	39	0	0	100	0	NL	0.2	13.18	22,953	Gemma Wright-Casparius (4.5)	
VBILX	■	6.5	5.1	A	61	39	0	0	60	1	0	99	0	NL	0.1	11.54	21,339	Joshua Barrickman (7.8)	
VFICX	■	5.5	6.8	A	35	62	0	3	88	2	0	97	0	NL	0.2	9.76	21,465	Gregory Nassour (7.7)	
VFITX	■	5.4	4.3	AA	100	0	0	0	63	0	0	100	0	NL	0.2	11.59	6,174	Gemma Wright-Casparius (1.2)	
VWESX	■	13.1	6.8	A	42	57	0	1	21	4	0	96	0	NL	0.22	10.11	13,805	Management Team	
VUSTX	■	16.5	15.0	AA	100	0	0	0	59	0	0	100	0	NL	0.2	13.14	3,548	Gemma Wright-Casparius (1.2)	
VBIRX	■	2.7	2.1	AA	75	25	0	0	45	3	0	97	0	NL	0.1	10.52	41,772	Barrickman/Pu (3.0/3.0)	
VSGBX	■	2.4	2.2	A	97	0	0	3	361	10	0	90	0	NL	0.2	10.8	5,159	Brian Quigley (1.2)	
VFSTX	■	2.6	2.1	BBB	41	55	2	2	79	11	0	89	0	NL	0.2	10.6	52,901	Gregory Nassour (7.7)	
VFISX	■	2.4	2.2	A	96	0	0	4	87	3	0	97	0	NL	0.2	10.74	7,276	Gemma Wright-Casparius (1.2)	
VTIPX	■	2.6	6.3	AAA	100	0	0	0	26	21	0	79	0	NL	0.17	24.32	13,285	Barrickman/Wright-Casparius (3.3/3.3)	
VBTLX	■	5.7	5.1	AA	74	26	0	0	0	3	0	97	0	NL	0.07	10.82	150,417	Joshua Barrickman (3.0)	
WATFX	■	6.2	5.1	BBB	55	32	2	11	93	11	0	89	0	NL	0.45	12.24	4,791	Management Team	
WACPX	■	6.7	5.1	BB	48	32	14	6	78	1	0	97	1	NL	0.45	11.44	15,402	Management Team	
EVIBX	■	—	3.9	—	B	3	6	89	3	74	5	1	93	1	—	1.07	—	1,224	—
FOCIX	■	4.0	3.9	B	0	3	95	3	43	7	0	90	3	4.75	1.0	5.35	5,198	Concannon/Weilheimer (1.2/20.2)	
FAGIX	■	—	3.9	—	—	—	—	—	67	26	9	50	15	Clsd	1.01	9.33	203	Bruce Berkowitz (6.1)	
FAGIX	■	—	3.9	B	7	5	63	24	41	9	19	70	2	NL	0.72	8.8	9,756	Mark Notkin (12.6)	

Fixed Income Style Box

PIMCO Composition Figures

Bold # = Cheapest Quintile

Ltd	Mod	Ext
■	■	■
■	■	■
■	■	■

High
Mid
Low

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Historical Performance

Historical Risk

Morningstar 500 Bond Funds	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Historical Performance										Historical Risk				
			Total Return % 02-29-16		ANNUALIZED					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr					
High-Yield Bond (cont'd)																	
Fidelity High Income SPHIX	Silver	★★★★	-1.3	-7.7	0.2	3.2	5.2	—	—	—	—	—	—	7.9	5.23 (10)	—	
Hotchkis & Wiley High Yield A HWHAX	Bronze	★★	-2.6	-9.6	-0.2	3.3	—	88	76	67	48	—	—	—	5.12 (4)	-Avg	
Janus High-Yield T JAHYX	Neutral	★★★★	-0.4	-4.5	1.5	3.9	6.1	23	18	22	27	16	5.9	4.9 (13)	-Avg		
Metropolitan West High Yield Bond M MWHYX	Bronze	★★★★	-0.9	-4.9	0.6	2.8	6.1	37	22	45	70	16	5.2	4.56 (13)	-Avg		
PIMCO High Yield D PHYDX	Bronze	★★★★	-0.5	-5.6	1.4	3.9	5.5	26	28	25	28	39	6.2	5.11 (15)	Avg		
Specialty Bond																	
T. Rowe Price High Yield PRHYX	Gold	★★★★	-1.3	-7.0	1.3	4.1	6.1	50	42	27	22	17	7.7	5.31 (8)	Avg		
Vanguard High-Yield Corporate Inv VVHEX	Silver	★★★★	-0.5	-4.4	2.0	4.9	5.8	29	16	13	6	29	6.6	4.82 (18)	-Avg		
American Funds Capital World Bond A CWBFX	Neutral	IB	★★★★	2.2	-2.5	-0.7	1.3	3.7	26	45	39	43	51	1.9	4.4 (51)	Avg	
Calamos Convertible A CCVIX	Neutral	CV	★★	-7.6	-13.2	2.5	1.6	3.9	85	57	82	91	73	—	8.91 (81)	Avg	
Dodge & Cox Global Bond DODLX	—	IB	NR	-1.8	-7.9	-1.2	—	—	90	87	—	—	—	—	4.69 (18)	—	
Eaton Vance Floating Rate A EVBLX	Bronze	BL	★★★★	-1.3	-4.6	0.2	1.9	2.9	53	58	62	63	41	4.1	2.11 (1)	Avg	
Fidelity Floating Rate High Income FFRHX	Bronze	BL	★★★★	-1.3	-4.2	0.3	1.7	3.3	55	53	59	70	18	5.5	2.36 (2)	Avg	
Fidelity New Markets Income FNMIX	Silver	EB	★★★★	0.6	0.2	-0.3	5.1	6.5	58	10	13	5	11	6.4	7.72 (16)	Avg	
Fidelity Strategic Income FSICX	Silver	MU	★★★★	-0.1	-3.4	0.8	3.1	5.5	33	41	39	48	19	4.1	4.18 (32)	Avg	
FPA New Income FPNIX	Bronze	NT	★★★★	0.1	-0.1	0.7	1.2	2.7	19	13	23	47	53	—	0.74 (45)	Low	
Janus Global Unconstrained Bond D JUCDX	—	NT	NR	0.8	-0.4	—	—	—	8	15	—	—	—	2.3	— (—)	—	
Loomis Sayles Bond Retail LSBRX	Gold	MU	★★★	-2.3	-9.4	-0.3	2.9	5.2	87	93	79	54	29	4.5	5.56 (10)	High	
Loomis Sayles Global Bond Retail LSLGX	Bronze	IB	★★★★	1.4	-3.4	-1.9	0.5	3.7	55	57	63	61	53	1.9	4.23 (41)	Avg	
PIMCO Emerging Local Bond Instl PELBX	Neutral	EB	★★	0.8	-15.2	-11.0	-4.0	—	41	93	89	82	—	5.3	11.04 (19)	High	
PIMCO Foreign Bond (Unhedged) D PFBDX	Bronze	IB	★★★★	2.3	-4.0	-2.4	0.3	4.4	21	65	74	67	34	1.0	5.98 (18)	+Avg	
PIMCO Foreign Bond (USD-Hedged) D PFDX	Bronze	IB	★★★★★	1.5	-0.3	3.9	5.8	5.8	51	18	2	2	6	0.8	3.42 (61)	-Avg	
PIMCO Income D PONDY	Silver	MU	★★★★★	-0.2	0.8	3.7	7.4	—	36	5	3	3	—	3.4	3.54 (27)	Avg	
PIMCO Unconstrained Bond D PUBDX	Neutral	NT	★★★★	-3.0	-6.3	-2.3	0.3	—	80	78	92	75	—	3.1	2.75 (6)	Avg	
T. Rowe Price International Bond RPIBX	Neutral	IB	★★	3.4	-0.9	-2.4	-0.6	2.9	5	25	75	87	78	1.1	5.94 (18)	+Avg	
T. Rowe Price Spectrum Income RPSIX	Bronze	MU	★★★★★	0.4	-2.8	1.4	3.5	5.1	16	33	25	33	33	3.5	3.89 (29)	Avg	
Templeton Global Bond A TPINX	Gold	IB	★★★★★	-3.8	-8.5	-1.8	1.4	6.4	97	92	62	39	1	3.7	6.01 (4)	+Avg	
Vanguard Convertible Securities Inv VCVSX	Bronze	CV	★★★★	-4.5	-9.4	3.2	3.2	5.5	15	25	61	49	15	2.1	7.3 (77)	-Avg	
Vanguard Total Intl Bd Idx Investor VTIBX	—	IB	NR	2.8	2.3	—	—	—	14	1	—	—	—	0.7	— (—)	—	
Municipal Bond National																	
American Funds Tax-Exempt Bond A AFTEX	Bronze	MI	★★★★	1.1	3.4	3.2	5.8	4.4	65	31	12	12	13	1.5	3.54 (98)	+Avg	
Baird Quality Intermediate Muni Bd Inst BMBIX	—	MI	★★★★	1.2	2.9	2.1	3.4	4.1	33	57	73	90	38	1.5	2.66 (91)	Low	
Fidelity Interm Muni Inc FLTMX	Gold	MI	★★★★	1.0	2.6	2.6	4.1	4.0	74	70	44	73	44	1.3	2.67 (98)	-Avg	
Fidelity Limited Term Municipal Income FSTFX	Gold	MS	★★★★	0.8	1.5	1.3	2.1	2.9	32	25	23	28	26	0.6	1.36 (81)	Avg	
Fidelity Municipal Income FHIGX	Gold	ML	★★★★	1.2	3.6	3.7	5.9	4.7	15	35	15	49	23	1.7	3.84 (99)	Avg	
Fidelity Tax-Free Bond FTABX	Gold	ML	★★★★	1.3	3.7	3.8	6.0	4.9	10	29	13	41	15	1.8	3.87 (99)	Avg	
Franklin Federal Tax-Free Income A FKTIX	Silver	ML	★★★★	1.1	2.7	3.1	5.9	4.6	32	79	45	47	33	1.6	4.13 (98)	Avg	
Franklin High Yield Tax-Free Inc A FRHIX	Silver	HM	★★★★	1.3	3.3	3.2	6.6	4.8	27	76	73	70	22	2.6	5.17 (93)	Avg	
T. Rowe Price Summit Municipal Intm PRSMX	Gold	MI	★★★★	1.2	3.5	2.9	4.6	4.4	45	27	24	48	18	1.1	2.98 (98)	-Avg	
T. Rowe Price Tax-Free High Yield PRFHX	Gold	HM	★★★★	1.0	3.9	4.3	7.9	5.0	57	62	29	33	11	2.8	4.95 (93)	Avg	
T. Rowe Price Tax-Free Income Inv PRTAX	Gold	ML	★★★★	1.1	3.4	3.3	5.9	4.7	41	46	37	48	28	1.6	3.91 (98)	Avg	
T. Rowe Price Tax-Free Shrt-Interm PRFSX	Gold	MS	★★★★	0.9	1.6	1.2	2.1	3.0	21	24	26	27	25	0.4	1.51 (72)	+Avg	
USAA Tax Exempt Intermediate-Term USATX	Bronze	MI	★★★★★	1.1	3.3	2.9	5.2	4.5	65	35	22	22	12	1.5	2.8 (98)	-Avg	
Vanguard High-Yield Tax-Exempt VVAHX	Silver	MI	★★★★★	1.1	4.3	4.0	6.6	4.9	53	8	5	3	1	2.4	4.14 (98)	High	
Vanguard Interm-Term Tx-Ex Inv VWITX	Silver	MI	★★★★	1.3	3.6	3.0	4.8	4.4	24	23	21	35	18	1.3	3.08 (98)	Avg	
Vanguard Long-Term Tax-Exempt VWLTX	Silver	ML	★★★★	1.2	4.5	4.0	6.2	4.8	20	5	4	36	20	1.9	4.06 (99)	Avg	
Vanguard Ltd-Term Tx-Ex VMLTX	Silver	MS	★★★★	0.9	1.8	1.3	1.9	2.8	27	17	22	33	31	0.7	1.24 (72)	Avg	
Vanguard Short-Term Tx-Ex VWSTX	Silver	MS	★★	0.4	0.7	0.6	0.9	1.9	71	52	64	81	75	0.4	0.41 (50)	Low	
BarCap Municipal TR USD				1.4	3.9	3.4	5.5	4.8									
BofAML US HY Master II TR				-1.1	-8.5	0.6	3.9	6.5									

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
 CI Intermediate-Term Bond
 CV Convertibles Bond
 EB Emerging Market Bond
 HM High-Yield Muni
 IB World Bond
 MI Muni National, Intermediate
 ML Muni National, Long

MS Muni National, Short
 MU Multisector Bond
 NT Nontraditional Bond

Current Portfolio Style

Costs

Operations

	Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					High	Mid	Low	Other		Cash	Stock	Bond	Other					
	—	3.9	—	B	3	6	89	3	74	5	1	93	1	—	1.07	—	1,224	—
SPHIX	☐☐	—	3.9	B	4	1	93	1	37	3	0	94	2	NL	0.72	7.73	3,988	Fred Hoff (15.7)
HWHAX	☐☐	4.7	3.9	B	0	4	92	4	44	3	2	91	5	3.75	0.95	10.58	2,131	Management Team
JAHYX	☐☐	3.7	3.9	B	11	5	81	3	71	14	0	84	2	NL	0.87	7.84	1,828	Management Team
MWHYX	☐☐	3.3	3.9	B	12	8	78	1	61	12	0	80	8	NL	0.85	8.97	992	Management Team
PHYDX	☐☐	3.9	3.9	—	—	—	—	—	39	4	0	93	2	NL	0.9	8.15	7,875	Andrew Jessop (6.1)
PRHYX	☐☐	3.5	3.9	B	1	2	94	3	59	2	1	89	8	Clsd	0.74	6.04	8,641	Mark Vaselkiv (19.7)
VWEHX	☐☐	4.5	3.9	B	4	5	90	2	35	6	1	90	4	NL	0.23	5.46	16,787	Michael Hong (8.0)
	—	0.3	—	—	5	5	6	1	35	14	2	71	13	—	1.17	—	1,233	—
CWBFX	☐☐	6.4	5.6	BBB	42	49	7	3	185	1	0	96	3	3.75	0.93	19.32	12,341	Management Team
CCVIX	☐☐	3.6	3.2	B	0	23	35	42	63	2	5	3	90	4.75	1.13	14.67	859	Management Team
DODLX	☐☐	3.1	5.6	BBB	19	61	20	0	55	4	0	91	5	NL	0.6	9.5	80	Management Team
EVBLX	☐☐	0.3	0.4	B	0	5	92	3	19	3	0	87	9	2.25	1.03	8.52	7,439	Page/Russ (15.1/8.2)
FFRHX	☐☐	—	0.4	B	5	3	89	3	26	7	0	93	0	NL	0.7	8.95	9,166	Eric Mollenhauer (2.9)
FNMIX	☐☐	—	5.3	BB	10	39	46	5	110	5	0	95	0	NL	0.86	14.46	3,864	John Carlson (20.7)
FSICX	☐☐	4.9	4.0	BB	27	18	49	6	88	7	1	83	9	NL	0.71	10.08	7,133	Management Team
FPNIX	☐☐	1.3	1.6	BB	77	0	11	12	29	7	0	93	0	NL	0.58	9.96	5,409	Attebery/Patwardhan (11.2/0.2)
JUCDX	☐☐	3.6	1.6	BB	9	46	21	24	107	16	5	73	5	NL	0.96	9.61	1,259	Gross/Palghat (1.3/0.7)
LSBRX	☐☐	4.5	4.0	BB	24	34	33	10	22	10	8	71	11	NL	0.89	12.5	15,855	Management Team
LSGLX	☐☐	6.2	5.6	BBB	33	59	8	1	117	6	0	89	5	NL	1.0	14.85	1,658	Management Team
PEL BX	☐☐	4.6	5.3	—	—	—	—	—	60	-8	0	102	6	NL	0.9	6.64	4,593	Michael Gomez (9.2)
PFBDX	☐☐	8.5	5.6	—	—	—	—	—	312	36	0	58	6	NL	0.9	9.24	1,306	Management Team
PFODX	☐☐	8.5	5.6	—	—	—	—	—	317	34	0	56	10	NL	0.9	10.05	7,748	Management Team
POND X	☐☐	3.0	4.0	—	—	—	—	—	164	-17	0	110	7	NL	0.79	11.6	53,107	Ivascyn/Murata (8.9/2.9)
PUBDX	☐☐	-0.6	1.6	—	—	—	—	—	270	129	0	-34	5	NL	1.3	9.97	5,468	Management Team
RPIBX	☐☐	7.4	5.6	BBB	39	53	6	2	73	4	0	93	4	NL	0.83	8.53	5,149	Husain/Orchard (2.2/0.2)
RPSIX	☐☐	5.3	4.0	BB	40	30	29	2	20	5	12	81	2	NL	0.67	11.88	5,828	Charles Shriver (4.8)
TPINX	☐☐	0.4	5.6	BB	20	62	18	0	43	43	0	54	4	4.25	0.89	11.08	53,205	Desai/Hasenstab (5.2/14.2)
VCV SX	☐☐	4.3	3.2	B	0	6	24	69	85	0	1	8	91	Clsd	0.41	11.55	1,523	Management Team
VTIBX	☐☐	7.5	5.6	A	50	50	0	0	13	2	0	96	2	NL	0.17	10.82	51,160	Barrickman/Pu (2.7/2.7)
	—	0.7	—	—	18	6	0	1	9	5	0	95	0	—	0.85	—	1,701	—
AFT EX	☐☐	5.5	5.0	BBB	50	42	4	5	14	8	0	92	0	3.75	0.54	13.16	11,238	Management Team
BMBIX	☐☐	4.4	5.0	AA	97	2	0	0	4	3	0	97	0	NL	0.3	11.84	1,170	Management Team
FLTMX	☐☐	4.8	5.0	A	60	37	1	3	14	13	0	87	0	NL	0.36	10.57	5,726	Management Team
FSTFX	☐☐	2.7	2.6	A	61	34	0	4	30	17	0	83	0	NL	0.48	10.69	3,811	Management Team
FHIGX	☐☐	6.6	7.0	A	59	38	1	3	14	1	0	99	0	NL	0.48	13.53	5,743	Management Team
FTABX	☐☐	6.8	7.0	A	64	33	1	3	5	2	0	98	0	NL	0.46	11.75	3,063	Management Team
FKTIX	☐☐	—	7.0	A	70	27	2	0	5	3	0	97	0	4.25	0.62	12.44	10,915	Management Team
FRHIX	☐☐	—	6.8	BBB	35	49	10	5	8	2	0	98	0	4.25	0.65	10.57	8,294	Management Team
PRSMX	☐☐	4.9	5.0	A	54	41	2	2	11	2	0	98	0	NL	0.5	12.09	4,039	Charles Hill (22.3)
PRFHX	☐☐	7.5	6.8	BB	7	57	15	20	3	0	1	99	0	NL	0.69	12.02	3,522	James Murphy (15.1)
PRTAX	☐☐	5.9	7.0	A	33	61	2	5	8	0	0	100	0	NL	0.51	10.42	2,554	Konstantine Mallas (8.7)
PRFSX	☐☐	2.7	2.6	A	67	32	0	1	18	13	0	87	0	NL	0.49	5.67	2,086	Charles Hill (21.1)
USATX	☐☐	4.9	5.0	BBB	43	54	2	2	4	1	0	99	0	NL	0.55	13.59	4,151	Hoffmann/Shافر (0.2/12.7)
VWAHX	☐☐	6.3	5.0	BBB	36	50	6	7	21	5	0	95	0	NL	0.2	11.38	9,585	Mathew Kiselak (5.6)
VWITX	☐☐	4.8	5.0	AA	76	22	1	1	12	5	0	95	0	NL	0.2	14.38	47,358	James D'Arcy (2.7)
VWLTX	☐☐	6.3	7.0	A	68	29	1	2	18	1	0	99	0	NL	0.2	11.82	9,444	Mathew Kiselak (5.6)
VMLTX	☐☐	2.5	2.6	AA	75	24	1	1	16	11	0	89	0	NL	0.2	11.09	21,611	Marlin Brown (8.0)
VWSTX	☐☐	1.1	2.6	A	78	20	1	2	32	21	0	79	0	NL	0.2	15.85	12,399	Justin Schwartz (0.0)

Fixed Income Style Box

Ltd	Mod	Ext
☐	☐	☐
☐	☐	☐
☐	☐	☐

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Blue # = Cheapest Quintile

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FundInvestorSM

Research and recommendations for the serious fund investor

Why Fees Are So Important

If you've been subscribing to *FundInvestor* for long, you know how important I think expense ratios are to the fund selection equation. The expense ratio is the most proven predictor of future fund returns. I find that it is a dependable predictor when I run the data. That's also what academics, fund companies, and, of course, Jack Bogle, find when they run the data. That's what I mean when I say most proven.

But it's been a couple of years since I provided the proof statement, so I have updated my data to show just how strong and dependable fees are as a predictor of future success. That's not to say you should use them in isolation. There are many other things to consider, but you should make expense ratios your first or second screen.

How We Ran the Test

To begin any test of predictive power, you have to go back to historical data so that you are using the data that investors would have had access to at the time. That includes funds that no longer exist. In fact, that's a key part of the story because higher-cost funds are much more likely to fail and be merged away. So, if you do not factor them in, you will see better performance from higher-cost funds than was the reality, as those that survived naturally are more likely to have produced better performance while so many failures have been culled.

I looked at a few different measures to test how expense ratios worked: total return over the ensuing period, load-adjusted returns, standard deviation, investor returns, and subsequent Morningstar Rating. In addition, we calculated a success ratio for all the above measures. The success ratio is my way of factoring in mutual funds that were merged away or liquidated over the ensuing time period. The other figures only include data on funds that survived the whole time period. But the success ratio asks, What percentage of funds survived and outperformed? Only funds that did both count toward the success ratio, as it is hard to argue that funds that no longer exist or underperformed were successful.

For our tests, we began by grouping funds into quintiles within their peer group and then rolled that up into an asset class. That means we ordered each Morningstar Category, such as large growth, high-yield muni, and so on, into quintiles. Then we grouped all the cheapest-quintile funds in an asset class, then the second-cheapest-quintile funds, and so on.

I also ran all of the above tests against a universe in which only one share class per fund was included. I did that because I've heard people say, "Sure, a fund's share class that is 50 basis points cheaper than a different share class is going to outperform by 50 basis points, but maybe that doesn't hold for different portfolios where fees are not the only difference." So, to eliminate comparisons of multiple share classes of the same fund, I limited this test to the oldest share class of a fund.

Finally, there's the matter of time period. I looked at the five years ended December 2015, the four years ended 2015, and so on.

Continued on Page 2



Russel Kinnel, Director of Manager Research and Editor

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We'll focus on success ratios here, but I'll share more of the data in a white paper that will appear in FundInvestor's bonus reports section on mfi.morningstar.com in the coming weeks.

The Answer: Costs Really Are Good Predictors of Success

Sorry about the predictable ending. I've done this over many years and many fund types, and expense ratios consistently show predictive power. Let's take a look.

Using expense ratios to choose funds helped in every asset class and in every quintile from 2010 to 2015. For example, in U.S. equity funds, the cheapest quintile had a total-return success rate of 62% compared with 48% for the second-cheapest quintile, then 39% for the middle quintile, 30% for the second-priciest quintile, and 20% for the priciest quintile. So, the cheaper the quintile, the better your chances. All told, cheapest-quintile funds were 3 times as likely to succeed as the priciest quintile. (If you're wondering why only one quintile had a success ratio above 50%, it's because many funds did not survive the time period. If no funds were merged away, then the overall success rates would average something close to 50%.) As it was, about 20% of the funds were merged away, making 40% the average success ratio point.

The pattern was pretty similar in other asset classes. For example, international-equity funds had a 51% success ratio for the cheapest quintile compared with 21% for priciest. Balanced funds had a 54% success rate for the cheapest quintile compared with 24% for the priciest. Taxable-bond funds were even more striking, as the cheapest quintile delivered a 59% success rate versus just 17% for the priciest quintile. Muni bonds had a similar pattern, with a 56% success rate for the cheapest quintile and 16% for the priciest. The predictive power also holds up in the other areas I tested. It points you to a better outcome for investor returns and for load-adjusted returns. That makes some sense, as both are fairly closely tied to total returns.

It was a much weaker predictor of standard deviation, though that's not a big surprise, as fees and volatility

are not very closely linked. For U.S. equity funds and sector funds, standard deviation was a hair lower for lower-cost funds. There wasn't much pattern for the other asset classes. Funds with high costs, especially in bonds, do tend to take greater risk in order to produce a competitive yield. However, that generally means taking on more credit risk, and credit risk damps standard deviation except when it blows up.

So, what if we limit our fee test to just one share class per fund? It actually shows stronger predictive power. For example, the success rate of returns in U.S. equity funds rose to 64% with just one share class versus 62% with all of them, and the priciest quintile falls to 15% versus 20% for all share classes. This was true in most asset classes except for international equity, where the success rates became more compressed. More important than the slight improvement in results is the larger point that this clearly helps you choose among funds and that the share-class criticism of fee studies does not hold up.

Finding Cheapest-Quintile Funds

Now that you know expense ratios are a crucial part of fund selection, how do you find the cheap ones? In our data pages, we show cheapest-quintile expense ratios in blue and bold. You can also screen for low-cost funds using most fund screeners. On Morningstar.com, you can search for below-average fees using the Fund Screener. Also, on the site's individual fund data pages, we describe fund expense ratios from Low to High on the Expense tab. Finally, the Fund Spy tool on mfi.morningstar.com tells you whether a fund's fees are in the cheapest quintile. Just enter the fund ticker.

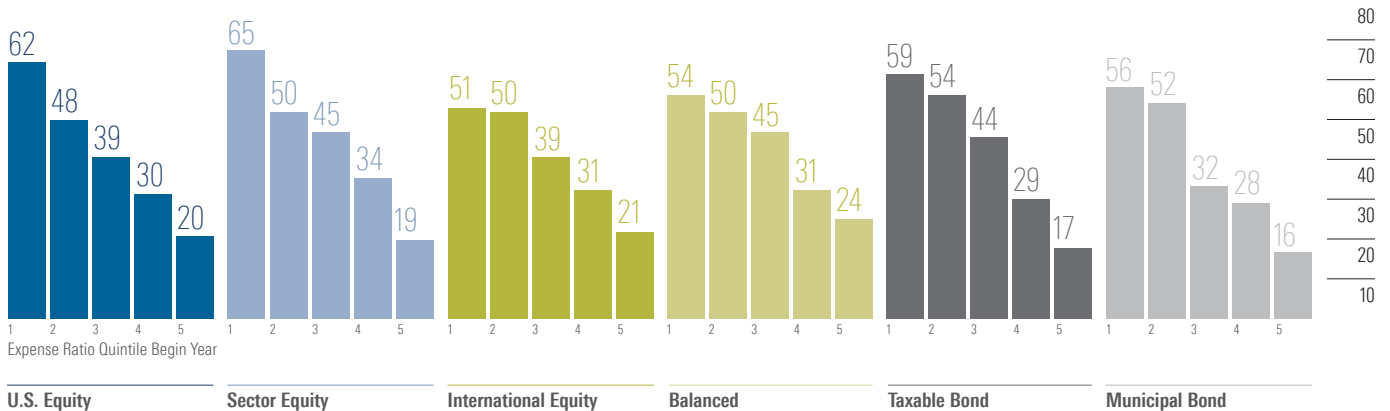
Whose Fees Have Come Down?

Let's look at which funds have seen the biggest drops in expense ratios. I will look at the biggest cuts and hikes, though I'm excluding Janus and Fidelity funds because the two firms use performance fees, which can fluctuate wildly without a shift in the base fee.

Eventide Gilead ETGLX has gone from really pricey to just pricey. The fund charged 1.62% in 2013, 1.50% in 2014, and 1.35% in 2015. So, the fund is still expensive, but the trend is encouraging.

Low Costs Are the Path to Success

Subsequent Total Return Success Ratio



From 2010 to 2015, cheapest-quintile funds produced better success ratios than second-cheapest and so on, showing just how important costs are to the investing equation.

Seafarer Overseas Growth and Income SFGIX saw a 10-basis-point fee drop to 1.30%. It is a young fund where expenses are falling as assets grow quickly. In this case, though, that drop is enough to take the fund into the second-cheapest quintile in emerging markets. That's pretty good for a fund with about \$1 billion in assets under management. Manager Andrew Foster was formerly at Matthews funds, which generally gives investors a fair deal on price.

Columbia Acorn Select ACTWX cut its expense ratio to 0.95% from 1.04% on an annual basis, but it is actually coming down more to 0.84%. The reason is that management is waiving 20 basis points of its fee through April 30, 2016, because of poor recent performance. We don't rate the fund.

Artisan Global Equity ARTHX is another young and growing fund. Its fees have fallen to 1.37% from 1.46%. That's going in the right direction but still above average.

Touchstone Sands Capital Select Growth's PTSGX expense ratio fell to 1.08% from 1.31% because of a performance fee. That's a big improvement. While the fund still isn't cheap, its fees have moved from the priciest quintile to the second-priciest quintile. However, that performance fee can swing the other

way, so I would treat the lower expense ratio as more of a temporary blip than a permanent tailwind.

Whose Fees Are Rising?

Morgan Stanley Institutional Growth MSEGX has rising fees. Its expense ratio rose to 0.96% in 2015 from 0.83% in 2014, though that just brings it back to 2013 levels when it was 0.95%. Fees had come down after the fund merged with another, but it is not clear why they have bounced back. On the plus side, the fund still remains on the cheap side for its peer groups. **Merger Fund MERFX** saw a fee spike of 11 basis points to 1.34%. Assets under management have been fairly stable, so it is not clear why they have risen. Again, though, its fees are just 1 basis point above the cutoff for cheapest quintile.

Metropolitan West Total Return Bond MWTRX is a surprise entry on the list. Its asset base has swelled to \$72 billion as many who fled PIMCO landed at MetWest. Yet this fund's expense ratio has bounded to 0.68% from 0.62%. That's still pretty cheap but hard to justify.

Finally, **Greenspring's GRSPX** expense ratio has risen 6 basis points to 0.95%. Disappointing recent returns have spurred outflows, so the fee increase is understandable. Still, fees are now merely average, thus diminishing the fund's appeal. ■■■

Data through March 31, 2016 FINRA members: For internal or institutional use only.

Amana Income Investor

Benchmark 1: Russell 1000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 03-30-16

Bronze

Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊕ Positive
- Price ⊖ Negative

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

⊕ Positive ⊖ Negative ○ Neutral

Performance 03-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	6.24	-3.10	4.53	1.89	9.65
2013	10.46	1.70	5.89	9.06	29.72
2014	1.28	4.64	-1.48	4.52	9.13
2015	-0.19	-0.58	-7.87	6.26	-2.86
2016	4.13	—	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	4.13	2.96	2.78	5	10,413
6 Mo	10.64	2.89	2.16	4	11,064
1 Yr	1.34	0.84	-0.44	20	10,134
3 Yr Avg	9.04	-2.48	-2.79	69	12,963
5 Yr Avg	8.89	-2.46	-2.69	69	15,305
10 Yr Avg	7.95	0.89	0.94	5	21,485
15 Yr Avg	8.34	2.06	1.96	3	33,267

Tax Analysis	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	8.15	46	0.82	27
5 Yr (estimated)	8.23	54	0.60	23
10 Yr (estimated)	7.44	2	0.47	16

Potential Capital Gain Exposure: 57% of assets

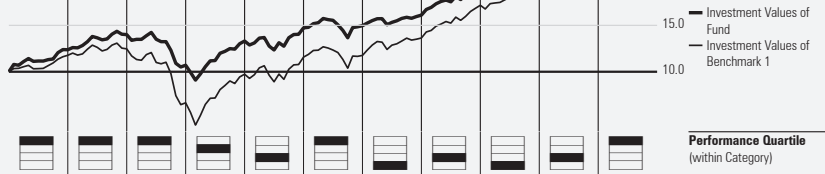
Morningstar's Take by David Kathman, CFA 03-30-16

Amana Income has been managed since its 1989 inception by Nick Kaiser, who has put together an outstanding long-term record here and at Amana Growth AMAGX (launched in 1994). While Kaiser doesn't have any immediate plans to retire, the length of his tenure means that succession planning has become a valid concern. Such concerns, along with the fund's middling recent performance and still-high expenses, have led us to downgrade its Morningstar Analyst Rating from Silver to Bronze.

Advisor Saturna Capital has moved over the past few years to address the succession issue. In 2012, they hired Scott Klimo as director of research and deputy portfolio manager on the Amana funds, and Klimo's status as heir apparent to Kaiser has now been cemented by his promotion to chief investment officer in 2016. Kaiser is moving to the bigger-picture role of global strategist, while continuing as lead manager of this fund and Amana Growth. Meanwhile Paul Meeks, who was hired at the same time as Klimo as a technology analyst and portfolio manager, has left the firm, which is in the process of

Historical Profile

Return Above Avg
Risk Low
Rating ★★★★★
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	03-16	History
NAV	27.73	30.98	23.51	28.69	31.78	31.75	34.24	43.77	46.64	42.40	44.15	NAV
Total Return %	21.20	14.12	-23.48	23.54	12.21	1.94	9.65	29.72	9.13	-2.86	4.13	Total Return %
+/- Bmark 1	5.74	8.35	14.12	-4.90	-3.89	0.44	-6.78	-3.39	-4.11	-3.78	2.95	+/- Bmark 1
+/- Bmark 2	5.41	8.63	13.52	-2.93	-2.85	-0.17	-6.36	-2.67	-4.56	-4.25	2.78	+/- Bmark 2
Income Return %	0.83	0.73	0.69	1.38	1.34	1.56	1.71	1.78	1.60	1.43	0.00	Income Return %
Capital Return %	20.37	13.39	-24.17	22.16	10.87	0.38	7.94	27.94	7.53	-4.29	4.13	Capital Return %
Total Rtn % Rank Cat	13	1	2	49	68	19	93	74	76	73	5	Total Rtn % Rank Cat
Income \$	0.19	0.20	0.21	0.32	0.38	0.49	0.54	0.61	0.70	0.66	0.00	Income \$
Capital Gains \$	0.38	0.46	0.01	0.00	0.00	0.17	0.01	0.00	0.41	2.25	0.00	Capital Gains \$
Expense Ratio %	1.50	1.38	1.33	1.33	1.26	1.21	1.20	1.19	1.15	1.13	—	Expense Ratio %
Income Ratio %	1.34	0.95	0.71	1.39	1.33	1.47	1.52	1.58	1.71	1.26	—	Income Ratio %
Turnover Rate %	10	14	2	6	5	3	3	1	1	0	—	Turnover Rate %
Net Assets \$mil	121	350	541	1,039	1,254	1,314	1,279	1,559	1,474	1,048	1,055	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	1.34			
3 Yr	9.04	Avg	-Avg	★★★★
5 Yr	8.89	Avg	Low	★★★★
10 Yr	7.95	High	Low	★★★★★
Incept	8.55			

Other Measures

	Standard Index	Best Fit Index
Alpha	-2.1	-2.1
Beta	0.96	0.96
R-Squared	93	93
Standard Deviation	11.27	
Mean	9.04	
Sharpe Ratio	0.82	

Ticker AMANX Yield 1.4% Total Assets \$1,284 mil Mstar Category Large Blend

Investment Style

Equity

Growth of \$10,000



Performance Quartile

(within Category)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	03-16	History
NAV	27.73	30.98	23.51	28.69	31.78	31.75	34.24	43.77	46.64	42.40	44.15	NAV
Total Return %	21.20	14.12	-23.48	23.54	12.21	1.94	9.65	29.72	9.13	-2.86	4.13	Total Return %
+/- Bmark 1	5.74	8.35	14.12	-4.90	-3.89	0.44	-6.78	-3.39	-4.11	-3.78	2.95	+/- Bmark 1
+/- Bmark 2	5.41	8.63	13.52	-2.93	-2.85	-0.17	-6.36	-2.67	-4.56	-4.25	2.78	+/- Bmark 2
Income Return %	0.83	0.73	0.69	1.38	1.34	1.56	1.71	1.78	1.60	1.43	0.00	Income Return %
Capital Return %	20.37	13.39	-24.17	22.16	10.87	0.38	7.94	27.94	7.53	-4.29	4.13	Capital Return %
Total Rtn % Rank Cat	13	1	2	49	68	19	93	74	76	73	5	Total Rtn % Rank Cat
Income \$	0.19	0.20	0.21	0.32	0.38	0.49	0.54	0.61	0.70	0.66	0.00	Income \$
Capital Gains \$	0.38	0.46	0.01	0.00	0.00	0.17	0.01	0.00	0.41	2.25	0.00	Capital Gains \$
Expense Ratio %	1.50	1.38	1.33	1.33	1.26	1.21	1.20	1.19	1.15	1.13	—	Expense Ratio %
Income Ratio %	1.34	0.95	0.71	1.39	1.33	1.47	1.52	1.58	1.71	1.26	—	Income Ratio %
Turnover Rate %	10	14	2	6	5	3	3	1	1	0	—	Turnover Rate %
Net Assets \$mil	121	350	541	1,039	1,254	1,314	1,279	1,559	1,474	1,048	1,055	Net Assets \$mil

Portfolio Analysis 02-29-16

Share change since 01-31-16	Sector	YTD Ret %	% Assets
Illinois Tool Works Inc	Industrl	—	3.91
Nike Inc B	Cnsmr Cyc	—	3.88
Eli Lilly and Co	Hlth Care	—	3.70
3M Co	Industrl	—	3.38
Honeywell International I	Industrl	—	3.36
Bristol-Myers Squibb Comp	Hlth Care	—	3.34
Colgate-Palmolive Co	Cnsmr Def	—	3.27
Kimberly-Clark Corp	Cnsmr Def	—	3.24
PPG Industries Inc	Basic Mat	—	3.20
Microsoft Corp	Technology	—	3.16
Genuine Parts Co	Cnsmr Cyc	—	2.99
General Mills Inc	Cnsmr Def	—	2.93
Pfizer Inc	Hlth Care	—	2.83
Rockwell Automation Inc	Industrl	—	2.81
Novartis AG ADR	Hlth Care	—	2.65
Canadian National Railway	Industrl	—	2.56
E.I. du Pont de Nemours & Air Products & Chemicals	Basic Mat	—	2.52
Carlisle Companies Inc	Cnsmr Cyc	—	2.47
JM Smucker Co	Cnsmr Def	—	2.43

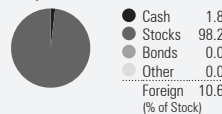
Current Investment Style

Value Blend Growth	Market Cap %
Giant	42.7
Large	35.1
Mid	22.2
Small	0.0
Micro	0.0
Avg \$mil:	47,455

Sector Weightings

% of Stocks	Rel Bmark 1
Cyclical	22.99 0.71
BasicMat	11.94 3.99
CnsmrCyc	11.05 0.91
FinanSvcs	0.00 0.00
Real Est	0.00 0.00
Sensitive	38.00 0.94
CommSvcs	0.00 0.00
Energy	2.06 0.32
Industrl	27.02 2.33
Technlgy	8.92 0.49
Defensive	39.00 1.44
CnsmrDef	18.71 1.94
Hlthcare	20.29 1.44
Utilities	0.00 0.00

Composition - Net



Profitability

	%
Return on Equity	28.33
Return on Assets	9.25
Net Margin	12.69

Address: Amana Mutual Funds Trust
Bellingham, WA 98225
888-732-6262
Web Address: www.amanafunds.com
Inception: 06-23-86
Advisor: Saturna Capital Corp (Washington)
Subadvisor: None

Minimum Purchase: \$250 Add: \$25 IRA: \$100
Min Auto Inv Plan: — Add: —
Sales Fees: No-load
Management Fee: 0.95% mx./0.65% mn.
Actual Fees: Mgt:0.83% Dist:0.25%
Expense Projections: 3Yr:\$359 5Yr:\$622 10Yr:\$1375
Income Distribution: Semi-Annually

Data through March 31, 2016 FINRA members: For internal or institutional use only.

Causeway Emerging Markets Investor

Ticker CEMVX **Yield** 1.4% **Total Assets** \$2,687 mil **Mstar Category** Diversified Emerging Mkts

Benchmark 1: MSCI EM NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 03-28-16

Bronze

Morningstar Pillars

- Process + Positive
- Performance + Positive
- People o Neutral
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

★ Gold ★ Silver ★ Bronze ★ Neutral ★ Negative

Pillar Spectrum

+ Positive o Negative o Neutral

Performance 03-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	15.79	-7.95	6.93	10.18	25.57
2013	0.16	-9.61	6.55	0.79	-2.78
2014	0.43	8.06	-2.59	-3.67	1.83
2015	2.91	0.58	-16.93	-2.58	-16.24
2016	3.93	—	—	—	—

Trailing

	Total	+/- Bmark	+/- Bmark	%Rank	Growth of
	Return%	1	2	Cat	\$10,000
3 Mo	3.93	-1.78	4.31	46	10,393
6 Mo	1.25	-5.16	-1.61	86	10,125
1 Yr	-15.40	-3.37	-6.21	86	8,460
3 Yr Avg	-4.88	-0.38	-5.20	53	8,605
5 Yr Avg	-2.90	1.23	-3.21	32	8,630
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	-5.46	50	0.61	62
5 Yr (estimated)	-3.45	31	0.56	61
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -22% of assets

Morningstar's Take by Russel Kinnel 03-28-16

Causeway Emerging Markets has done a fine job applying quantitative models to emerging markets, earning it a Morningstar Analyst Rating of Bronze.

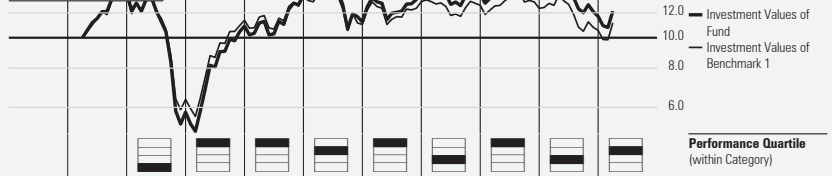
Emerging markets throw up a number of hurdles for quantitative fund managers. Macroeconomic events can swamp company fundamentals, accounting rules are different, and value traps abound, with state-owned enterprises a particular threat. But Causeway's quantitative team has an answer for each of those challenges, and it has come through with strong performance.

Causeway's quantitative team is largely separate from the fundamental team that runs well-known Causeway International Value CIVVX. The team is headed by Arjun Jayaraman. MacDuff Kuhnert has comanaged the fund with Jayaraman since its March 2007 inception.

The team has built an array of models that generally have helped steer it on the right path. First and foremost are valuation models that give the fund a clear value tilt relative to most emerging-markets funds. The emphasis on modest valuations is tempered with earnings quality as well as share price and analyst rating momentum in

Historical Profile

Return Average Above Avg
Risk ★★★
Rating Neutral



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	03-16	History
—	13.31	5.40	9.86	12.18	9.88	12.15	11.73	11.70	9.66	10.04	10.04	NAV
—	—	-58.52	87.93	26.09	-18.24	25.57	-2.78	1.83	-16.24	3.93	3.93	Total Return %
—	—	-5.19	9.43	7.21	0.19	7.35	-0.17	4.02	-1.32	-1.78	-1.78	+/- Bmark 1
—	—	-12.99	46.48	14.93	-4.53	8.74	-18.06	5.70	-10.58	4.31	4.31	+/- Bmark 2
—	—	0.89	5.24	2.49	0.64	2.56	0.68	2.07	1.23	0.00	0.00	Income Return %
—	—	-59.41	82.69	23.60	-18.88	23.02	-3.45	-0.23	-17.46	3.93	3.93	Capital Return %
—	—	83	12	13	35	8	57	9	70	46	46	Total Rtn % Rank Cat
—	0.20	0.12	0.28	0.25	0.08	0.25	0.08	0.24	0.14	0.00	0.00	Income \$
—	0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
—	3.16	1.82	1.98	2.11	1.78	1.63	1.55	1.45	1.46	—	—	Expense Ratio %
—	1.02	1.79	2.61	1.96	2.52	2.46	1.69	1.89	2.55	—	—	Income Ratio %
—	77	100	92	83	95	74	95	112	100	—	—	Turnover Rate %
—	8	2	5	15	29	37	46	57	538	502	502	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-15.40	—	—	—
3 Yr	-4.88	Avg	+Avg	★★★
5 Yr	-2.90	Avg	+Avg	★★★
10 Yr	—	—	—	—
Incept	2.19	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	-5.0	-1.3
Beta	1.10	1.02
R-Squared	80	97
Standard Deviation	16.76	—
Mean	-4.88	—
Sharpe Ratio	-0.22	—

Portfolio Analysis 12-31-15

Total Stocks: 128

Share change since 09-30-15	Sector	Country	% Assets
+	Samsung Electronics Co Lt	Technology	South Korea 3.43
+	China Construction Bank C	Finan Svcs	China 3.08
+	China Mobile Ltd ADR	Comm Svcs	China 2.97
+	Hon Hai Precision Ind Co	Technology	Taiwan 2.34
+	Korea Electric Power Corp	Utilities	South Korea 2.24
+	China Petroleum & Chemica	Energy	China 2.13
+	Tencent Holdings Ltd	Technology	China 2.13
+	Kia Motors Corp	Cnsmr Cyc	South Korea 1.85
+	Taiwan Semiconductor Manu	Technology	Taiwan 1.84
+	PICC Property and Casual	Finan Svcs	China 1.80
+	Bank Of China Ltd. H Shar	Finan Svcs	China 1.70
+	Polski Koncern Naftowy Or	Energy	Poland 1.60
+	Pegatron Corp	Technology	Taiwan 1.52
+	Ptt PLC	Energy	Thailand 1.51
+	Turkiye Petrol Rafinerile	Energy	Turkey 1.44
+	NetEase Inc ADR	Technology	China 1.41
+	Firststrand Ltd	Finan Svcs	South Africa 1.27
+	Sberbank of Russia PJSC A	Finan Svcs	Russia 1.27
+	KB Financial Group Inc	Finan Svcs	South Korea 1.21
+	JBS SA	Cnsmr Def	Brazil 1.16

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large	47.1	Cyclical	35.65	0.79
Large	31.4	BasicMat	6.07	0.78
Mid	18.0	CnsmrCyc	5.60	0.57
Small	3.5	FinanSvcs	21.67	0.89
Micro	0.0	Real Est	2.31	0.76
Avg \$mil:	14,022	Sensitive	47.54	1.15
		CommSvcs	6.10	0.89
Value Measures	Rel Category	Energy	11.62	1.63
Price/Earnings	8.59	Industl	7.86	1.45
Price/Book	1.13	Technlgy	21.96	1.01
Price/Sales	0.57	Defensive	16.81	1.21
Price/Cash Flow	3.80	CnsmrDef	8.42	1.07
Dividend Yield %	3.61	Hlthcare	4.75	1.76
Growth Measures	% Rel Category	Utilities	3.64	1.10
Long-Term Erngs	11.95			
Book Value	5.56			
Sales	3.97			
Cash Flow	1.91			
Historical Erngs	-22.95			

Regional Exposure

	% Stock
UK/W. Europe	0
N. America	0
Japan	0
Latin America	10
Asia X Japan	72
Other	18

Country Exposure

	% Stock
China	26
India	9
South Korea	20
Brazil	5
Taiwan	12

Composition - Net

	% Stock
Cash	0.1
Bonds	0.0
Stocks	97.1
Other	2.9
Foreign (% of Stock)	100.0

Address:	Causeway Capital Management Trust Los Angeles CA 90025 866-947-7000	Minimum Purchase:	\$5000	Add: —	IRA: \$4000
Web Address:	www.causewayfunds.com	Min Auto Inv Plan:	\$5000	Add: \$100	
Inception:	03-30-07	Sales Fees:	No-load, 2.00%R		
Advisor:	Causeway Capital Management LLC	Management Fee:	1.00%, 0.06%A		
Subadvisor:	None	Actual Fees:	Mgt:1.00% Dist:—		
		Expense Projections:	3Yr:\$468 5Yr:\$808 10Yr:\$1768		
		Income Distribution:	Annually		

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Data through March 31, 2016 FINRA members: For internal or institutional use only.

Litman Gregory Masters Alt Strats Inv

Ticker MASNX **Yield** 2.9% **Total Assets** \$1,361 mil **Mstar Category** Multialternative

Benchmark 1: Morningstar Mod Tgt Risk TR USD
Benchmark 2: Morningstar Mod Tgt Risk TR USD

Morningstar Analyst Rating 03-31-15

Bronze

Morningstar Pillars

- Process ➔ Positive
- Performance ⊖ Neutral
- People ➔ Positive
- Parent ➔ Positive
- Price ⊖ Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

➔ Positive ⊖ Negative ⊖ Neutral

Performance 03-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	4.02	-0.34	3.62	1.62	9.16
2013	2.94	-0.23	0.92	2.34	6.07
2014	1.34	2.11	-0.43	0.28	3.33
2015	1.96	-0.38	-2.73	0.26	-0.95
2016	0.45	—	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	0.45	-1.70	-1.70	31	10,045
6 Mo	0.71	-3.83	-3.83	35	10,071
1 Yr	-2.42	-1.38	-1.37	24	9,758
3 Yr Avg	1.94	-2.65	-2.65	25	10,593
5 Yr Avg	—	—	—	—	—
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	0.70	24	1.22	72
5 Yr (estimated)	—	—	—	—
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -3% of assets

Morningstar's Take by Jason Kephart 03-31-15

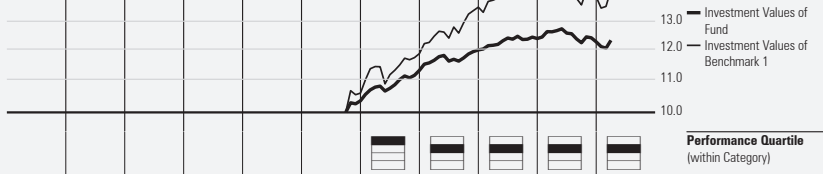
Litman Gregory Masters Alternative Strategies' strong cast of subadvisors has helped it stand out in the multialternative Morningstar Category and earn a Morningstar Analyst Rating of Bronze.

This fund of alternative strategies is built to be a replacement for a roughly equal mix of stocks and bonds in a traditional portfolio but with a low correlation to long-only asset classes. As such, it aims to deliver performance similar to a 40/60 benchmark of stocks and bonds over a full market cycle by allocating about half the portfolio to alternative strategies with bondlike exposure and half to more equity-sensitive strategies.

Portfolio manager Jeremy DeGroot and the manager research team at Litman Gregory look for subadvisors that are comfortable running high-conviction strategies and can pass their due-diligence process, which includes multiple on-site visits, interviews, and a test portfolio. Finally, each subadvisor's strategy must have a low correlation to the existing strategies in the fund. On the bond side, that's led to equal 25% allocations to a global unconstrained-bond strategy run by Loomis Sayles and an opportunistic mortgage-backed security strategy run

Historical Profile

Return Above Avg
Risk Below Avg
Rating ★★★★★
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	03-16	History
NAV	—	—	—	—	—	10.32	11.02	11.43	11.45	11.01	10.96	NAV
Total Return %	—	—	—	—	—	—	9.16	6.07	3.33	-0.95	0.45	Total Return %
+/- Bmark 1	—	—	—	—	—	—	-2.89	-8.24	-1.56	0.84	-1.70	+/- Bmark 1
+/- Bmark 2	—	—	—	—	—	—	-2.89	-8.24	-1.56	0.84	-1.70	+/- Bmark 2
Income Return %	—	—	—	—	—	—	2.28	2.33	2.46	2.67	0.90	Income Return %
Capital Return %	—	—	—	—	—	—	6.88	3.74	0.86	-3.62	-0.45	Capital Return %
Total Rtn % Rank Cat	—	—	—	—	—	—	19	33	35	27	31	Total Rtn % Rank Cat
Income \$	—	—	—	—	—	0.02	0.23	0.25	0.28	0.30	0.10	Income \$
Capital Gains \$	—	—	—	—	—	0.00	0.01	0.00	0.08	0.03	0.00	Capital Gains \$
Expense Ratio %	—	—	—	—	—	—	2.16	2.07	2.12	2.18	—	Expense Ratio %
Income Ratio %	—	—	—	—	—	1.41	2.98	2.27	2.07	2.44	—	Income Ratio %
Turnover Rate %	—	—	—	—	—	34	161	179	157	146	—	Turnover Rate %
Net Assets \$mil	—	—	—	—	—	17	59	108	166	191	174	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-2.42	—	—	—
3 Yr	1.94	+ Avg	- Avg	★★★★
5 Yr	—	—	—	—
10 Yr	—	—	—	—
Incept	4.72	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	0.0	1.0
Beta	0.41	0.50
R-Squared	81	82
Standard Deviation	3.27	—
Mean	1.94	—
Sharpe Ratio	0.58	—

Portfolio Analysis 12-31-15

Stock	Sector	YTD Ret %	% Assets
PartnerRe Ltd	Finan Svcs	—	2.43
Precision Castparts Corp	Industrl	—	2.21
Microsoft Corp	Technology	0.20	1.38
Chubb Corp	Finan Svcs	—	1.14
Health Net Inc	Hlth Care	—	1.04
Oracle Corp	Technology	12.40	0.86
S + p500 Ermini Fut Mar16 Xc	—	—	0.84
BioMed Realty Trust Inc	Real Est	—	0.82
General Electric Co	Industrl	2.79	0.75
Alphabet Inc Class A	Technology	-1.94	0.70
Aon PLC	Finan Svcs	13.60	0.70
TNT Express NV	Industrl	—	0.68
Time Warner Cable Inc	Comm Svcs	10.66	0.66
Solera Holdings Inc	Technology	—	0.65
Broadcom Corp	Technology	—	0.64
Cameron International Cor	Energy	6.09	0.64
iShares iBoxx \$ High Yiel	—	2.41	0.64
Centene Corp	Hlth Care	-9.83	0.62
Chubb Corp	Finan Svcs	—	0.60

Current Investment Style

Value Blend Growth	Market Cap %
Giant	29.3
Large	33.8
Mid	26.3
Small	7.9
Micro	2.6
Avg \$mil:	26,075

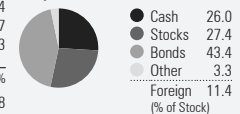
Sector Weightings

% of Stocks	Rel Bmark 1
Cyclical	35.77 0.92
BasicMat	2.97 0.60
CnsmrCyc	9.61 0.80
FinanSvcs	20.00 1.22
Real Est	3.19 0.60
Sensitive	48.87 1.34
CommSvcs	3.87 0.97
Energy	4.33 0.69
Industrl	16.97 1.38
Technlgy	23.70 1.71
Defensive	15.35 0.62
CnsmrDef	7.17 0.74
Hlthcare	5.87 0.55
Utilities	2.31 0.52

Value Measures

Value Measure	Rel Category
Price/Earnings	19.29 1.14
Price/Book	1.80 0.94
Price/Sales	1.39 1.03
Price/Cash Flow	9.57 1.21
Dividend Yield %	1.76 0.64
Growth Measures	% Rel Category
Long-Term Emrgs	10.57 1.06
Book Value	6.94 2.40
Sales	3.68 -1.44
Cash Flow	2.81 10.17
Historical Emrgs	8.04 6.13

Composition - Net



Profitability

Metric	%
Return on Equity	11.28
Return on Assets	4.87
Net Margin	9.92

Address:	Masters Select Funds Trust Glendora CA 91741 800-960-0188	Minimum Purchase:	\$1000	Add: \$100	IRA: \$500
Web Address:	www.mastersfunds.com	Min Auto Inv Plan:	\$2500	Add: \$250	
Inception:	09-30-11	Sales Fees:	No-load		
Advisor:	Litman Gregory Fund Advisors LLC	Management Fee:	1.40% mx./1.20% mn.		
Subadvisor:	Loomis Sayles & Company LP	Actual Fees:	Mgt: 1.40% Dist: 0.25%		
		Expense Projections:	3Yr: \$651 5Yr: \$1127 10Yr: \$2441		
		Income Distribution:	Quarterly		

Data through March 31, 2016 FINRA members: For internal or institutional use only.

Sequoia

Ticker SEQUX **Yield** 0.0% **Total Assets** \$5,470 mil **Mstar Category** Large Growth

Benchmark 1: Russell 1000 Growth TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 03-24-16

Bronze

Morningstar Pillars

- Process + Positive
- Performance o Neutral
- People + Positive
- Parent + Positive
- Price o Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Bronze** Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 03-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	10.76	-4.95	6.48	3.20	15.68
2013	10.77	3.50	7.60	9.09	34.58
2014	1.78	-0.86	-0.65	7.28	7.55
2015	7.67	1.98	-7.12	-9.09	-7.29
2016	-11.29	—	—	—	—

Trailing

	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-11.30	-12.04	-12.64	99	8,871
6 Mo	-19.36	-27.47	-27.84	100	8,064
1 Yr	-23.62	-26.14	-25.41	100	7,638
3 Yr Avg	2.43	-11.18	-9.39	99	10,746
5 Yr Avg	7.13	-5.25	-4.45	91	14,111
10 Yr Avg	6.02	-2.26	-0.99	69	17,941
15 Yr Avg	6.92	0.89	0.03	11	27,287

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	1.74	98	0.67	16
5 Yr (estimated)	6.68	74	0.42	13
10 Yr (estimated)	5.24	62	0.73	39

Potential Capital Gain Exposure: 55% of assets

Morningstar's Take by Kevin McDevitt, CFA 03-24-16

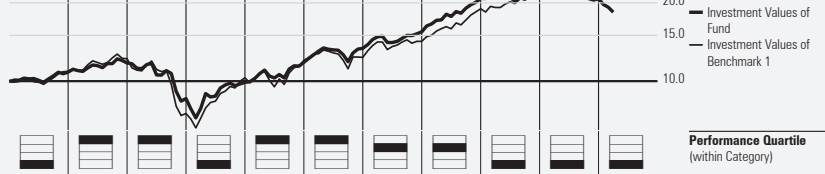
Sequoia's Morningstar Analyst Rating has been changed to Bronze following manager Bob Goldfarb's resignation and given revisions to the fund's process. Manager David Poppe and his team remain, however, and have the experience and skill to get the fund back on track.

Goldfarb stepped down as comanager of this fund on March 23, 2016, following the imposition of the Valeant Pharmaceuticals VRX stake. This was a mutual decision, but the fund's board and others at the firm felt that decision-making had become too centralized and others on the team needed to have more input. Although this isn't how the firm envisioned this transition, it has been preparing for it for years, having added six analysts to the 12-person team during the past decade.

Going forward, the team plans to introduce new risk controls to avoid future blowups. Poppe will establish an investment committee with himself and three senior analysts. The plan is to make the process more collaborative, as well as to introduce checks and balances. For example, the other three members of the investment committee could override Poppe on a buy/sell decision.

Historical Profile

Return Below Avg
Risk Below Avg
Rating ★★ Below Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	03-16	History
NAV	152.75	139.12	95.27	109.90	129.29	145.50	168.31	222.92	235.00	207.26	183.85	NAV
Total Return %	8.34	8.40	-27.03	15.38	19.50	13.19	15.68	34.58	7.55	-7.29	-11.30	Total Return %
+/- Bmark 1	-0.73	-3.41	11.41	-21.83	2.78	10.55	0.42	1.09	-5.50	-12.96	-12.04	+/- Bmark 1
+/- Bmark 2	-7.45	2.91	9.97	-11.08	4.43	11.08	-0.33	2.19	-6.14	-8.68	-12.64	+/- Bmark 2
Income Return %	0.00	0.31	0.31	0.02	0.29	0.00	0.00	0.00	0.00	0.00	0.00	Income Return %
Capital Return %	8.34	8.10	-27.33	15.36	19.21	13.19	15.68	34.58	7.55	-7.29	-11.30	Capital Return %
Total Rtn % Rank Cat	97	25	3	97	7	1	42	42	78	98	99	Total Rtn % Rank Cat
Income \$	0.00	0.45	0.42	0.02	0.31	0.00	0.00	0.00	0.00	0.00	0.00	Income \$
Capital Gains \$	15.60	27.12	6.72	0.00	1.65	0.82	0.00	3.40	4.54	10.51	0.00	Capital Gains \$
Expense Ratio %	1.00	1.00	1.00	1.05	1.04	1.03	1.03	1.02	1.03	1.03	—	Expense Ratio %
Income Ratio %	-0.50	0.30	0.30	0.01	0.00	-0.34	-0.26	-0.37	-0.26	-0.42	—	Income Ratio %
Turnover Rate %	14	13	12	15	23	3	5	2	8	10	—	Turnover Rate %
Net Assets \$mil	3,600	3,513	2,486	2,868	3,511	4,895	5,828	8,037	8,070	6,744	5,470	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-23.62			
3 Yr	2.43	Low	+Avg	★
5 Yr	7.13	-Avg	-Avg	★★
10 Yr	6.02	Avg	Low	★★★
Incept	13.61			

Other Measures

	Standard Index	Best Fit Index
Alpha	-2.1	-5.6
Beta	0.45	0.56
R-Squared	14	30
Standard Deviation	13.46	
Mean	2.43	
Sharpe Ratio	0.24	

Portfolio Analysis 12-31-15

Total Stocks: 39
Share change since 09-30-15: +

Company	Sector	YTD Ret %	% Assets
Valeant Pharmaceuticals I	Hlth Care	—	19.31
Berkshire Hathaway Inc A	Finan Svcs	7.91	8.33
TJX Companies Inc	Cnsmr Cyc	10.79	6.92
O'Reilly Automotive Inc	Cnsmr Cyc	7.99	6.20
Fastenal Co	Industrl	20.77	5.28
Berkshire Hathaway Inc B	Finan Svcs	7.45	4.92
MasterCard Inc A	Finan Svcs	-2.74	4.30
Precision Castparts Corp	Industrl	—	4.13
IDEXX Laboratories Inc	Hlth Care	7.41	3.40
Mohawk Industries Inc	Cnsmr Cyc	0.80	3.21
Constellation Software Inc	Technology	—	2.61
Rolls-Royce Holdings PLC	Industrl	—	2.35
Sirona Dental Systems Inc	Hlth Care	—	2.03
Alphabet Inc A	Technology	-1.94	1.86
Alphabet Inc C	Technology	—	1.82
Waters Corp	Hlth Care	-1.98	1.67
Jacobs Engineering Group	Industrl	3.81	1.38
Miscellaneous Securities	—	—	1.29
Danaher Corp	Industrl	2.30	1.05
Omnicom Group Inc	Cnsmr Cyc	10.67	1.04

Current Investment Style

Value Blend Growth	Market Cap %
Large	45.6
Mid	29.2
Small	23.6
Micro	1.6
Avg \$mil:	0.0
	35,531

Value Measures

Value Measure	Rel Category
Price/Earnings	19.88 0.95
Price/Book	3.28 0.92
Price/Sales	2.06 0.91
Price/Cash Flow	13.35 1.06
Dividend Yield %	0.75 0.57

Growth Measures

Growth Measure	% Rel Category
Long-Term Emrgs	12.00 0.96
Book Value	11.04 1.24
Sales	11.22 1.39
Cash Flow	20.55 1.62
Historical Emrgs	10.83 0.87

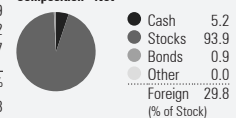
Profitability

Profitability Measure	%
Return on Equity	24.68
Return on Assets	8.92
Net Margin	11.36

Sector Weightings

Sector	% of Stocks	Rel Bmark 1
Cyclical	44.01	1.49
BasicMat	2.22	0.71
CnsmrCyc	21.76	1.14
FinanSvcs	20.03	3.90
Real Est	0.00	0.00
Sensitive	25.00	0.58
CommSvcs	0.00	0.00
Energy	0.06	0.12
Industrl	16.68	1.31
Techngly	8.26	0.34
Defensive	30.99	1.12
CnsmrDef	0.98	0.09
Hlthcare	30.01	1.84
Utilities	0.00	0.00

Composition - Net



Address: Sequoia Fund Inc
New York, NY 10153-4798
800-686-6884
www.sequoiainvest.com

Web Address: www.sequoiainvest.com

Inception: 07-15-70

Advisor: —

Subadvisor: None

Minimum Purchase: \$5000
Add: —
IRA: \$2500

Min Auto Inv Plan: \$5000
Add: —

Sales Fees: No-load

Management Fee: 1.00%

Actual Fees: Mgt:1.00% Dist:—

Expense Projections: 3Yr:\$328 5Yr:\$569 10Yr:\$1259

Income Distribution: Annually

The Wild World of Emerging Markets

Morningstar Research | Bill Rocco and Gregg Wolper

Twenty years ago, only about two dozen mutual funds focused on emerging-markets stocks. (There were no emerging-markets exchange-traded funds.) Almost exclusively, they targeted prominent firms located in emerging markets. Now, investors can choose from more than 300 mutual funds and ETFs—and they're an increasingly diverse lot. Beyond the traditional variety, four other types are available as well:

- Geographically flexible funds, which invest significant chunks of their assets in companies that have extensive business in emerging markets but are headquartered in the United States, Europe, or other developed markets.
- Small/mid-cap funds, which focus on companies beyond the big, widely owned names.
- Multiasset funds, which divide their assets between emerging-markets stocks and emerging-markets bonds (and in some cases currencies and more).
- Frontier-markets funds, which target countries that rank below emerging markets in terms of stock market access and other factors.

Geographically Flexible Funds

Approximately two dozen funds now take a geographically flexible approach to emerging-markets investing. These funds are far from identical. **American Funds New World** NEWFX invests half its stock portfolio outside of emerging markets and also owns some bonds. Very few of the others invest that much in developed markets, and most don't own bonds. Still, a good number of geographically flexible diversified emerging-markets funds regularly invest 15% or more of their stock portfolios in developed-markets companies with ample business in emerging markets. Many such funds do not intentionally go out of their way to ensure their portfolios consistently have a certain

amount of developed-markets stocks. Rather, the managers include a few developed-markets companies in their portfolios because they meet their investment criteria, and the emerging-markets component of these firms' business is sizable.

These funds have different percentages of assets in developed markets, and their styles and strategies distinguish them in other ways, too. In other words, having some assets in developed-markets-based companies isn't a complete strategy, just an aspect of a fund's approach.

Beyond the Big Names

For decades, investors who wanted to focus on small or midsize companies in the U.S. have had plenty of fund options from which to choose. Fund companies took their time venturing into the emerging-markets arena, however. Nearly all of the more than two dozen emerging-markets funds that focus on small- and mid-cap stocks arrived on the scene after 2005. (We define this subgroup as normally having average market capitalizations of \$3 billion or below.) Some have most of their portfolios in micro-, small-, and mid-cap stocks, while others are quite willing to include many large companies in their mix.

Besides the size distinctions, the funds also take different strategic approaches. Not surprisingly, small/mid-cap emerging-markets funds not only perform much differently from conventional diversified emerging-markets funds and indexes but also from each other. In general, they typically notch even greater gains than large-cap emerging-markets stocks during rallies, and they often fall further during downturns. Unlike geographically flexible funds, therefore, these funds do not hold out the prospect of damping volatility in a notoriously volatile area—just the opposite.

Taking the Multiasset Approach

Another variety of emerging-markets fund that has appeared in recent years is the balanced or multiasset portfolio. Instead of investing all or nearly all of their assets in stocks, these funds also allocate assets to emerging-markets bonds, and some add an extra twist by making currency plays or other investments.

The aim is similar to that of the geographically flexible funds: to give investors access to the potentially greater gains available from emerging markets while reducing the volatility inherent in an all-stock approach.

The theory had numbers behind it. In the years just before many of these funds came out—five of the current crop of 12 launched in 2011, with the rest in the years since—the short-term losses of emerging-markets bonds had regularly been much more moderate than those of emerging-markets stocks. Conversely, when emerging-markets stocks roared ahead, the bond gains had been more modest.

Given how young these funds are and the tough environment they've had to deal with, it's too soon to provide a definitive evaluation of their performance. Broadly speaking, though, the inclusion of bonds does seem to have moderated the performance swings of the funds.

Venturing Outside the Boundary

Yet another type of nontraditional option reaches beyond the commonly defined emerging-markets universe. In MSCI's view, frontier markets are a separate group of countries that rank even lower than emerging markets in terms of stock market size, liquidity, and openness to foreign shareholders, among other factors. There are now 15 frontier-markets funds, including mutual funds and ETFs (not including portfolios that focus on a single frontier market or region). Some restrict themselves to those countries defined as frontier markets by an index provider. Others also invest in some smaller countries that are classified as emerging markets rather than frontier.

The frontier-markets funds do not have long records; the oldest ones launched in 2008. They tended to perform well in 2013 and 2014, but they endured heavy losses during the late-2007 to early-2009 global financial crisis and badly lagged conventional emerging-markets funds and indexes in the powerful rally that followed the end of the bear market. Like offerings in the other subgroups discussed in this

article, though, they can differ greatly in composition and performance from one another.

The key marketing pitch for frontier- and frontier/emerging-markets funds is that these markets are largely ignored by global investors. That means promising companies can supposedly be bought at bargain prices, and the obscurity of frontier markets means that their performance has even less correlation with developed markets than emerging markets do. However, those attributes don't necessarily make the funds attractive choices. For one thing, these funds tend to be expensive. Second, few have long enough track records to inspire confidence in their management teams and approaches. Moreover, there's no guarantee that markets at an early stage of economic development will continue to grow and prosper. Even if they do, there's no assurance that such improvement will translate into robust stock market gains.

Should investors consider adding a fund from any of these subgroups to their portfolios? It's tough to make a case for the multiasset or frontier-markets funds. Nearly all of the funds in these subgroups lack long track records, and high expense ratios further detract from their appeal. Many in the small/mid-cap subgroup also suffer from these issues, but there are a few reasonably priced funds run by seasoned teams that might be worthy of consideration.

A more persuasive case can be made to explore the geographically flexible subgroup. Three of these funds are in the Morningstar 500: American Funds New World, **Oppenheimer Developing Markets** ODMAX, and **Virtus Emerging Markets Opportunities** HEMZX. Unlike funds from the other subgroups, a geographically flexible emerging-markets fund could serve as an investor's only emerging-markets choice rather than as a supplement to a traditional offering. That said, investors who like to make precise allocations to various asset classes probably wouldn't find these funds suitable, because they wouldn't know from one portfolio to the next how much of the assets will be directly invested in emerging markets. ■■

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You Index, Me Active

The Contrarian | John Rekenthaler

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

Richard Thaler, the 2015 president of the American Economic Association, says that retail investors are best off owning index funds. Warren Buffett gives similar advice, as does David Swensen, Yale's chief investment officer. Harvard professor Andre Perold serves as a director for the bastion of indexing, Vanguard. Yet, while advocating indexing, all four are unquestionably active investment managers. Thaler is a principal of Fuller & Thaler Asset Management, which runs institutional monies in addition to subadvising on a mutual fund. Buffett, of course, runs **Berkshire Hathaway's** BRK.B stock portfolio. For their part, Swensen and Perold both allocate their assets actively (Swensen for Yale's endowment fund, Perold for his advisory firm's clients), frequently by using actively managed funds.

Then there's Roger Ibbotson, Yale finance professor and founder of the company (since purchased by Morningstar) that popularized the use of long-term financial markets data. He runs a hedge fund. Or Nobel laureate Myron Scholes, who co-founded the hedge fund Long-Term Capital Management. Or Josef Lakonishok, chief executive officer of LSV Asset Management and Illinois finance professor. Or Andrew Lo, at MIT and AlphaSimplex Group.

You get the idea—academic literature, MBA classes, and the media encourage investors to index. Meanwhile, many of the most informed, influential researchers, the very people who have been most associated with the boom in indexing, run actively managed portfolios. What gives?

Temptations, Temptations

For one, there are egos. Although none of these experts will admit it, they each believe that they are smarter than the rest of the market's schmoes (and the schmo who wrote this column, and you schmoes who are reading it). Their confidence is

understandable. They are very bright. They have had tremendous professional success. And, for many of them, their belief in their own abilities has been vindicated by the investment results.

In the cases of Buffett and Swensen, the motivation is obvious. They are paid to allocate capital. If they can do so better through active management than by indexing—which has indeed been the case—then that is how they will do their jobs. For the others, investment management is a night job—a highly lucrative night job that pays better than a day job.

Almost Efficient

In addition to the twin temptations of ego and lucre, the financial experts have some genuine beliefs to support their efforts. Even avid advocates of market efficiency, and thus of indexing, lack complete faith. Yes, the financial markets are typically ruthlessly efficient at absorbing investors' aggregate knowledge and incorporating those insights into stock prices, but they have all seen strange things occur. Take momentum—the notion that stocks that have relatively outperformed during the past few months are likely to do so over the next few months. That seems to have been the case. Why so remains unanswered. So, too, are the reasons for the 1987 market crash—no news during the weekend before Monday, Oct. 19 that could possibly account for that day's 22% decline—or some of the stock quotes during the technology mania of the late '90s (including child companies that were owned by a parent and being valued at more than the parent, even as the rest of the parent was profitable and held more cash than debt). Head scratchers don't often occur; most of the time, when a stock's price strikes an observer as being obviously wrong, it is the observer who needs fixing, not the stock. But they do happen often enough to give pause to any notions of full market efficiency.

In short, it makes sense for financial experts to recommend indexing to outsiders, and it makes sense—psychologically, financially, and intellectually—for them to behave otherwise. The conflict exists, but so do the reasons behind it. ■■■

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Anything but a Smooth Ride

Red Flags | Leo Acheson

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

Trailing returns serve as a useful tool to compare a fund's performance with its benchmark or peer group. However, the measure often disguises how volatile a fund has been during a longer time frame. That's especially true when a fund has recently turned in very strong or poor performance, which can bias its trailing returns.

On March 9, 2016, the U.S. equity bull market celebrated its seven-year anniversary. Many funds that struggled during the credit crisis have excelled during the rally and now boast excellent trailing returns relative to Morningstar Category peers. Investors should keep in mind that these funds' trailing returns don't tell the whole story.

We've gathered funds from the Morningstar 500 that had bottom-quintile showings during the credit crisis yet boast top-quartile returns over the trailing three-, five-, and 10-year periods through March 2016. All of the funds receive Morningstar Risk ratings of High or Above Average.

Morgan Stanley Institutional Growth MSEGX sports an impressive record, though investors have endured a few stomach-churning periods of performance during the last decade. Most notably, the fund lost 45.7% annualized and placed in its category's worst decile during the downturn from October 2007 through March 2009. Given lead manager Dennis Lynch's relatively concentrated, low-turnover, and sector-agnostic approach, investors should expect high volatility. Still, the fund remains an excellent pick for those willing to ride out the short-term bumps. The team won Morningstar's Domestic-Stock Fund Manager of the Year award in 2013, and the fund receives a Morningstar Analyst Rating of Gold.

Investors in **AMG Managers Skyline Special Equities** SKSEX have also withstood heightened volatility.

The fund lost more than half its value during the financial crisis, and it fell more than most small-blend peers in 2015, with a 6.1% loss during the year. Nonetheless, thanks largely to outstanding results as the markets soared in 2009 and 2013, the fund's trailing returns show no period of weakness relative to category peers. Morningstar manager research analysts assign the fund a Bronze rating, indicating their belief that it will outpace the majority of competitors over a full market cycle, though investors should prepare for lumpy returns.

The team running **Western Asset Core Bond** WATFX and **Western Asset Core Plus Bond** WACPX, which both have delivered strong long-term gains and receive Silver ratings, tends to take more credit risk than most rivals. As a result, both funds typically amplify the intermediate-term bond category's movements. Both strategies lost roughly 10% as investors shunned credit risk in 2008, while the typical peer retreated 4.7%. During the next two years, the funds led more than 90% of peers with double-digit gains as lower-quality bonds rebounded. The team has recently improved its risk-management procedures, which seems to have helped; both funds turned in peer-beating results during 2011's turbulent market. Still, given their higher credit orientation, these strategies aren't for the faint of heart.

Fidelity Capital & Income FAGIX is one of the most aggressive options in the high-yield bond category. Lead manager Mark Notkin often builds sizable allocations to junk-rated bonds, and he'll even shift assets into equities when high-yield valuations look frothy. Generally aggressive positioning throughout the stock market rally has boosted results and led to excellent trailing returns. However, the past 10 years have been a rocky ride. Even with Notkin's move to raise cash ahead of the credit crisis, the fund lost 32% in 2008; it also lost a near category-worst 11% in the rocky third quarter of 2011. With about 20% of assets in equities as of 2015's end, the fund is vulnerable to a sell-off in the stock markets. That said, for investors with a high risk tolerance, it remains an appealing long-term choice, as indicated by its Analyst Rating of Silver. ■■■

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S&P 500 Recoups Losses to Move Into the Black for 2016

Market Overview | Andrew Daniels

U.S. stocks rebounded sharply in March. The S&P 500 rose 6.8%, and it is now in the black for 2016, and the Russell 2000 Index rose 8.0% but remains 1.5% in the red for the year. Stocks rallied as U.S. economic data continued to show signs of strength and oil prices rebounded. Additionally, the Federal Reserve signaled it would take a cautious approach when increasing interest rates in the future.

Overseas markets also rebounded in March. European stocks rose 6.5% amid the European Central Bank's announcement that it would expand its stimulus program by cutting interest rates and increasing the monthly government bond purchases to EUR 80 billion, up from EUR 60 billion previously. Emerging markets stocks climbed across the board. Brazilian and Greek stocks rose 31% and 24%, respectively, while Chinese stocks rose 12%. **DFA Emerging Markets Value** DFEVX climbed 14.7%.

Brent crude prices ended March at \$38.34, up approximately 8% from its price at the end of February, and up 24% from its January low. As a result, the energy sector was the top-performing sector during the month, rising 10%, led by oil and gas giants **Chevron** CVX, **Phillips 66** PSX, and **ConocoPhillips** COP. Neutral-rated **Vanguard Energy** VGENX rose 12.3%.

The technology sector also posted strong results, as **Apple** AAPL and **Cisco** CSCO each rose more than 8%. Although the healthcare sector posted a 3.3% gain in March, it was still the worst-performing sector. **Valeant Pharmaceuticals** VRX fell more than 60% as it lowered earnings forecasts and implied it could potentially default on its debt. In addition, biotech firm **Alexion Pharmaceuticals** ALXN, Botox producer **Allergan** AGN, and medical-device maker **Medtronic** MDT all posted negative results. ■■■

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Benchmark Performance

Total Return % Through 03-31-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	6.2	-2.5	11.1	9.9	6.6
Large Blend	6.4	0.3	9.6	9.6	6.0
Large Value	6.9	1.3	8.2	8.8	5.2
Mid-Cap Growth	7.3	-1.8	8.4	7.6	6.0
Mid-Cap Blend	7.3	1.3	7.8	7.7	5.9
Mid-Cap Value	8.5	2.4	7.9	8.1	6.1
Small Growth	7.1	-4.3	6.3	6.5	5.4
Small Blend	7.7	0.6	6.4	6.7	5.2
Small Value	8.2	2.2	6.1	6.6	5.1
Aggressive Allocation	6.0	0.6	5.6	5.8	4.2
Conservative Allocation	3.6	1.7	2.6	4.0	4.1
Moderate Allocation	4.7	0.9	5.2	5.9	5.0
Communications	6.0	5.5	8.4	7.1	4.0
Financial	7.0	-5.1	6.3	6.7	1.1
Global Real Estate	9.2	3.9	4.0	6.4	2.9
Health	3.2	-13.5	15.0	16.2	10.0
Natural Resources	10.1	5.3	-8.1	-7.2	-0.8
Equity Precious Metals	6.6	40.7	-15.7	-18.1	-3.0
Real Estate	9.7	4.7	9.4	10.8	5.7
Technology	7.5	-2.3	13.7	8.9	7.3
Utilities	8.2	11.4	7.5	9.2	7.2
S&P 500	6.8	1.4	11.8	11.5	6.9
S&P MidCap 400	8.5	3.8	9.5	9.5	7.8
Russell 2000	8.0	-1.5	6.9	7.2	5.3
Diversified Pacific/Asia	8.6	-0.8	2.5	3.3	2.8
Diversified Emerging Mkts	11.0	3.9	-4.5	-3.8	2.4
Europe Stock	6.0	-2.5	3.8	3.3	2.9
Foreign Large Blend	6.9	-2.0	1.7	1.6	1.6
Foreign Large Growth	6.7	-2.0	2.8	2.9	2.8
Foreign Large Value	7.1	-1.6	1.3	1.0	0.7
Foreign Small/Mid Growth	7.2	-1.5	5.7	5.5	4.4
Foreign Small/Mid Value	8.1	-0.1	4.0	2.8	2.8
World Stock	6.8	0.1	5.7	5.5	4.1
MSCI World	6.8	-0.3	6.8	6.5	4.3
MSCI Emerging Markets	13.0	6.4	-5.1	-4.8	2.3
MSCI EAFE	6.6	-2.7	1.9	2.1	1.6
MSCI Europe	6.3	-2.5	2.7	2.1	2.1
MSCI Latin America	20.2	18.5	-17.2	-14.1	-1.3
MSCI Pacific	7.1	-3.8	1.3	2.8	1.3
High Yield Bond	3.5	2.1	1.1	3.8	5.5
Inflation-Protected Bond	2.1	3.6	-1.6	1.9	3.6
Intermediate-Term Bond	1.3	2.5	1.9	3.5	4.5
Muni National Long	0.5	1.6	3.3	6.0	4.3
World Bond	3.1	4.2	0.1	1.8	4.3
BarCap US Agg Bond TR USD	0.9	3.0	2.4	3.8	4.7
BofAML US HY Master II TR	4.4	3.2	1.8	4.7	6.8
BarCap Municipal TR USD	0.3	1.7	3.6	5.6	4.9

Mairs & Power Growth Has a Hot Start to 2016

Leaders & Laggards | Andrew Daniels

Ten Best-Performing Funds

Fund Name	YTD Cat Rank %
ASTON/River Road Select V	1
Artisan Value Investor	1
First Eagle Overseas A	1
Jensen Quality Growth J	1
Mairs & Power Balanced In	1
Mairs & Power Growth Inv	1
Manning & Napier World Op	1
PIMCO Inflation Response	1
Permanent Portfolio Perma	1
Royce Special Equity Mult	1

Ten Worst-Performing Funds

Fund Name	YTD Cat Rank %
Artisan International Sma	100
CGM Focus	100
Fairholme	100
Matthews China Investor	100
T. Rowe Price Media & Tel	100
Vanguard Precious Metals	100
Oakmark Global I	99
Oakmark Select I	99
Sequoia	99
Davis NY Venture A	98

Leaders

Mairs & Power Growth MPGFX has continued to post impressive returns in 2016, outpacing 99% of its large-blend peers. Comanagers Mark Henneman and Andrew Adams buy and hold financially sound firms that deliver consistent above-average returns on equity. The fund has a large overweighting to industrials stocks, which have done well this year. Big contributors to performance include capital goods firms **Graco** GGG, **Toro** TTC, and **Emerson Electric** EMR—all are up more than 14% this year. Additionally, the fund has a large position in paint-producer **Valspar** VAL, which recently announced it would be acquired by competitor **Sherwin-Williams** SHW.

Silver-rated **FMI International** FMIJX has posted exceptional results since its inception in December 2010 and has shown no signs of slowing down in 2016, outperforming 93% of its foreign large-blend peers for the year to date. The fund has approximately 20% of assets in cash, helping it hold up well as global stocks declined. Several of the fund's top industrials-sector positions such as **Rolls-Royce Holdings** RR and **Smiths Group** SMIN have posted solid returns. The fund has also had an underweighting in hard-hit financials, and those it does own—such as **Fairfax Financial** FFH and **Admiral Group** ADR—have done well.

Silver-rated **Vanguard Long-Term Investment-Grade's** VWESX focus on higher-quality debt makes it especially sensitive to interest-rate shifts. That, along with its above-average duration, means this fund tends to post strong returns when yields decline, as has been the case this year (reflecting investors' desire for less risk). In fact, it has outperformed 95% of its corporate-bond peers for the year to date.

Laggards

Bronze-rated **Fidelity OTC** FOCPX has lagged 98% of its large-growth peers in 2016 because it tracks a benchmark that is heavy in technology and healthcare. Manager Gavin Baker invest most of the fund's assets in Nasdaq-listed or over-the-counter stocks—more than 70% of assets are invested in the technology and healthcare sectors. Although the fund holds some stocks that have done well this year such as **Groupon** GRPN and **Facebook** FB, those bets were overshadowed by several stocks that were hit hard. Solar-energy firm **SolarCity** SCTY and biotech firms **Alexion Pharmaceuticals** ALXN, **Regeneron Pharmaceuticals** REGN, and **Biomarin Pharmaceuticals** BMRN have all declined more than 20% this year.

Gold-rated **Artisan International Small Cap** ARTJX has struggled in 2016, trailing 99% of its foreign small/mid-growth peers. The fund reduced its Chinese-stock allocation as the Chinese stock market fell sharply throughout 2015, and it increased its exposure to Spanish and Italian stocks. So far, that bet hasn't worked out, as new large holdings such as **Cellnex Telecom** CLNX, **Melia Hotels** MEL, and **EI Towers** are each down more than 10% this year. Additionally, the fund's two largest holdings, German payment-technology firm **Wirecard** WDI and Taiwanese contact-lens producer **Ginko International**, have both fallen by approximately 25%.

Gold-rated **Templeton Global Bond** TPINX has lagged 97% of its world-bond peers in 2016. Comanagers Michael Hasenstab and Sonal Desai follow a contrarian approach, showing a willingness to buy what the rest of the market shuns. The fund has a bullish bet on the dollar, which has hurt this year. The managers have also avoided low-yielding sovereign bonds of many developing countries instead focusing on emerging-markets debt, which had dragged on performance. ■■■
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Fund Manager Changes

American Century Growth TWCGX Impact: Neutral Date: 01/31/2016

Comanager Prescott LeGard was replaced by Justin Brown. Brown joined Greg Woodhams, who has been a manager on the fund since 1997. Brown has been a comanager on American Century Fundamental Equity AFDAX since June 2008. The large-blend fund has lagged its benchmark modestly from his start date through January 2016. **Our Take:** This fund has lagged modestly just like American Century Fundamental Equity, so the change doesn't appear to be a big upgrade or downgrade.

Janus High-Yield JAHYX and Janus Flexible Bond JAFIX Impact: Negative Date: 03/31/2016

Gibson Smith is leaving Janus. Comanager Darrell Waters will take over as lead manager. **Our Take:** We have downgraded the funds to **Neutral** as this is a big blow to two formerly appealing funds. Smith built up Janus' bond effort over the past 12 years and was vital to the team.

Sequoia SEQUX Impact: Negative Date: 03/23/2016

Bob Goldfarb stepped down as comanager in the wake of the implosion of top holding Valeant Pharmaceuticals VRX. Sequoia explained that decision-making was too centralized and didn't give enough room for analyst input. **Our Take:** Goldfarb achieved a lot for investors even though he may be best remembered for the Valeant mess. Moreover, the latest bad news on Valeant makes it clear that Sequoia's thesis was wrong—up until this point we didn't know if Valeant's problems were small or large. We have lowered our rating to **Bronze** from Gold.

T. Rowe Price Health Sciences PRHSX Impact: Negative Date: 07/01/2016

Manager Taymour Tamaddon is moving to run T. Rowe Price Institutional Large Cap Growth TRLGX. Ziad Bakri will take his place on July 1, 2016. Bakri has been a healthcare analyst with the firm since 2011. He is an M.D. and had previously worked as a biotech analyst for Cowen and Co. **Our Take:** This is a challenge for T. Rowe because it follows the loss of a manager and two healthcare analysts in 2014. The firm says it plans to hire additional analysts. This is Bakri's first time serving as a portfolio manager.

T. Rowe Price New America Growth PRWAX Impact: Negative Date: 04/01/2016

Dan Martino will be stepping down as portfolio manager in order to join T. Rowe's value team. Justin White will take over T. Rowe Price New America Growth. White has been an analyst at T. Rowe Price since 2008, covering cable and satellite television, Internet infrastructure, and telecom. **Our Take:** It's a surprising move, as Martino had been managing the fund only since May 2013. You don't often see managers go from the growth side to the value side. We have lowered our rating to **Neutral**.

Vanguard Strategic Equity VSEQX Impact: Neutral Date: 01/28/2016

James Troyer has stepped down as manager. Binbin Guo was promoted to comanager, and he will run the fund along with Michael Roach and James Stetler, who were named comanagers in 2012. Troyer will remain on the team, however. This is Guo's first time as a named manager, but he has been with Vanguard since 2007 and has headed the equity research and portfolio strategy team at Vanguard's Quantitative Equity Group since 2010. **Our Take:** Troyer is still on the team, so this doesn't alter our view of the fund.

Virtus Emerging Markets Opportunities HEMZX Impact: Negative Date: 05/31/2016
Virtus Foreign Opportunities JVIAX

Former Morningstar Fund Manager of the Year winner Rajiv Jain is leaving subadvisor Vontobel to set up his own firm. Matthew Benkendorf, who has been at Vontobel for 17 years, is taking over. Benkendorf signed a 10-year contract when Jain resigned, so we can at least be sure that he won't be following Jain. We don't yet know if any of the team's analysts will leave. **Our Take:** Losing Jain is a big blow, though Benkendorf is experienced and a fair amount of the team will most likely remain in place. We lowered ratings for both funds to **Bronze** from Silver.

Fund News

Aston/Fairpointe Mid Cap Reopens

Aston/Fairpointe Mid Cap CHTTX reopened to new investors after shareholders withdrew \$1.4 billion over the 12 months through the end of February. It also saw \$462 million go out the door in the first two months of 2016.

We're maintaining our Morningstar Analyst Rating of Silver for the fund. Although the fund's poor 2015 performance no doubt spurred the outflows, the fund actually is in the top decile of its peer group over the trailing 10- and 15-year periods.

The fund also named a fourth portfolio manager, Brian Washkowiak. Washkowiak joined the team in 2015 but had worked with lead manager Thyra Zerhusen from 1999 to 2002.

Silver-rated BBH Core Select Reopens

Outflows have spurred **BBH Core Select BBTEX** to reopen. Investors took out \$1.7 billion for the trailing 12 months ended Feb. 29, 2016, and \$221 million in the first two months of 2016. The fund's three-year returns are bottom-quartile as its high-quality bias and modest underweighting in healthcare held it back. However, those same biases helped it to strong performance in the first quarter of 2016, and its long-term record remains strong.

Goldfarb Steps Down Amid Valeant Debacle

Bob Goldfarb has stepped down as comanager of **Sequoia Fund SEQUX**. We have lowered our rating of the fund to Bronze. Please see Page 7 for more details. This was a mutual decision, but the fund board and others at the firm felt that decision-making had become too centralized and others on the team needed to have more input in the investment process. Plus, there was a belief that senior members of the team were ready to take on greater responsibility. (Some of them have been with the firm since the Bill Ruane days.)

David Poppe will remain as sole manager of the fund. (He may add a comanager in the future.) He also plans to establish an investment committee with himself and three other senior members of the team. The plan is to make the process more collaborative, as well as to introduce checks and balances into the process. For example, the other three members of the investment committee could override Poppe on a buy/sell decision. The investment committee is also working to draft a set of rules around risk management.

With Goldfarb leaving the firm, the board will be down another person. With Tim Medley having joined the board on Monday, it would like to add another outside board member as well as an insider.

Top-holding **Valeant Pharmaceuticals** VRX has been immersed in controversy during the past six months. The issues initially concerned the company's relationship with now-defunct pharmacy Philidor and accounting questions but quickly morphed into more-fundamental questions about its business model, pricing practices, management, transparency, and debt load, as well as an SEC investigation. Valeant's shares fell more than 40% on March 15 after the company lowered its 2016 forecasts and raised the possibility of default on some of its debt.

As Valeant's largest shareholder, this fund has been hit hard on a number of fronts. With Valeant's shares down more than 70% since mid-September, the fund's once-exceptional trailing results are in tatters going back 10 years. The damage has been so severe because the Valeant position was 28.7% of assets in June 2015 before the share price started falling last August.

Exiting shareholders have put further pressure on the fund by pulling out nearly \$800 million over the six months through February 2016. Given that the fund held just 5.2% of assets in cash as of year-end 2015, which was low by historical standards, management has likely been selling shares to meet redemptions.

A Very Contrarian Start to 2016

The first quarter of 2016 proved to be quite a reversal of fortune for a variety of markets. The worst-performing fund categories from 2015 enjoyed good to great returns so far in 2016. Latin American equity funds gained 15%, energy equity funds gained 2%, commodities funds rose 1%, and precious metals bounced 41%.

On the flipside, the top-performing categories of 2015 started 2016 in the red for the most part. Japan funds were down 4%, health funds fell 13%, foreign small/mid-growth fell 2%, and technology fell 2%. One exception was consumer defensive, which had a strong gain of 4% in the first quarter.

Vanguard Launches Foreign Dividend Funds

Vanguard introduced its first dividend-oriented international equity index funds on March 2. The new funds are **Vanguard International High Dividend Yield Index** VIHAX and **Vanguard International Dividend Appreciation Index** VIAAX.

Vanguard International High Dividend Yield Index follows an income-investing strategy, focusing on companies with high dividend yields. The fund will seek to track the FTSE All-World ex US High Dividend Yield Index, a benchmark of more than 800 of the highest-yielding large- and mid-cap developed- and emerging-markets securities.

Vanguard International Dividend Appreciation Index emphasizes stocks exhibiting dividend growth and seeks to track the Nasdaq International Dividend Achievers Select Index, which comprises more than 200 all-cap developed- and emerging-markets stocks with a track record of increasing annual dividend payments.

Both funds have investor, admiral, and ETF share classes that come with minimum investments of \$3,000, \$10,000, and none, respectively. For Vanguard International High Dividend Yield Index, the expense ratio is 0.40% for Investor shares and 0.30% for the other two. For Vanguard International Dividend Appreciation Index, the Investor shares charge 0.35% while the other two share classes charge 0.25%. ■■

How Has the Retirement Bucket Strategy Performed?

Portfolio Matters | Christine Benz

The drought continues for investors aiming to wring any type of yield from high-quality bonds, not to mention cash.

Although the Federal Reserve raised short-term interest rates by 0.25% in 2015—and is likely to do so at least twice more in 2016—that was a drop in the bucket. Cash yields remain stubbornly close to zero, and high-quality bond yields are just about 2%–3%—hardly a subsistence level for most retirees. Helping retirees create a cash flow from their portfolios, even in an income-starved environment, has been a key goal of my “bucket” portfolios. The bucket portfolios are, at heart, conventional total return portfolios—but with the addition of a cash “bucket” to help ensure stable in-retirement cash flows despite the inevitable fluctuations in the long-term portfolio components. The liquidity bucket is periodically refilled using income, rebalancing proceeds, or a combination of the two.

I’ve created a number of bucket portfolios over the past few years, targeting retirees at different life stages with varying risk tolerances and risk capacities. Some of these portfolios consist of traditional mutual funds (including some traditional index funds), and I’ve also developed bucket portfolios composed of exchange-traded funds. And for investors who prefer to use a single brokerage firm or fund company, I’ve created single-firm bucket portfolios from Vanguard, Fidelity, T. Rowe Price, and Schwab.

The portfolios consist of Morningstar researchers’ top-rated mutual funds and ETFs, and they harness asset-allocation research from Morningstar Investment Management. For those reasons, I expect them to perform well over time. But unlike many other model portfolios on offer, the goal of these portfolios isn’t to crush it on the performance front. Rather,

my aim is to showcase sound practices for in-retirement portfolio management. Investors should feel free to swap in their own favorite funds in place of the portfolio’s holdings.

To help illustrate how the portfolios would have behaved in varying market climates, as well as how a retiree would extract cash flows from them on an ongoing basis, I’ve periodically provided performance updates, along with data illustrating investment returns and the portfolio-management regimen. My last performance review was in fall 2014. With two more calendar years of performance in the rearview mirror, I’ll discuss the performance and portfolio management since then.

Portfolio Review

Before we get into performance, here’s an overview of the baseline bucket portfolio used in this performance illustration, along with the initial portfolio values. Note that the portfolio is geared toward a 65-year-old couple with a moderate risk tolerance.

Bucket 1: \$120,000

\$120,000: Cash

Bucket 2: \$480,000

\$130,000: Fidelity Short-Term Bond FSHBX

\$150,000: Harbor Bond HABDX

\$100,000: Harbor Real Return HARRX

\$100,000: Vanguard Wellesley Income VWINX

Bucket 3: \$900,000

\$400,000: Vanguard Dividend Growth VDIGX

Note that the stress test features T. Rowe Price Equity Income PRFDX instead of this fund, because the Vanguard fund had a different mandate in 2000, the start date of the stress test.

\$200,000: Harbor International HAINX

\$100,000: Vanguard Total Stock Market Index VTSMX

\$125,000: Loomis Sayles Bond LSBRX

\$75,000: Harbor Commodity Real Return Strategy HACMX

Because this fund didn’t exist in 2000, the start of the stress test, we’ve swapped in Oppenheimer Commodity Strategy Real Return QRAAX instead.

The portfolio assumed a 4% initial withdrawal in 2000, with that dollar amount inflation-adjusted each year. The portfolio was regularly rebalanced to help deliver cash flows. Readers can see complete details on

Starting Value (1/2000):
\$1,500,000

Total Portfolio Withdrawals:
\$1,187,080

Ending Value (12/2015):
\$1,932,016

the portfolio maintenance regimen, as well as spreadsheets detailing the portfolio's maintenance and performance, on Morningstar.com: <http://news.morningstar.com/articlenet/article.aspx?id=746240>.

Performance Update

In many years of our portfolio simulation, the rebalancing proceeds have been sufficient to meet living expenses and even top off depreciated positions. In other years, not so much, and our hypothetical retiree would need to turn to short-term reserves to supply living expenses. The years 2014 and 2015 provide good illustrations of each of those environments. Eight of our portfolio's 10 holdings gained value in 2014, led by our total U.S. stock market index fund, which soared by more than 12%. Bonds also performed reasonably well, with both **Harbor Bond** HABDX and **Loomis Sayles Bond** LSBRX kicking in a 5% return apiece. Those strong returns enabled us to meet our cash flow goal of \$88,111 while also reinvesting in the international and commodities funds, which dropped in value.

Performance wasn't nearly as strong in 2015, and the portfolio declined in value. Just half of our holdings made it into the black last year, and those returns were modest: **Vanguard Wellesley Income** VWINX was the portfolio's biggest gainer, with returns of just 1.28%. The core equity fund in the simulation, **T. Rowe Price Equity Income** PRFDX, had a year to forget, with a nearly 7% loss. (**Vanguard Dividend Growth** VDIGX, which is the recommended core equity position in my actual portfolio, would have performed better; as noted above, it doesn't have a long enough history as a diversified equity fund to be used in a simulation dating back to 2000.) **Loomis Sayles Bond** also had a weak year, and the commodities fund, while a small portion of the portfolio, continued to bleed red ink. Commodities prices have recovered in recent months, though it's anyone's guess as to whether that trend will persist.

Because our portfolio lost money in 2015, I turned to our short-term bond fund, which had gotten fat in better market years, to both supply the portfolio's cash flow and to top off depreciated positions. That illustrates the key virtue of the bucket strategy—

even in lean market years, cash and other short-term reserves ensure stability of cash flows.

It's also worth noting that even with the 2015 losses, the portfolio's value at the outset of 2016 was more than \$430,000 higher than where it started out, and it has also supplied roughly \$1.19 million in cash flows. That's more a testament to strong stock and bond market performance that has prevailed during the 16 years of our stress test than it is to magic with bucketing or, for that matter, any particular prowess with asset allocation or security selection. It also illustrates that a 4% initial withdrawal, with inflation adjustments, is conservative and is designed to provide sustainable cash flows in a worst-case scenario market environment. (Most retirees would rather be safe than sorry when it comes to the topic of running out of money.) The 16 years in our stress test, although punctuated with two big bear markets, were decent.

Holdings Review

I've made just one notable alteration to the portfolio since inception, replacing **T. Rowe Price Short-Term Bond** PRWBX with Fidelity Short-Term Bond following a ratings downgrade on the T. Rowe fund.

Note that Harbor Bond, **Harbor Real Return** HRRRX, and **Harbor Commodity Real Return** HACMX are all subadvised by PIMCO, which has been in the spotlight over the past 18 months following Bill Gross' departure. Morningstar's analyst team downgraded Harbor Bond during this period, in part because it was directly affected by Gross' departure as well as broader concerns about personnel stability at the firm. Harbor Bond still earns a Morningstar Analyst Rating of Bronze, however, so I left it in the portfolio.

Although these funds have also been affected by personnel changes at PIMCO, they both have been lead-managed by Mihir Worah since 2007; senior analyst Eric Jacobson considers them among the best options in their respective categories. ■■

Contact Christine Benz at christine.benz@morningstar.com

Looking Back at Five Upgrades

Tracking Morningstar Analyst Ratings | Russel Kinne

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

I've written a lot in this space about how our Morningstar Analyst Ratings have performed. But I've done less about ratings changes. I decided to look at five Morningstar 500 funds we upgraded between three and four years ago, and then look at the subsequent three-year return from April 2013 through March 2016. This is not to suggest that these six give us enough to judge our track record, but I wanted to illustrate how things have worked out since and look at our reasons for raising the rating in the first place. I found two funds we upgraded to Morningstar Analyst Ratings of Gold and two we upgraded to Silver, along with one we initiated at Gold and one we initiated at Silver.

American Funds Capital World Growth & Inc CWGIX

We raised this fund's rating to Gold from Silver in November 2012, citing its cautious approach to income with lower-yield targets and a greater emphasis on high-quality stocks than other income-oriented funds in the world-stock Morningstar Category. We also liked its management and low fees. The fund has seen some manager changes but has stayed true to its strategy. It has more in wide moats than the income-oriented subset of the world-stock category, and it has outperformed that group by about 100 basis points per year for the past three years. It also has outperformed a majority of the broader world-stock group and is modestly ahead of the MSCI ACWI Index over that stretch.

MFS Global Equity MWEEX

This fund didn't get its first rating until February 2013, but we started it at Gold right away. At that time, senior analyst Bill Rocco placed greatest emphasis on the management team led by David Mannheim and comanager Roger Morley. He also liked the disciplined high-quality strategy for its ability to keep up in growth rallies while providing good defense in downturns. All those qualities have remained, including the good defense on display in the first three months of

2016. All told, the fund has outperformed two thirds of its peers the past three years and beaten the MSCI ACWI Index by more than 100 basis points per year.

Fidelity Small Cap Discovery FSCRX

This was an unusual case in which we raised the rating to Gold from Silver just before the fund closed to new investors in January 2013. Our biggest worry was that assets would grow beyond manager Chuck Myers' ability to manage them effectively. So, closing this fund and adding a comanager to Myers' other fund sealed the deal for us. We already considered Myers a brilliant investor and were later pleased (for this fund's shareholders) to see his other fund close and plans announced for Myers to gradually turn over that fund to his comanager before stepping down in January 2016. Over the past three years this fund has outperformed a majority of its peers and benchmark. It's great to see what happens when one of Fidelity's best managers is protected from an avalanche of cash.

FPA US Value FPPFX

We upgraded this fund to Gold from Silver in November 2012, citing strong management, great returns, and a remarkably small asset base. Today the asset base is still small, but management is gone, as is the strategy. The following year FPA made it known that Eric Ende would retire and Greg Herr would take his place alongside Steve Geist. However, Geist then retired in 2014 (spurring a downgrade to Silver) and FPA surprised us by choosing a new manager and shifting the fund's strategy from growth to value. (The fund's category moved from mid-growth to large-blend.) That led us to lower the rating to Neutral. The fund's three-year performance lags the S&P 500, though it's tough to judge given that the fund drastically overhauled its strategy right in the middle of the period. We try to anticipate manager changes but were surprised by the extent of the changes and the strategy shift.

PIMCO Income PONDY

Dan Ivascyn's continued success with his wide-ranging fund spurred us to raise the fund's rating to Silver from Bronze in November 2013, and we've seen little since to dissuade us. In fact, the fund has put up three more great years to beat 98% of its peers. ■■■

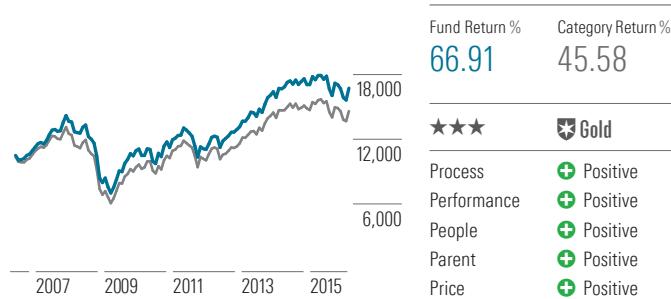
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	80.97	43.26	83.93	44.59	80.22	41.32
Taxable Bond	72.25	41.88	63.14	36.42	40.26	16.67
International Stock	67.95	42.72	65.59	40.51	60.5	42.77
Municipal Bond	63.35	38.46	37.33	17.74	56.21	31.82
Balanced	88.89	54.71	87.01	52.69	80.65	60.38

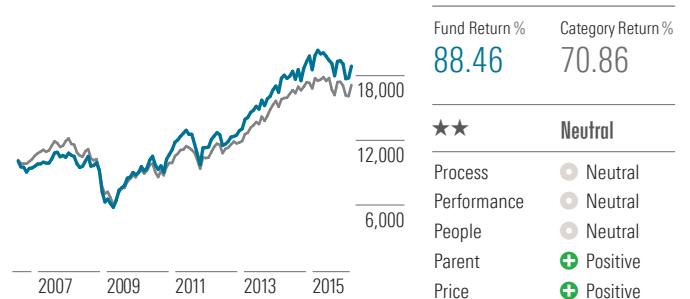
Data through March 31, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

Upgrades From Three to Four Years Ago

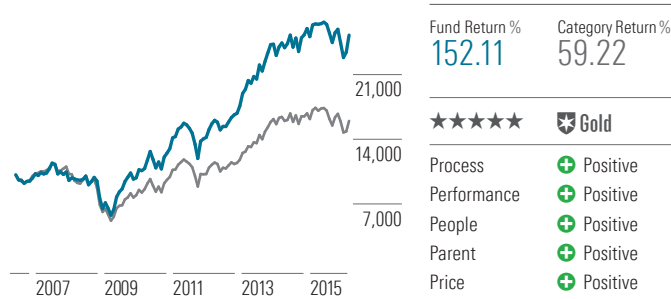
American Funds Capital World Growth and Income CWGIX



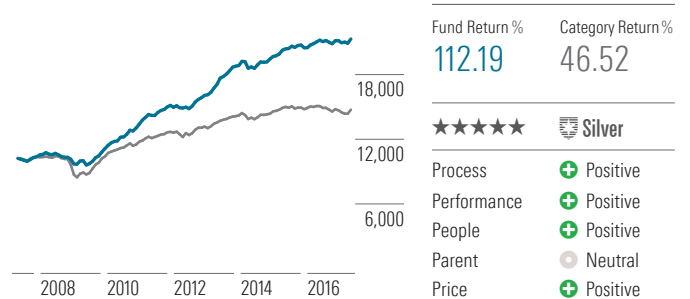
FPA US Value FPPFX



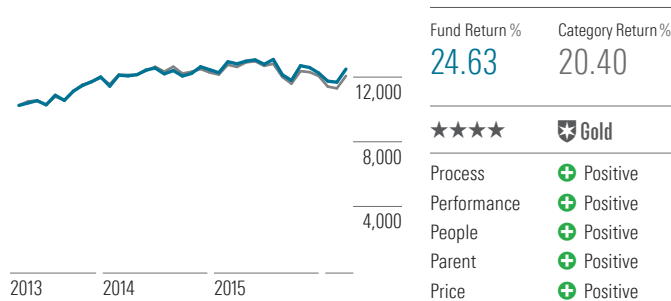
Fidelity Small Cap Discovery FSCRX



PIMCO Income PONDIX



MFS Global Equity MWEFX



Return data through March 31, 2016.

High-Yield Rallies

Income Strategist | Sumit Desai

Few asset classes cause as much investor confusion as high-yield bonds. Because they are in fact bonds, many investors may expect these investments to provide safety during times of market distress. However, unlike Treasury and other high-quality bonds that typically fulfill this role, high-yield corporate bonds tend to be correlated closely with equities and are more likely to suffer losses in sympathy with stocks during market sell-offs. The stunning collapse of **Third Avenue Focused Credit** TFCIX in December 2015 also did little to ease investor concerns about high-yield bonds, though we continue to believe that situation was an isolated incident and that traditional high-yield bond funds are unlikely to experience a similar fate.

There's no denying that 2015 was a difficult year for even the most conservatively run funds in the high-yield bond Morningstar Category. Over the year, the Bank of America Merrill Lynch U.S. High Yield Master II Index fell 4.6%, compared with a positive 1.4% for the S&P 500 and a 0.6% gain for the Barclays U.S. Aggregate Bond Index. Most of the pain came from CCC rated bonds, which land at the lower-quality end of the high-yield market, and energy and other commodity-related issuers. Higher-quality fare, bonds with BB and B ratings, performed better on average but were not immune to losses. Sharp outflows from the sector coincided with this sell-off.

Early March gave the sector a bit of a reprieve as inflows turned sharply positive and high-yield bonds rebounded sharply. Still, the outlook remains mixed. Bullish investors suggest that high-yield bonds rarely post two consecutive calendar years of negative returns, so the poor returns of 2015 would indicate the asset class is due for a rebound. And, while spreads narrowed recently to around 674 basis points over Treasuries—compared with a post-financial-crisis high of

887 basis points on Feb. 11, 2016—the sector's 8.3% yield still appears attractive relative to other fixed-income asset classes. What's more, most sectors of the economy outside of energy and other commodities seem to be doing just fine, and most of the risk in commodity sectors may already be priced into the bonds.

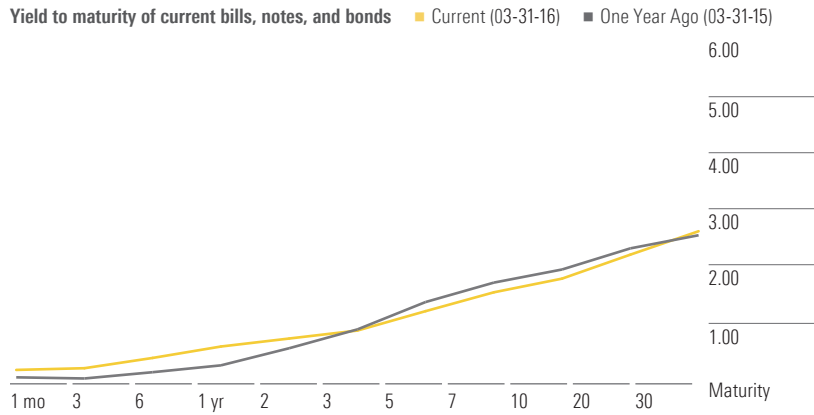
On the other hand, there are some obvious risks lurking that investors should be aware of. The energy sector remains a wild card, and the viability of many energy-sector bonds will depend on oil prices, which are largely unpredictable; widespread defaults are still a strong possibility in this sector. Further, valuations outside of energy are less attractive. While the overall high-yield market yields 8.3%, yields excluding energy, metals, and mining are closer to 7%. And, while the U.S. economy seems to be chugging along, individual companies within the high-yield sector still present idiosyncratic risk. For example, companies like **Sprint** S and **Valeant** VRX (two of the largest issuers in the market) both face company-specific issues that threaten the value of their bonds.

While high-yield bond funds won't help you diversify away from equities, income-generation and long-term return potential still make them an interesting choice to include in a well-diversified portfolio. Over the past 10 years through February 2016, open-end high-yield bond funds returned about 5.6% annualized versus 6.8% for the S&P 500, but high-yield bonds generated better risk-adjusted returns because of about 33% less volatility than stocks. Given the asymmetric risk in the sector (limited upside and unlimited downside), investors looking for high-yield exposure with less default risk and volatility should consider managers with a record of focusing on the higher-quality portion of the market. Across high-yield bond funds in the Morningstar 500, **Vanguard High-Yield Corporate Fund** VWEHX, with a Morningstar Analyst Rating of Silver, and Bronze-rated **PIMCO High Yield** PHYDX are two strong options that fit the bill. ■■■

Contact Sumit Desai at sumit.desai@morningstar.com

Bond-Market Snapshot

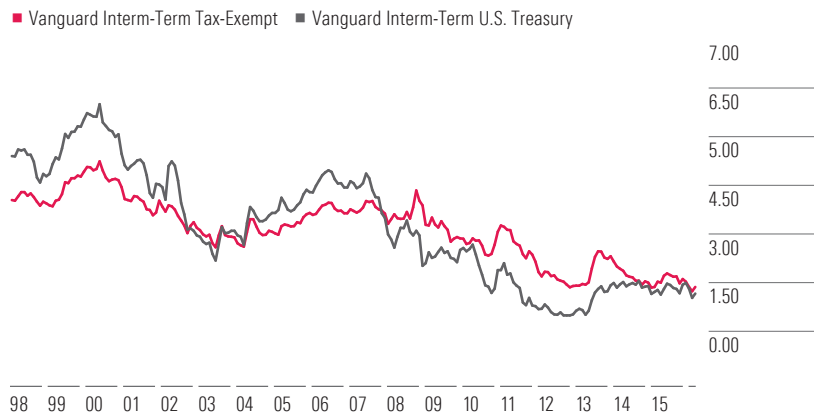
Treasury Yield Curve (%)



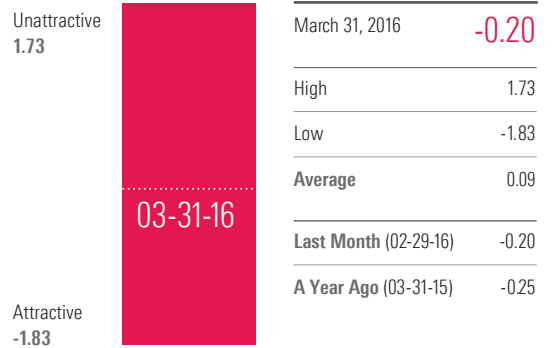
Interest-Rate Review

The Barclays U.S. Aggregate Index provided a 0.9% return for March, primarily buoyed by investment-grade corporates, which gained 2.8%, but weighed down by far more-modest performance in other sectors, including 0.2% from U.S. Treasuries and agencies. The yield curve remained relatively unchanged over the course of the month, with the exception of the three-month Treasury, which shifted lower by 12 basis points. Riskier sectors rebounded from a tough previous quarter, with the Barclays U.S. Corporate High Yield Index generating 3.4% and local-currency emerging-markets debt, as measured by the JPM GBI-EM Global Composite, up 11.1%, both for the year to date.

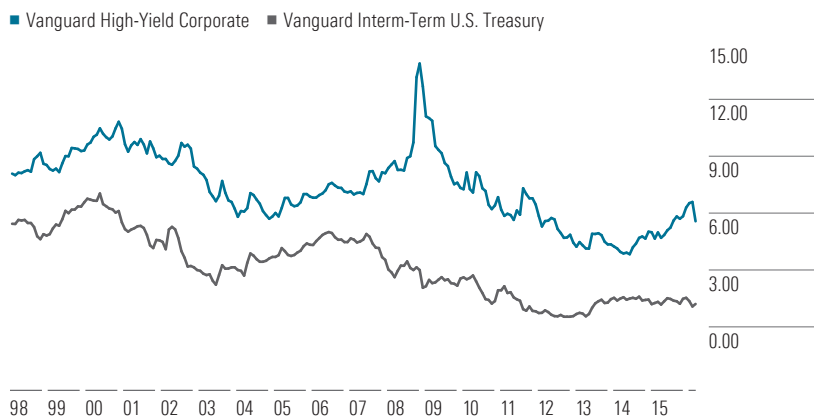
Treasury and Municipal-Bond Yields



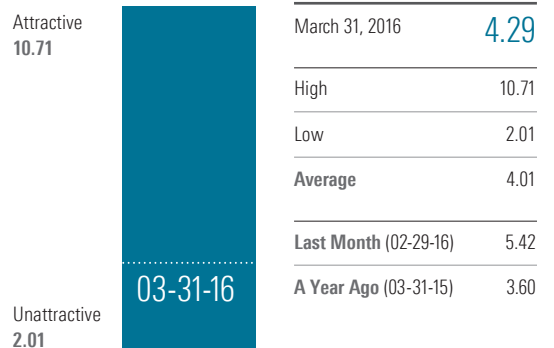
Municipal-Bond Spread Snapshot



High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Data as of March 31, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

Alternative Funds Make a Splash

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds.

Use the list to get new investment ideas and track the funds you already own.

FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

I'm adding three funds to the Morningstar 500. **Causeway Emerging Markets CEMVX**, with a Morningstar Analyst Rating of Bronze, is showing that quantitative approaches can work just as well in emerging markets as in developed markets. Management believes the quantitative approach enables it to cast a wider net than would otherwise be possible using analysts for fundamental research. It combines value and momentum models along with top-down models and risk-management models to build the portfolio. The resulting portfolio has about 100 stocks and has a distinct value tilt.

The top-down and risk-management models are crucial because big macroeconomic and currency movements have overwhelmed individual company fundamentals for much of the past decade. In fact, the results have been pretty strong in a variety of markets. The fund is run by Causeway's quantitative team, so it does not have the same management as **Causeway International Value CIVVX**. See Page 5 for details.

Two Multialternative Funds Join

Last month, we wrote about the landscape in the world of multialternative funds. This month, I'm adding two of the funds profiled in that article. Both are available in most No Transaction Fee platforms.

Natixis ASG Global Alternatives GAFAX aims to track a hedge fund index by using futures contracts to mimic what hedge funds are doing. It does so using a targeted 8% volatility level and using a stop-loss rule to curb the downside. By trying to replicate hedge fund performance rather than actually running a hedge-fund-like strategy, the fund can save some money on investment professionals and pricey subadvisors. Thus, the fund's fees are cheaper than most in an admittedly pricey group. See the facing page for more.

Litman Gregory Masters Alternative Strategies

MASNX is a fairly bold alternative fund with a well-known lineup. The Bronze-rated fund is split between a bond side and a stock side. The bond side includes a global unconstrained-bond strategy run by Loomis Sayles and an aggressive mortgage sleeve run by Double-Line Capital. The other half of the fund is run by First Pacific Advisors, Water Island Capital (merger arbitrage), and Passport Capital (long-short). See Page 6 for details.

Three Go Out

Artisan Small Cap Value ARTVX is being merged into **Artisan Mid Cap Value ARTQX**, so it's going out.

Oppenheimer Gold & Special Minerals OPGSX has been dropped from coverage.

Finally, Neutral-rated **Appleseed APPLX** has less than \$200 million and is a logical candidate to drop. **MI**

Summary of Changes

Add	Drop	
Causeway Emerging Markets	Appleseed	
Litman Gregory Masters Alt Strats	Artisan Small Cap Value	
Natixis ASG Global Alternatives	Oppenheimer Gold & Special Min	
Rating Change (Upgrade)	From	To
Baird Core Plus Bond	Bronze	Silver
Vanguard Strategic Equity	Neutral	Bronze
Wasatch Core Growth	Silver	Gold
Rating Change (Downgrades)	From	To
Amana Growth	Silver	Bronze
Amana Income	Silver	Bronze
Artisan Small Cap Value	Bronze	Neutral
Longleaf Partners	Silver	Neutral
Longleaf Partners Small-Cap	Gold	Silver
Sequoia	Gold	Bronze
Virtus Emerging Markets Opportunities	Silver	Bronze
Virtus Foreign Opportunities	Silver	Bronze
Rating Change (Under Review)	From	To
Manning & Napier Pro-Blend Cnsv Term	Bronze	Under Review
Manning & Napier Pro-Blend Extnd Term	Bronze	Under Review
Manning & Napier Pro-Blend Max Term	Bronze	Under Review
New Ratings	To	
Baird Aggregate Bond	Silver	
Causeway Emerging Markets	Bronze	
FMI International	Silver	
T. Rowe Price Global Technology	Bronze	
T. Rowe Price Health Sciences	Neutral	

Data through March 31, 2016 FINRA members: For internal or institutional use only.

Natixis ASG Global Alternatives A

Ticker GAFAX **Yield** 0.0% **Total Assets** \$3,250 mil **Mstar Category** Multialternative

Benchmark 1: Morningstar Mod Tgt Risk TR USD
Benchmark 2: Morningstar Mod Tgt Risk TR USD

Morningstar Analyst Rating 08-04-15



Morningstar Pillars

Process	● Neutral
Performance	⊕ Positive
People	⊕ Positive
Parent	● Neutral
Price	⊕ Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 03-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	2.63	-5.32	5.52	0.95	3.51
2013	3.20	4.43	1.52	5.74	15.69
2014	-1.32	3.18	-0.81	2.51	3.53
2015	5.94	-2.27	-5.92	-0.10	-2.69
2016	-8.30	—	—	—	—

Trading

	Total Return %	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-8.30	-10.45	-10.45	97	9,170
6 Mo	-8.39	-12.93	-12.92	98	9,161
1 Yr	-15.77	-14.73	-14.72	96	8,423
3 Yr Avg	1.17	-3.42	-3.42	42	10,356
5 Yr Avg	0.98	-4.49	-4.48	64	10,501
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn %	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-2.59	86	1.80	89
5 Yr (estimated)	-1.31	89	1.11	73
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -16% of assets

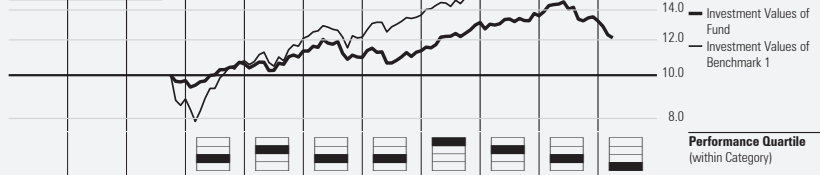
Morningstar's Take by A.J. D'Asaro 08-04-15

Using liquid futures contracts, Natixis ASG Global Alternatives attempts to replicate the asset class (beta) exposures of the hedge fund industry. Many hedge funds were successful in lurching out of equities during the 2008 financial crisis, and management here looks to follow hedge funds' market-timing cues. The fund appears to be doing its job, with a five-year correlation of 0.82 to the Morningstar MSCI Composite Asset-Weighted Hedge Fund Index and slightly higher returns (5.6% annualized versus 5.2% for the hedge fund index from Q2 2010 through Q2 2015). This fund's capable team and low fees have earned the fund a Morningstar Analyst Rating of Bronze.

The management team, no stranger to complex quant models, is also listed on the Bronze-rated Natixis ASG Managed Futures Strategy AMFAX. Plus, the academically gifted team appears at the forefront of hedge fund replication, led by the firm's founder, Andrew Lo. In 2013, for instance, the fund began to give an overweighting to recent tactical shifts in hedge fund exposures, encouraging an active asset allocation, which paid off when the fund was able to quickly follow hedge

Historical Profile

Return Below Avg
Risk Above Avg
Rating ★★
Below Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	03-16	History
NAV	—	—	9.69	10.39	10.67	10.26	10.62	11.33	11.12	10.48	9.61	NAV
Total Return %	—	—	—	8.95	6.94	-3.29	3.51	15.69	3.53	-2.69	-8.30	Total Return %
+/- Bmark 1	—	—	—	-12.83	-5.39	-3.89	-8.53	1.38	-1.36	-0.90	-10.45	+/- Bmark 1
+/- Bmark 2	—	—	—	-12.83	-5.39	-3.89	-8.53	1.38	-1.36	-0.90	-10.45	+/- Bmark 2
Income Return %	—	—	—	1.23	0.00	0.00	0.00	0.18	0.00	0.00	0.00	Income Return %
Capital Return %	—	—	—	7.71	6.94	-3.29	3.51	15.51	3.53	-2.69	-8.30	Capital Return %
Total Rtn % Rank Cat	—	—	—	73	34	58	53	2	30	51	97	Total Rtn % Rank Cat
Income \$	—	—	0.04	0.12	0.00	0.00	0.00	0.02	0.00	0.00	0.00	Income \$
Capital Gains \$	—	—	—	0.05	0.44	0.06	0.00	0.91	0.59	0.38	0.00	Capital Gains \$
Expense Ratio %	—	—	—	1.92	1.67	1.61	1.61	1.58	1.55	1.53	—	Expense Ratio %
Income Ratio %	—	—	1.36	-1.33	-1.28	-1.34	-1.34	-1.35	-1.34	-1.27	—	Income Ratio %
Turnover Rate %	—	—	—	—	—	—	—	—	—	—	—	Turnover Rate %
Net Assets \$mil	—	—	0	81	203	261	127	187	150	225	187	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-20.61	—	—	—
3 Yr	-0.81	-Avg	+Avg	★★
5 Yr	-0.21	-Avg	+Avg	★★
10 Yr	—	—	—	—
Incept	1.80	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	-1.7	-0.5
Beta	0.66	0.42
R-Squared	36	48
Standard Deviation	7.85	—
Mean	1.17	—
Sharpe Ratio	0.18	—

Portfolio Analysis 02-29-16

Total Stocks: 1

Share change since 01-31-16	Sector	YTD Ret %	% Assets
⊖ Topix Indx Futr Mar16 Xos	—	—	17.86
⊕ S+p500 Emini Fut Mar16 Xc	—	—	8.48
⊕ Dax Index Future Mar16 Xe	—	—	8.26
⊖ Ftse 100 Idx Fut Mar16 If	—	—	3.20
⊕ Hang Seng Idx Fut Mar16 X	—	—	2.85
⊖ Asg Global Alt Cayman Fun	—	—	1.12

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large Mid Small	—	● Cyclical	0.00	0.00
—	—	● BasicMat	0.00	0.00
—	—	● CnsmrCyc	0.00	0.00
—	—	● FinanSvcs	0.00	0.00
—	—	● Real Est	0.00	0.00
—	—	● Sensitive	0.00	0.00
—	—	● CommSvcs	0.00	0.00
—	—	● Energy	0.00	0.00
—	—	● Industrl	0.00	0.00
—	—	● Technly	0.00	0.00
—	—	● Defensive	0.00	0.00
—	—	● CnsmrDef	0.00	0.00
—	—	● Hlthcare	0.00	0.00
—	—	● Utilities	0.00	0.00

Value Measures

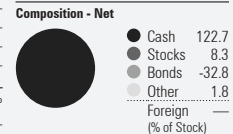
	Rel Category
Price/Earnings	—
Price/Book	—
Price/Sales	—
Price/Cash Flow	—
Dividend Yield %	—

Growth Measures

	% Rel Category
Long-Term Erngs	—
Book Value	—
Sales	—
Cash Flow	—
Historical Erngs	—

Profitability

	%
Return on Equity	—
Return on Assets	—
Net Margin	—



Address:	Natixis Funds Trust II Boston MA 02116 800-225-5478	Minimum Purchase:	\$2500	Add: \$100	IRA: \$1000
Web Address:	NGAM.natixis.com	Min Auto Inv Plan:	\$1000	Add: \$50	
Inception:	09-30-08	Sales Fees:	5.75%L		
Advisor:	AlphaSimplex Group, LLC	Management Fee:	1.15% mx./1.10% mn.		
Subadvisor:	None	Actual Fees:	Mgt:1.14% Dist:0.25%		
		Expense Projections:	3Yr:\$1033 5Yr:\$1366 10Yr:\$2304		
		Income Distribution:	Semi-Annually		

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Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 03-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Growth	—	—	-2.5	-2.4	11.1	9.9	6.6	—	—	—	—	—	—	12.71 (86)	—
Amana Growth Investor AMAGX	Bronze	★★★	1.3	-0.7	10.1	8.4	7.2	7	31	68	80	38	0.5	11.59 (92)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★	-1.4	-0.2	11.2	9.6	7.6	37	27	52	61	25	0.3	11.78 (93)	-Avg
American Century Ultra Inv TWCUX	Bronze	★★★★	-1.9	0.3	13.6	11.3	6.9	44	24	13	24	43	0.2	12.97 (89)	+Avg
American Funds AMCAP A AMCPX	Gold	★★★	0.5	-1.1	12.1	11.4	7.3	12	36	35	23	34	0.0	11.35 (91)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	-2.5	-0.7	11.4	10.3	6.4	55	30	47	45	58	0.6	11.96 (90)	-Avg
American Funds New Economy A ANEFX	Gold	★★★	-3.1	-2.9	10.8	11.0	7.5	60	59	57	30	27	0.4	12.73 (77)	Avg
ASTON/Montag & Caldwell Growth N MCGFX	Bronze	↓★★★★	-1.0	2.4	9.1	9.8	7.2	27	8	79	56	36	0.3	10.44 (84)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	★★	-2.7	-9.7	10.0	11.7	6.2	56	96	69	17	63	0.0	12.8 (82)	Avg
Fidelity FFIDX	—	★★★★	-2.0	-2.0	10.4	9.4	6.3	47	47	64	65	62	0.7	11.8 (93)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	★★★★★	-4.6	-3.9	14.2	12.0	8.6	80	72	8	12	7	0.0	13.25 (83)	+Avg
Fidelity Capital Appreciation FDCAX	Bronze	★★★★	-2.3	-4.6	10.7	11.2	6.7	51	78	59	26	50	0.7	12.87 (84)	Avg
Fidelity Contrafund FCNTX	Silver	★★★★★	-1.6	0.7	12.1	11.2	8.0	41	20	34	26	16	0.3	11.3 (88)	-Avg
Fidelity Focused Stock FTQGX	—	★★★★	-0.3	-3.5	9.8	9.6	7.8	20	67	72	61	20	0.2	13.18 (73)	+Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	-5.7	-3.1	13.8	12.0	9.0	91	62	11	12	4	0.0	14.48 (79)	High
Fidelity Growth Discovery FDSVX	—	↓★★★★	-4.3	-2.1	12.9	10.6	7.5	76	48	22	38	27	0.1	12.38 (72)	Avg
Fidelity Independence FDFFX	—	↓★	-6.4	-12.2	10.0	8.0	6.5	93	98	69	83	56	0.1	15.38 (72)	High
Fidelity Magellan FMAGX	Neutral	★★	-2.1	-1.0	12.9	9.2	4.7	49	34	22	67	90	0.6	12.44 (93)	Avg
Fidelity New Millennium FMILX	Bronze	★★★★	0.7	-3.8	8.7	9.5	7.2	9	71	84	63	38	0.9	12.07 (88)	-Avg
Fidelity OTC FOCPX	Bronze	★★★★★	-8.7	-3.4	17.3	11.8	10.2	98	66	1	15	1	0.0	16.52 (68)	High
Harbor Capital Appreciation Instl HACAX	Gold	★★★★★	-5.5	-0.6	14.1	12.0	7.6	88	30	9	11	24	0.1	13.86 (79)	+Avg
Janus Research T JAMRX	—	★★★★★	-2.4	-2.4	13.3	11.2	8.3	53	53	17	26	11	0.4	12.13 (92)	Avg
Janus T JANSX	Neutral	★★★★	-1.8	-2.8	12.2	10.2	6.4	43	58	34	48	59	0.6	12.29 (90)	Avg
Janus Twenty T JAVLX	Neutral	★★★★★	-1.9	2.7	12.4	10.6	8.3	45	6	30	37	12	0.5	12.59 (91)	Avg
Jensen Quality Growth J JENSX	Silver	★★★★★	6.0	6.0	12.8	11.4	8.1	1	1	24	22	14	1.2	11.06 (90)	Low
Lateef A LIMAX	—	★★	-0.6	-1.5	8.5	9.9	—	23	42	86	55	—	0.1	14.12 (83)	+Avg
Laudus US Large Cap Growth LGILX	Bronze	★★★★★	-4.9	-2.5	11.9	11.2	9.0	82	54	40	26	4	0.0	13.66 (82)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	-0.1	-3.2	10.7	8.3	4.9	19	63	59	80	88	0.3	12.92 (92)	Avg
LKCM Equity Instl LKEQX	Silver	★★★★	0.7	-3.2	6.8	8.6	7.1	9	63	96	77	39	0.9	12.24 (95)	-Avg
Manning & Napier Equity Series EXEYX	Bronze	★★	2.4	-2.9	8.0	7.4	5.8	4	59	90	88	73	0.0	12.78 (89)	Avg
Marsico Focus MFOCX	Neutral	★★★★	-4.6	-5.6	10.1	9.1	5.7	79	85	67	68	74	0.0	12.69 (76)	Avg
Marsico Growth MGRIX	Neutral	★★	-5.1	-5.8	8.4	8.3	5.0	83	85	87	81	86	0.0	12.7 (79)	Avg
MFS Growth A MFEGX	Silver	★★★★★	-1.6	2.0	12.5	11.6	8.3	40	9	28	19	12	0.0	12.01 (85)	-Avg
Morgan Stanley Inst Growth A MSEGX	Gold	★★★★	-5.6	-0.9	16.1	11.6	8.7	90	32	1	18	6	0.0	15.32 (63)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	0.5	-1.6	9.7	8.8	<i>6.6</i>	11	44	73	73	<i>54</i>	1.0	11.52 (93)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	★★★★	-3.7	-1.3	11.9	11.7	8.3	69	39	39	15	11	0.4	13.01 (77)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	★★★★	1.0	-6.3	8.0	10.0	—	7	88	90	52	—	0.1	11.94 (87)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	★	-10.5	-10.4	11.2	7.3	—	98	97	50	89	—	0.0	18.27 (31)	High
Sequoia SEQUX	Bronze	↓★★	-11.3	-23.6	2.4	7.1	6.0	99	100	99	91	69	0.0	13.46 (14)	+Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	★★★★★	-5.5	-0.9	14.5	13.1	8.4	88	32	5	3	10	0.0	13.83 (80)	+Avg
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★★	-5.4	-1.1	13.8	12.2	8.2	86	35	11	9	14	0.0	13.57 (79)	+Avg
T. Rowe Price New America Growth PRWAX	Neutral	★★★★	-4.8	-2.1	13.0	10.7	8.6	81	48	21	36	7	0.0	14.25 (82)	High
T. Rowe Price Spectrum Growth PRSGX	—	★★	-0.5	-3.2	8.2	8.0	5.9	22	64	89	84	71	1.1	11.87 (93)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★	-1.4	-1.0	11.6	11.3	8.5	38	34	45	25	9	1.2	12.23 (96)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	★★★★	-10.3	-10.5	8.4	10.3	7.7	98	97	88	46	24	0.0	16.4 (72)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★★	-3.2	-4.7	13.2	12.2	8.3	62	79	19	9	12	0.6	12.53 (77)	Avg
Vanguard Growth Index Adm VIGAX	Silver	↑★★★★★	0.3	0.2	12.6	12.1	8.1	14	24	27	10	15	1.3	12.34 (95)	Avg
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★★	-1.9	0.2	12.8	10.6	6.9	45	25	23	38	44	0.7	12.31 (91)	Avg
Vanguard PRIMECAP Core Inv VPCCX	Gold	↑★★★★★	-0.4	-1.3	13.0	12.0	8.6	21	39	21	12	8	1.1	11.32 (93)	-Avg
Russell 1000 Growth Index			0.7	2.3	13.4	12.2	8.1								
S&P 500 Index			1.4	1.8	11.8	11.5	6.9								

Legend
Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
							Cash	Stock	Bond	Other	Foreign					
—	20.8	3.2	76,027		—	62	2	98	0	0	7	—	1.14	—	2,490	—
AMAGX	20.0	3.9	40,421		45	0	2	98	0	0	14	NL	1.08	32.17	1,736	Kaiser/Klimo (22.2/3.5)
TWCGX	20.7	3.2	71,572		89	49	1	98	0	1	1	NL	0.97	27.68	7,538	Brown/Woodhams (0.2/18.5)
TWCUX	20.3	4.8	72,219		85	16	0	99	0	0	4	NL	0.98	34.37	8,113	Management Team
AMCPX	20.7	3.1	30,886		245	33	10	88	0	2	9	5.75	0.68	26.07	46,933	Management Team
AGTHX	21.1	2.8	55,346		410	29	7	91	0	2	13	5.75	0.65	40.24	139,095	Management Team
ANEFX	20.7	3.1	21,433		199	34	6	88	0	5	26	5.75	0.78	34.84	14,851	Management Team
MCGFX	20.2	3.2	78,865		41	12	7	93	0	0	0	NL	1.06	19.78	1,679	Canakaris/Jung (21.4/1.1)
SHRAX	20.2	2.3	28,213		76	3	6	94	0	0	6	5.75	1.13	182.11	12,594	Bauman/Freeman (6.9/32.4)
FFIDX	19.8	2.6	69,594		98	59	2	98	0	0	3	NL	0.52	41.18	4,542	John Avery (14.1)
FBGRX	21.0	3.5	53,956		342	51	0	100	0	0	8	NL	0.89	65.78	19,769	Sonu Kalra (6.7)
FDCAX	16.3	3.8	41,311		88	126	7	93	0	0	8	NL	0.83	31.66	7,635	J. Shiel (10.4)
FCNTX	20.9	3.3	74,373		337	35	6	93	0	0	8	NL	0.71	96.66	107,008	William Danoff (25.5)
FTQGX	24.1	3.8	47,767		49	189	1	99	0	0	1	NL	0.73	17.92	1,730	Stephen DuFour (9.0)
FDGRX	21.5	3.7	35,758		389	18	0	100	0	0	4	Clsd	0.88	128.72	37,831	Steven Wymer (19.2)
FDSVX	22.7	3.8	46,537		130	51	4	96	0	0	9	NL	0.77	24.18	1,207	Jason Weiner (9.2)
FDFFX	15.5	2.7	34,821		121	48	0	100	0	0	13	NL	0.86	33.67	3,865	Robert Bertelson (9.3)
FMAGX	18.5	2.5	61,904		132	71	1	99	0	0	3	NL	0.7	87.52	15,206	Jeffrey Feingold (4.5)
FMLX	16.5	1.8	21,896		168	57	3	97	0	0	12	NL	0.74	33.53	2,989	John Roth (9.7)
FOCPX	23.4	3.2	27,122		190	66	0	100	0	0	7	NL	0.83	76.16	12,437	Gavin Baker (6.7)
HACAX	26.3	5.8	82,356		65	37	1	99	0	0	12	NL	0.65	57.47	25,846	McCarragher/Segalas (3.1/25.9)
JAMRX	20.8	4.6	40,092		106	45	1	99	0	1	2	NL	1.0	40.64	4,297	Carmel Wellso (1.2)
JANSX	22.1	4.6	43,908		93	53	3	97	0	0	10	NL	0.87	34.42	7,211	Barnard/Wilson (0.2/4.8)
JAVLX	20.1	4.0	83,779		31	68	0	100	0	0	0	Clsd	0.82	53.81	8,444	Marc Pinto (2.8)
JENSX	19.0	4.7	70,652		26	14	3	97	0	0	0	NL	0.87	38.62	5,004	Management Team
LIMAX	25.2	4.7	28,870		17	29	0	100	0	0	19	5.00	1.24	11.07	490	Management Team
LGILX	24.2	2.4	73,392		49	102	0	99	1	0	11	NL	0.77	15.76	1,991	Lawrence Kemp (2.5)
MSEFX	17.3	2.2	26,900		79	33	5	95	0	0	10	NL	1.17	16.06	314	Management Team
LKEQX	19.2	2.6	36,958		69	13	0	100	0	0	0	NL	0.8	21.56	267	Management Team
EXEYX	18.7	3.0	25,442		51	62	2	98	0	0	1	NL	1.06	11.5	115	Management Team
MFOCX	29.0	5.4	78,431		25	48	2	98	0	0	4	NL	1.19	15.47	697	Marsico/Witter (18.2/5.4)
MGRIX	25.5	4.8	69,225		33	81	-1	100	0	0	3	NL	1.27	14.88	336	Marsico/Witter (18.2/5.4)
MFEGX	24.3	3.9	60,490		87	35	3	97	0	0	2	5.75	0.97	69.23	11,758	Fischman/Sabel (14.0/1.9)
MSEGX	32.3	6.5	60,280		40	34	4	92	0	5	4	5.25	0.83	37.09	3,442	Management Team
NRAAX	17.9	2.6	28,889		41	28	1	99	0	0	9	5.75	1.05	19.02	2,250	Management Team
POGRX	19.0	2.3	22,054		128	5	8	92	0	0	12	NL	0.64	26.3	6,487	Management Team
RWGFY	19.8	2.6	57,350		20	24	3	97	0	0	0	NL	1.16	16.56	1,791	David Rolfe (5.5)
DWUGX	40.6	5.9	29,713		23	297	5	95	0	0	0	NL	0.84	23.07	66	Noah Blackstein (7.0)
SEQUX	19.9	3.3	35,531		41	10	5	94	1	0	29	Clsd	1.03	183.85	5,470	David Poppe (9.9)
TRBCX	22.8	4.4	73,708		131	33	0	100	0	0	6	NL	0.72	68.41	28,934	Larry Puglia (22.7)
PRGFY	22.5	4.2	69,194		97	37	2	97	0	1	5	NL	0.68	50.78	41,615	Joseph Fath (2.2)
PRWAX	23.6	3.0	57,731		107	81	3	97	0	0	7	NL	0.79	39.95	3,785	Daniel Martino (2.8)
PRSGX	17.1	2.0	28,874		14	14	3	96	0	1	34	NL	0.78	20.8	3,258	Charles Shriver (4.9)
TIGRX	18.3	2.6	50,540		180	90	0	100	0	0	8	NL	0.43	11.28	4,787	Susan Kempler (11.1)
PTSGX	37.7	4.5	53,150		32	29	0	100	0	0	9	Clsd	1.08	14.72	3,794	Management Team
VHCOX	18.5	2.2	32,856		137	7	6	94	0	0	11	Clsd	0.45	49.74	12,413	Management Team
VIGAX	20.1	3.7	55,453		352	9	0	100	0	0	0	NL	0.09	54.79	46,313	Gerard O'Reilly (21.2)
VMRGX	20.9	4.0	49,911		354	41	4	96	0	0	4	NL	0.4	24.45	10,772	Management Team
VPCCX	17.2	2.4	55,091		147	10	6	94	0	0	13	Clsd	0.47	20.73	7,520	Management Team
	20.0	4.9	60,890													
	18.2	2.5	73,571													

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 03-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category		
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)			
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr					
Morningstar 500 Domestic Equity			—	-2.5	-2.4	11.1	9.9	6.6	—	—	—	—	—	12.71	(86)	—	
Vanguard PRIMECAP Inv VPMCX		Gold	★★★★★	-2.0	-1.6	13.5	12.4	8.5	47	44	15	7	8	1.1	11.45	(90)	-Avg
Large Blend			—	0.3	-2.0	9.6	9.6	6.0	—	—	—	—	—	11.66	(94)	—	
Amana Income Investor AMANX		Bronze	★★★★	4.1	1.3	9.0	8.9	7.9	5	20	69	69	5	1.4	11.27	(93)	-Avg
American Funds Fundamental Invs A ANCFX		Gold	★★★★	0.5	2.3	11.1	9.9	7.1	48	9	30	51	13	1.5	11.8	(97)	Avg
American Funds Invmt Co of Amer A AIVSX		Silver	★★★	3.1	1.0	11.3	10.4	6.4	8	25	22	39	38	1.7	11.34	(95)	-Avg
AMG Yacktman Focused Service YAFFX		Silver	★★★★	4.4	2.0	7.5	9.4	10.2	4	11	83	62	1	0.9	10.38	(85)	Low
AMG Yacktman Service YACKX		Gold	★★★★	4.1	1.6	7.6	9.6	9.8	5	17	82	58	1	1.4	9.44	(88)	Low
BBH Core Select N BBTEX		Silver	★★★★	2.1	0.5	7.2	10.4	8.5	15	30	85	40	2	0.5	9.68	(92)	Low
Bridgeway Blue Chip 35 Index BRLIX		Silver	★★★★★	2.1	4.8	11.1	11.9	7.4	15	3	27	6	9	2.5	11.48	(96)	Avg
CGM Focus CGMFX		—	★	-8.4	-14.1	2.4	1.3	2.6	100	99	99	100	98	0.0	19.96	(69)	High
Clipper CFIMX		Bronze	★★	-3.7	0.5	9.6	9.8	4.4	95	30	60	53	91	0.5	12.4	(94)	+Avg
Davis NY Venture A NYVTX		Bronze	★	-4.9	-4.0	8.1	7.6	4.6	98	72	78	86	88	0.8	12.98	(93)	High
Dreyfus Appreciation Investor DGAGX		Bronze	★★★	1.9	-0.5	6.7	7.9	5.9	17	39	88	81	54	1.6	11.82	(93)	Avg
Fidelity Dividend Growth FDGFY		Neutral	★★	0.1	-1.7	10.2	8.4	6.3	58	51	48	76	44	1.4	11.37	(98)	-Avg
Fidelity Growth & Income FGRIX		Bronze	★★	-0.4	-3.0	9.0	10.6	2.5	67	64	69	35	99	2.0	12.4	(96)	+Avg
Fidelity Large Cap Stock FLCSX		Silver	★★★★	-1.1	-5.3	9.8	10.6	7.1	79	83	56	36	13	1.2	13.11	(93)	High
Fidelity Spartan 500 Index Inv FUSEX		Gold	★★★★★	1.3	1.7	11.7	11.5	6.9	25	14	11	10	18	2.1	11.36	(100)	Avg
Fidelity Spartan Total Market Idx Inv FSTMX		Gold	★★★★★	0.9	-0.5	11.0	10.9	6.9	41	39	32	27	18	1.9	11.56	(99)	Avg
First Eagle US Value A FEVAX		Neutral	↓★★	4.4	0.0	5.7	6.8	6.5	4	34	93	92	34	0.2	8.89	(84)	Low
FMI Large Cap FMIHX		Gold	★★★★★	3.4	-0.9	9.9	10.5	7.8	7	44	55	38	5	1.0	10.52	(93)	-Avg
FPA US Value FPPFX		Neutral	★★	-1.1	-7.2	9.0	8.4	6.5	78	91	69	77	32	0.0	14.18	(70)	High
Gabelli Asset AAA GABAX		—	★★★	2.7	-4.1	6.3	7.7	7.1	12	73	90	83	12	0.3	12.23	(94)	+Avg
Janus Growth & Income T JAGIX		Neutral	★★★	1.6	1.7	10.9	10.3	5.2	20	14	34	43	76	1.8	11.3	(96)	-Avg
Longleaf Partners LLPFX		Neutral	★	4.3	-14.4	1.7	4.1	2.7	4	99	99	98	98	1.1	15.66	(80)	High
MainStay ICAP Equity I ICAEX		Neutral	★★	-1.9	-4.0	7.5	8.4	5.8	87	72	83	76	59	1.0	12.32	(94)	+Avg
MainStay ICAP Select Equity I ICSLX		Neutral	★★	-3.9	-8.4	5.4	6.9	5.4	96	94	94	91	72	1.0	12.83	(94)	+Avg
MainStay MAP I MUBFX		Bronze	↓★★	-1.7	-6.1	7.1	8.0	5.5	85	87	86	81	69	1.2	12.38	(98)	+Avg
Mairs & Power Growth Inv MPGFX		Silver	★★★★★	7.0	2.9	10.8	12.2	7.8	1	6	37	4	6	1.4	12.08	(89)	+Avg
MFS Research A MFRFX		Bronze	★★★	0.3	-0.7	10.1	10.4	7.0	52	41	50	40	15	0.7	11.17	(97)	-Avg
Oakmark I OAKMX		Gold	↑★★★★	-0.6	-4.0	10.1	11.3	8.0	70	72	51	13	4	0.9	13.11	(95)	High
Oakmark Select I OAKLX		Gold	↑★★★★	-5.6	-8.0	10.1	10.9	6.5	99	93	51	28	35	0.3	14.2	(89)	High
Parnassus Core Equity Investor PRBLX		Silver	★★★★★	2.6	2.8	11.6	12.1	9.6	13	6	15	4	1	2.1	10.49	(92)	-Avg
PRIMECAP Odyssey Stock POSKX		Gold	★★★★★	-0.2	-1.0	11.8	11.6	7.6	63	44	9	8	7	1.0	11.23	(96)	-Avg
Royce Special Equity Multi-Cap Service RSEMXX		Bronze	★★★	6.1	-7.8	7.4	9.2	—	1	92	83	64	—	2.2	13.37	(83)	High
Schwab S&P 500 Index SWPPX		Silver	★★★★	1.3	1.7	11.7	11.5	7.0	26	15	12	10	18	2.1	11.34	(100)	Avg
Schwab Total Stock Market Index SWTXX		Silver	★★★★	0.9	-0.4	11.0	11.0	7.0	40	38	31	24	14	1.9	11.54	(99)	Avg
Selected American Shares D SLADX		Bronze	★★	-4.8	-3.2	8.2	7.8	5.0	98	65	77	83	82	0.8	12.81	(93)	High
T. Rowe Price Dividend Growth PRDGX		Silver	★★★★★	2.2	2.8	11.5	11.5	7.5	14	6	17	11	8	1.3	10.67	(98)	-Avg
T. Rowe Price Growth & Income PRGIX		—	★★★★	-0.1	2.7	12.5	11.2	7.0	62	7	4	16	16	1.1	11.09	(96)	-Avg
Thornburg Value A TVAFX		—	↓★	-2.5	-2.5	12.2	6.6	5.4	92	59	6	93	73	0.0	11.49	(88)	Avg
TIAA-CREF Social Choice Eq Retail TICRX		Bronze	★★★	1.6	-1.8	9.1	9.7	6.3	18	52	67	55	44	1.7	11.61	(98)	Avg
Vanguard 500 Index Admiral VFIAX		Gold	↑★★★★★	1.3	1.8	11.8	11.5	7.0	24	13	10	9	16	2.1	11.35	(100)	Avg
Vanguard Dividend Appreciation Idx Inv VDAIX		Gold	↓★★★★	4.9	2.9	9.5	10.2	—	3	6	61	45	—	2.1	10.93	(93)	-Avg
Vanguard Dividend Growth Inv VDIGX		Gold	★★★★★	2.9	4.7	11.8	12.3	8.7	10	3	9	3	2	1.9	10.24	(94)	Low
Vanguard FTSE Social Index Inv VFTSX		Bronze	★★★	-0.7	-1.3	12.4	12.2	5.9	72	47	4	4	57	1.9	11.86	(98)	+Avg
Vanguard Growth & Income Inv VQNPX		Neutral	★★★★	1.3	1.8	12.2	12.0	6.3	23	14	6	5	43	1.7	11.19	(99)	-Avg
Vanguard Tax-Managed Capital App Adm VTCLX		Gold	★★★★	0.9	0.6	11.6	11.3	7.1	41	28	13	14	14	2.1	11.57	(99)	Avg
Vanguard Total Stock Mkt Idx Adm VTSAX		Gold	★★★★	0.9	-0.4	11.1	11.0	7.0	40	39	28	24	15	1.9	11.53	(99)	Avg
S&P 500 Index				1.4	1.8	11.8	11.5	6.9									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

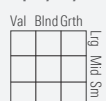
Current Portfolio Style

Costs

Operations

Equity Style Box	Current Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
VPMCX	20.8	3.2	76,027	26	20	18	62	2	98	0	0	7	1.14	—	2,490	—		
AMANX	16.5	2.3	94,388	18	16	15	61	2	97	0	0	4	1.0	—	4,005	—		
ANCFX	18.5	2.7	79,336	18	16	15	215	27	3	96	0	1	5.75	0.6	50.81	73,207	Management Team	
AIVSX	16.7	2.5	73,201	18	18	13	223	30	3	95	0	2	5.75	0.58	34.25	73,553	Management Team	
YAFFX	15.8	2.5	104,383	40	28	17	26	6	15	84	1	0	NL	1.26	20.64	5,206	Management Team	
YACKX	16.5	2.8	89,357	38	23	13	43	3	16	83	1	0	NL	0.75	21.72	8,881	Management Team	
BBTEX	18.1	2.6	74,813	26	20	13	34	8	8	92	0	0	NL	1.0	20.83	4,129	Hartch/Keller (10.5/7.4)	
BRLIX	17.0	2.6	180,811	23	14	14	38	19	0	100	0	0	NL	0.15	11.94	597	Management Team	
CGMFX	13.2	1.6	22,002	51	23	16	21	268	1	142	-42	0	NL	2.26	35.89	929	G. Heebner (18.6)	
CFIMX	21.0	2.0	69,974	43	13	11	25	31	6	94	0	0	NL	0.74	100.56	1,087	Davis/Goei (10.2/2.2)	
NYVTX	16.9	1.7	56,773	31	17	14	65	23	0	99	0	1	14	4.75	0.86	29.37	12,197	Davis/Goei (20.5/2.2)
DGAGX	18.0	2.9	117,548	29	16	15	55	5	1	99	0	0	20	NL	0.93	37.16	2,214	Management Team
FDGFX	16.0	2.2	70,189	22	15	15	101	64	4	96	0	0	10	NL	0.69	30.31	7,498	Ramona Persaud (2.2)
FGRIX	15.0	1.8	62,648	22	18	15	191	35	0	98	0	2	9	NL	0.67	28.8	6,168	Matthew Fruhan (5.2)
FLCSX	14.8	1.7	54,122	22	19	14	189	36	0	100	0	0	7	NL	0.88	25.83	2,536	Matthew Fruhan (10.9)
FUSEX	16.8	2.4	69,345	18	15	14	512	4	1	99	0	0	2	NL	0.09	72.75	93,557	Management Team
FSTMX	17.0	2.3	39,472	18	15	14	3470	2	1	99	0	0	2	NL	0.1	59.2	31,732	Management Team
FEVAX	16.3	2.1	25,880	25	22	17	86	15	0	78	0	21	4	5.00	1.09	19.17	2,211	Management Team
FMIHX	17.0	2.4	46,949	21	18	15	28	18	4	96	0	0	13	Clsd	0.87	19.24	7,801	Management Team
FPPFX	12.9	1.4	27,222	34	29	13	26	109	9	87	0	4	8	Clsd	0.85	9.26	155	Gregory Nathan (0.6)
GABAX	18.1	2.2	15,491	22	21	19	495	3	0	100	0	0	17	NL	1.35	55.55	2,742	Management Team
JAGIX	16.2	3.3	65,221	16	15	15	64	30	0	96	0	4	1	NL	0.87	44.6	3,902	Buckley/Pinto (1.7/8.3)
LLPFX	17.3	1.2	18,883	29	18	11	23	46	0	99	0	1	31	NL	0.91	22.38	3,590	Cates/Hawkins (22.0/28.9)
ICAEX	14.7	1.7	47,902	21	18	14	41	76	4	96	0	0	9	NL	0.88	40.98	929	Management Team
ICSLX	15.0	1.8	51,511	22	20	15	31	86	0	99	0	1	9	NL	0.9	34.33	2,395	Management Team
MUBFX	15.4	1.8	49,968	19	16	16	153	51	2	98	0	0	15	NL	0.86	35.42	1,481	Management Team
MPGFX	17.3	3.1	21,742	32	21	12	52	9	1	99	0	0	2	NL	0.65	111.75	4,026	Adams/Henneman (1.2/10.2)
MFRFX	18.4	2.6	51,517	17	15	15	128	44	1	99	0	1	3	5.75	0.82	36.17	4,817	Joseph MacDougall (7.8)
OAKMX	14.6	1.7	63,093	37	21	14	59	33	5	95	0	0	7	NL	0.85	62.47	15,601	Grant/Nygren (16.0/16.0)
OAKLX	15.2	1.3	55,513	41	24	8	23	46	7	93	0	0	3	NL	0.95	37.03	5,327	Management Team
PRBLX	18.6	2.7	31,042	23	19	15	42	26	2	98	0	0	5	NL	0.87	37.8	12,563	Ahlsten/Allen (14.9/3.9)
POSKX	16.7	2.3	42,299	29	24	14	125	7	8	92	0	0	10	NL	0.65	23.57	5,513	Management Team
RSEMX	13.4	3.0	23,779	36	34	24	29	31	7	93	0	0	0	NL	1.24	13.14	137	Dreifus/McBoyle (5.2/1.5)
SWPPX	17.2	2.3	73,759	19	16	15	507	2	1	99	0	0	2	NL	0.09	31.97	20,370	Management Team
SWTSX	17.5	2.3	41,594	18	15	15	2500	2	1	98	0	0	2	NL	0.09	36.44	4,281	Hong/Juwono (4.1/3.1)
SLADX	19.1	2.0	62,582	32	17	14	64	27	2	97	0	1	15	NL	0.6	35.18	2,839	Davis/Goei (21.3/2.2)
PRDGX	18.7	2.7	53,060	19	18	16	108	24	4	96	0	0	2	NL	0.65	35.01	4,558	Thomas Huber (16.0)
PRGIX	18.2	2.1	67,940	21	19	13	51	76	6	94	0	0	0	NL	0.67	28.35	1,480	Jeffrey Rottinghaus (0.8)
TVAFX	15.7	1.8	19,501	19	18	17	49	59	9	90	1	1	11	4.50	1.37	50.55	915	Browne/MacDonald (10.2/1.2)
TICRX	16.7	2.4	33,928	18	16	14	855	17	0	100	0	0	1	NL	0.44	14.31	2,645	Campagna/Liao (10.2/1.8)
VFIAX	16.8	2.4	69,300	18	15	14	512	3	0	100	0	0	1	NL	0.05	189.98	204,041	Michael Buek (24.2)
VDAIX	18.1	3.7	54,798	26	22	15	181	22	0	100	0	0	1	NL	0.2	32.5	23,944	Ryan Ludt (9.9)
VDIGX	18.7	3.2	87,235	20	19	14	50	26	3	97	0	0	10	NL	0.32	22.98	26,092	Donald Kilbride (10.2)
VFTSX	16.2	2.3	59,696	24	21	19	437	20	0	100	0	0	1	NL	0.25	13.06	1,929	Coleman/OReilly (0.2/0.2)
VQNPX	16.3	2.4	57,874	17	16	15	847	116	3	97	0	0	1	NL	0.34	40.08	5,870	Management Team
VTCLX	17.1	2.4	47,915	17	15	14	655	10	0	100	0	0	0	NL	0.12	104.16	6,214	Michael Buek (21.5)
VTSAX	17.0	2.3	39,632	18	15	14	3723	3	0	100	0	0	1	NL	0.05	51.03	391,548	Gerard OReilly (21.2)
	18.2	2.5	73,571															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 03-31-16					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Blend (cont'd)		—	0.3	-2.0	9.6	9.6	6.0	—	—	—	—	—	—	11.66 (94)	—
Weitz Partners Value Investor WPVLX	Silver	★★	1.7	-10.6	5.2	8.0	5.9	18	97	95	81	58	0.0	10.0 (82)	Low
Weitz Value Investor WVALX	Silver	★★	-0.3	-8.0	6.6	9.3	4.8	65	93	88	63	85	0.0	9.68 (80)	Low
Large Value		—	1.3	-3.0	8.2	8.8	5.2	—	—	—	—	—	—	11.69 (92)	—
AllianzGI NFJ Large-Cap Value A PNBAX	—	★★	-0.8	-5.4	6.9	8.3	3.9	79	74	76	60	80	1.9	11.8 (96)	Avg
American Beacon Lg Cap Value Inv AAGPX	Bronze	★★★	-0.8	-7.6	7.3	8.6	5.0	79	88	71	54	56	1.6	12.62 (95)	+Avg
American Century Equity Income Inv TWEIX	Silver	★★★★★	6.0	6.8	9.6	9.9	7.0	7	3	24	28	12	2.2	8.11 (86)	Low
American Century Value Inv TWVLX	Silver	★★★★	2.3	-1.5	9.0	9.8	6.0	30	34	33	29	29	1.9	10.93 (94)	-Avg
American Funds American Mutual A AMRMX	Gold	★★★★★	3.6	0.6	9.5	10.2	6.9	16	18	26	20	15	2.1	10.08 (95)	Low
American Funds Washington Mutual A AWSHX	Gold	★★★★	1.8	1.4	10.8	11.1	6.7	37	14	9	9	18	2.0	10.84 (98)	-Avg
Artisan Value Investor ARTLX	Bronze	★★	8.6	-3.6	5.4	7.8	5.5	1	57	90	73	42	0.5	14.26 (67)	High
Auxier Focus Inv AUXFX	—	★★★	0.6	-1.3	6.4	7.3	6.1	59	32	82	81	27	1.0	10.09 (95)	Low
Becker Value Equity Retail BVEFX	Bronze	★★★★	1.2	-6.6	8.8	9.2	6.4	47	81	39	43	23	1.2	11.91 (94)	Avg
Columbia Dividend Income Z GSFTX	Silver	★★★★★	3.3	4.3	10.6	11.2	8.0	19	6	12	7	3	2.6	10.51 (95)	-Avg
Diamond Hill Large Cap A DHLAX	Gold	★★★★	1.1	-0.1	10.5	10.4	6.6	49	23	13	17	19	0.8	12.48 (95)	+Avg
Dodge & Cox Stock DODGX	Gold	★★★	-1.0	-4.3	9.5	10.1	5.0	81	64	25	22	54	1.7	12.71 (93)	+Avg
Fairholme FAIRX	Silver	★	-8.2	-17.1	-0.4	0.1	4.1	100	99	99	99	77	2.0	16.94 (54)	High
Fidelity Equity Dividend Income FEQTX	—	★★★	1.6	-1.1	8.6	8.4	4.4	40	30	42	59	72	2.3	10.76 (97)	-Avg
Fidelity Equity-Income FEQIX	Neutral	★★	1.9	-1.9	7.2	7.4	4.4	36	37	73	80	72	3.6	10.66 (94)	-Avg
Franklin Mutual Beacon A TEBIX	Bronze	★★	1.1	-7.1	6.7	7.4	4.0	50	85	79	80	78	2.1	11.06 (88)	-Avg
Franklin Mutual Shares A TESIX	Bronze	★★	0.5	-5.9	6.3	7.2	4.1	61	77	83	82	75	1.8	10.47 (94)	-Avg
Invesco Comstock A ACSTX	Silver	★★	-1.9	-7.6	6.8	8.4	5.4	92	88	77	59	46	1.5	12.87 (93)	+Avg
Invesco Diversified Dividend A LCEAX	Silver	★★★★★	5.2	4.9	11.1	11.5	7.8	9	4	6	6	5	1.6	9.03 (87)	Low
Invesco Growth and Income A ACGIX	Bronze	★★★	-2.4	-4.9	7.4	8.2	5.5	94	69	69	63	40	1.7	12.03 (93)	Avg
JPMorgan Value Advantage A JVAAX	Silver	★★★	0.6	-5.6	8.5	10.2	7.6	59	75	47	20	6	0.6	10.87 (94)	-Avg
Perkins Large Cap Value T JPLTX	—	★★★	1.4	-1.3	7.6	8.0	—	44	33	66	68	—	1.4	10.25 (97)	Low
Schwab Fundamental US Large Company Idx SFLNX	Bronze	★★★★	3.5	0.5	10.3	10.6	—	17	19	15	14	—	2.3	11.25 (98)	Avg
Sound Shore Investor SSHFX	Silver	★★★★★	0.6	-5.3	10.6	10.0	6.0	58	73	11	26	29	0.8	13.4 (94)	High
T. Rowe Price Equity Income PRFDX	Bronze	★★★★	2.7	-3.1	6.3	8.1	5.4	24	51	83	67	44	2.1	11.59 (95)	Avg
T. Rowe Price Value TRVLX	Bronze	★★★★	0.6	-2.0	10.8	11.0	7.0	59	39	8	10	12	1.9	11.72 (96)	Avg
TCW Relative Value Dividend Apprec N TGIGX	Neutral	★★★	2.3	-2.1	7.9	9.6	5.6	30	39	60	35	40	1.5	12.5 (97)	+Avg
Torrey TORYX	—	★★★★	2.3	2.1	10.1	10.3	4.9	30	11	17	19	58	1.0	11.09 (91)	Avg
Vanguard Equity-Income Inv VEIPX	Silver	★★★★★	3.5	4.4	10.7	12.2	7.8	17	5	10	4	4	2.8	10.66 (95)	-Avg
Vanguard High Dividend Yield Index Inv VHDYX	Silver	★★★★★	4.1	4.7	11.2	12.6	—	13	5	6	2	—	3.1	10.71 (93)	-Avg
Vanguard US Value Inv VUVLX	Bronze	★★★★	-0.2	-2.2	9.9	11.3	5.6	71	42	20	7	40	2.1	11.29 (94)	Avg
Vanguard Value Index Adm VVIAX	Silver	★★★★	1.6	1.3	10.6	10.5	6.1	40	14	12	15	28	2.6	10.96 (97)	-Avg
Vanguard Windsor II Inv VWNFX	Bronze	★★★★	0.2	-2.9	8.5	9.7	5.8	65	50	46	33	36	2.3	11.49 (98)	Avg
Vanguard Windsor Inv VWNDX	Bronze	★★★	-2.0	-6.7	8.8	9.5	5.3	92	82	37	38	47	1.8	13.06 (93)	+Avg
Mid-Cap Growth		—	-1.8	-7.8	8.4	7.6	6.0	—	—	—	—	—	—	13.51 (75)	—
Akre Focus Retail AKREX	Silver	★★★★★	1.6	1.7	12.8	14.9	—	11	2	5	1	—	0.0	12.04 (84)	-Avg
American Century Heritage Inv TWHIX	Bronze	★★★★	-2.4	-7.9	8.8	7.3	8.4	59	50	45	55	10	0.0	13.11 (76)	Avg
Artisan Mid Cap Investor ARTMX	Silver	★★★★	-5.6	-7.1	8.8	8.8	8.4	91	42	45	30	10	0.0	15.08 (64)	+Avg
Baron Asset Retail BARAX	—	★★★★	-1.6	-4.9	9.4	9.4	6.2	52	30	37	22	45	0.0	12.75 (79)	Avg
Baron Growth Retail BGRFX	Bronze	★★★	0.3	-8.4	6.9	8.3	6.2	24	53	72	37	45	0.0	12.35 (72)	-Avg
Baron Opportunity Retail BIOPX	—	★★★	-7.8	-10.3	5.1	4.7	6.4	95	75	88	91	39	0.0	17.02 (59)	High
Buffalo Mid Cap BUFMX	Neutral	★★★	-1.9	-8.8	8.1	7.0	5.7	55	58	56	59	57	0.0	12.9 (70)	Avg
Champlain Mid Cap Adv CIPMX	Silver	★★★★	2.4	-0.1	10.2	9.9	—	9	5	27	15	—	0.0	12.37 (84)	-Avg
Columbia Acorn Select Z ACTWX	—	★★	-0.3	-3.5	7.2	5.8	5.3	33	18	68	82	68	0.0	12.8 (76)	Avg
Columbia Acorn Z ACRNX	Neutral	★★	-2.7	-7.9	4.8	6.1	5.6	62	50	89	75	60	0.0	13.69 (73)	Avg
Russell 1000 Value Index			1.6	-1.7	9.2	10.0	5.6								
Russell MidCap Growth Index			0.6	-4.9	10.8	9.8	7.2								

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

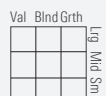
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/ Earn Ratio	Price/ Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Hold- ings	Turn- over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign					
WPVLX	—	16.5	2.3	94,388	18 16 15	—	61	2	97	0	0	4	—	1.0	—	4,005	—
WWALX		18.5	1.9	16,652	27 16 12	42	26	17	82	0	1	6	NL	1.18	27.66	829	Hinton/Weitz (9.7/32.8)
PNBAX		21.2	2.5	33,136	23 14 14	35	36	21	79	0	0	8	NL	1.15	38.43	931	Hinton/Perkins (9.7/4.2)
AWSHX	—	15.1	1.8	70,648	20 14 12	—	61	2	97	0	1	6	—	1.07	—	2,263	—
AAGPX		12.5	1.7	64,284	25 14 13	64	26	0	100	0	0	5	5.50	1.11	19.94	515	Management Team
TWEIX		12.3	1.4	46,818	25 14 13	205	32	4	96	0	0	16	NL	0.94	22.76	8,826	Management Team
TWVLX		17.5	2.0	45,666	18 17 15	90	56	2	77	4	17	4	NL	0.93	8.41	9,437	Management Team
AMRMX		16.5	1.6	50,887	23 20 13	127	45	2	98	0	0	4	NL	0.97	7.73	2,838	Management Team
AUXFX		16.4	2.8	68,492	19 17 12	213	27	5	92	1	2	5	5.75	0.58	34.89	36,161	Management Team
ARTLX		17.9	2.7	89,305	16 15 13	181	24	2	97	0	1	5	5.75	0.58	38.95	77,520	Management Team
BVEFX		14.4	1.0	26,056	25 20 13	44	74	2	98	0	0	16	NL	1.0	11.74	867	Management Team
GSFTX		16.7	2.2	57,098	27 24 21	112	4	10	90	0	0	10	NL	1.14	19.31	251	J. Jeffrey Auxier (16.7)
DHLAX		14.4	1.9	49,244	18 16 16	56	32	0	100	0	0	3	NL	0.79	16.34	350	Management Team
FEQTX		17.1	2.8	90,571	16 14 14	80	27	5	95	0	0	2	NL	0.77	18.07	8,436	Management Team
FEQIX		14.3	1.8	54,003	26 16 15	51	20	2	98	0	0	0	5.00	0.99	21.67	3,578	Management Team
TESIX		15.8	1.7	60,944	27 25 17	68	15	2	98	0	0	9	NL	0.52	157.16	50,618	Management Team
ACSTX		10.1	1.1	12,043	58 18 16	57	40	24	53	3	20	8	NL	1.04	16.99	2,795	Bruce Berkowitz (16.2)
ACGIX		15.6	1.7	65,837	23 16 13	100	49	2	98	0	0	10	NL	0.66	24.97	5,028	Scott Offen (4.4)
TEBIX		14.3	1.7	51,899	21 14 13	177	46	2	98	0	0	9	NL	0.71	51.41	7,773	Management Team
TESIX		16.4	1.5	44,513	21 20 17	89	35	2	94	3	0	37	5.75	1.13	14.35	3,479	Management Team
ACSTX		15.7	1.5	39,462	27 16 15	147	19	7	88	3	2	20	5.75	1.1	25.9	13,757	Management Team
ACGIX		13.9	1.4	56,878	31 14 14	80	17	4	96	0	0	11	5.50	0.83	21.17	11,830	Management Team
JVAAX		17.0	2.0	30,188	31 15 14	83	11	10	90	0	0	11	5.50	0.83	18.43	13,961	Management Team
JPLTX		15.3	1.4	57,604	34 14 11	84	23	3	97	0	0	11	5.50	0.84	22.92	7,560	Management Team
SFLNX		14.1	1.5	26,887	30 17 10	120	17	0	100	0	0	1	5.25	1.25	27.96	10,328	Management Team
PRFDX		16.3	2.0	71,844	26 18 14	68	11	5	95	0	0	5	NL	0.87	15.13	147	Perkins/Preloger (7.2/7.2)
TRVLX		15.8	1.9	57,718	14 13 13	631	12	0	100	0	0	1	NL	0.35	14.52	4,350	Management Team
VEIPX		15.5	1.6	43,365	27 23 13	37	39	2	98	0	0	17	NL	0.92	41.54	1,876	Management Team
VHDYX		15.0	1.6	50,946	23 13 11	117	27	2	96	1	1	6	NL	0.66	29.14	20,813	John Linehan (0.4)
VVWDX		14.5	1.6	45,059	23 22 11	102	68	0	98	0	1	3	NL	0.82	31.43	21,599	Mark Finn (6.2)
VVWDX		15.1	1.8	39,449	21 15 15	55	17	0	100	0	0	7	NL	1.14	16.65	1,074	Diane Jaffee (14.3)
VVWDX		14.2	1.8	39,738	24 20 20	33	10	15	85	0	0	2	NL	1.15	46.44	398	Fialco/Torrey (7.9/25.2)
VVWDX		15.8	2.2	81,645	17 14 13	193	32	1	98	0	2	8	NL	0.26	30.39	18,702	Management Team
VVWDX		16.2	2.3	73,694	16 13 13	435	11	0	100	0	0	1	NL	0.16	27.34	15,269	Coleman/OReilly (0.1/0.1)
VVWDX		13.5	1.6	29,220	25 13 12	242	66	1	99	0	0	1	NL	0.26	16.27	1,242	Management Team
VVWDX		14.8	1.8	69,795	21 16 12	331	8	0	100	0	0	1	NL	0.09	32.13	36,547	Gerard OReilly (21.2)
VVWDX		14.3	1.7	64,916	22 19 13	284	26	3	97	0	0	9	NL	0.34	33.57	41,902	Management Team
VVWDX		14.7	1.6	34,729	28 18 15	145	28	2	97	0	1	12	NL	0.39	18.76	15,339	Management Team
AKREX	—	20.9	3.1	8,486	20 20 18	—	60	3	97	0	0	4	—	1.23	—	1,204	—
THWHX		23.6	2.6	18,139	30 26 18	36	16	4	94	0	2	2	NL	1.34	23.5	4,690	Management Team
ARTMX		23.1	4.2	12,178	23 19 18	98	62	0	99	0	1	7	NL	1.0	20.72	5,105	Management Team
BARAX		25.8	4.6	13,212	24 21 21	68	51	5	95	0	0	4	Clsd	1.19	37.75	7,654	Management Team
BGRFX		27.0	4.2	9,732	23 22 19	61	13	2	98	0	0	3	NL	1.31	56.23	2,338	Andrew Peck (12.7)
BIOPX		24.0	3.4	4,374	22 19 14	78	6	0	98	0	2	2	NL	1.29	63.38	5,738	Ronald Baron (21.2)
BUFMX		47.6	5.2	16,915	48 19 9	47	41	1	98	0	1	8	NL	1.38	15.34	256	Management Team
CIPMX		23.7	3.8	6,698	24 22 19	61	12	7	93	0	0	2	NL	1.01	15.04	459	Carlsen/Male (1.2/14.2)
ACTWX		19.1	2.5	6,231	20 18 16	60	46	2	98	0	0	0	NL	1.28	13.57	759	Management Team
ACRNX		22.2	3.1	4,382	27 22 13	37	55	0	100	0	0	5	NL	0.84	15.19	372	Frank/Szafranski (0.3/0.9)
ACRNX		20.8	3.1	3,775	27 20 18	143	21	0	100	0	0	3	NL	0.79	18.81	6,370	Management Team
		16.6	1.6	51,625													
		20.7	4.2	11,307													

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 03-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	-1.8	-7.8	8.4	7.6	6.0	—	—	—	—	—	13.51	(75)	—
Mid-Cap Growth (cont'd)																
Eventide Gilead N ETGLX	Neutral	★★★★	-7.8	-14.2	12.9	12.3	—	94	91	4	3	—	0.0	17.53	(58)	High
FAM Value Investor FAMVX	—	★★★★	4.3	-0.5	11.2	10.2	5.9	3	6	16	12	55	0.0	11.27	(84)	Low
Fidelity Mid-Cap Stock FMCSX	Bronze	★★★★	2.0	-5.3	9.2	9.0	6.1	10	31	40	26	48	0.6	11.99	(79)	-Avg
Hennessy Focus Investor HFCSX	Bronze	★★★★★	2.0	-0.3	12.2	13.3	9.1	10	5	8	1	5	0.0	12.29	(82)	-Avg
Janus Enterprise T JAENX	Bronze	★★★★★	2.8	-0.8	12.4	11.0	8.9	5	7	8	8	7	0.3	11.01	(80)	Low
Meridian Contrarian Legacy MVALX	Bronze	★★★	0.1	-8.5	7.6	9.0	6.1	27	54	63	27	50	0.1	13.7	(80)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	Gold	★★★★★	-3.2	-4.4	16.4	15.3	11.3	66	26	1	1	1	0.0	15.36	(63)	High
T. Rowe Price Mid-Cap Growth RPMGX	Gold	★★★★★	-0.4	-0.4	13.7	11.2	9.4	35	5	1	7	3	0.0	12.17	(78)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	Bronze	★★★★	-2.7	-8.8	9.2	9.2	7.3	61	57	40	24	24	0.3	13.17	(80)	Avg
Westport R WPFRX	—	↓★★★★	2.6	-4.5	7.9	7.8	7.7	7	27	59	44	18	0.0	12.76	(89)	-Avg
Mid-Cap Blend			1.3	-6.6	7.8	7.7	5.9	—	—	—	—	—	—	12.51	(80)	—
Ariel Appreciation Investor CAAPX	—	★★★	1.1	-9.1	9.1	9.1	7.5	61	76	34	29	18	1.0	14.92	(89)	High
Ariel Fund Investor ARGFX	Bronze	★★	-0.3	-10.4	9.9	8.5	5.8	78	81	19	43	61	0.6	16.06	(86)	High
ASTON/Fairpointe Mid Cap N CHTTX	Silver	★★★★	3.6	-9.2	8.6	8.4	9.2	18	77	44	47	1	0.3	15.54	(75)	High
Fidelity Spartan Extended Mkt Index Inv FSEMXX	Silver	★★★	-0.9	-9.0	8.0	8.5	6.9	82	75	55	47	36	1.4	13.79	(77)	+Avg
First Eagle Fund of America Y FEAFFX	Bronze	★★★★	-3.1	-7.2	7.2	8.5	7.7	93	62	64	44	13	0.0	12.55	(80)	Avg
FMI Common Stock FMIMX	Gold	★★★★	5.4	-4.0	7.8	8.3	8.1	3	29	57	50	7	0.0	11.96	(78)	-Avg
Janus Contrarian T JSVAX	Neutral	★★	-3.5	-17.1	6.7	6.9	4.4	94	95	70	73	85	0.3	12.91	(62)	+Avg
Longleaf Partners Small-Cap LLSCX	Silver	★★★★	4.6	-7.3	8.8	10.5	8.2	4	62	41	7	7	0.1	11.95	(66)	-Avg
Osterweis OSTFX	Neutral	★★★	-1.3	-11.4	4.5	6.2	5.2	86	86	90	79	69	0.5	11.23	(83)	-Avg
Vanguard Capital Value Inv VCVLX	Neutral	★	-4.3	-17.6	5.0	4.8	4.8	96	97	87	86	77	1.2	16.34	(79)	High
Vanguard Extended Market Idx Adm VEXAX	Gold	★★★	-0.9	-8.9	8.1	8.5	6.7	82	73	53	46	41	1.7	13.84	(77)	+Avg
Vanguard Mid Cap Index Adm VIMAX	Gold	★★★★	1.2	-4.3	10.8	10.0	7.2	60	38	8	12	26	1.7	12.07	(89)	Avg
Vanguard Strategic Equity Inv VSEQX	Bronze	★★★★	0.4	-5.8	11.9	11.6	6.2	67	53	2	4	54	1.6	12.78	(84)	+Avg
Weitz Hickory WEHIX	Silver	★★★	2.9	-9.0	4.3	6.8	5.4	30	75	91	75	66	0.0	11.32	(72)	-Avg
Westport Select Cap R WPSRX	—	★★	2.6	-8.3	6.1	4.5	5.4	35	69	79	89	65	0.0	16.39	(66)	High
Westwood SMidCap Institutional WHGMX	—	★★★★	-1.5	-9.0	5.9	6.4	8.3	88	74	81	77	5	0.2	13.43	(80)	+Avg
Mid-Cap Value			2.4	-5.5	7.9	8.1	6.1	—	—	—	—	—	—	12.57	(83)	—
American Century Mid Cap Value Inv ACMVX	Silver	★★★★★	5.1	1.9	11.9	11.6	8.9	11	4	4	2	3	1.1	10.57	(88)	Low
Artisan Mid Cap Value Investor ARTQX	Silver	★★★	6.2	-6.2	4.3	7.2	7.1	6	59	93	72	23	0.4	12.26	(79)	Avg
Delafield Fund DEFIX	—	★★	5.6	-11.6	-0.3	2.2	5.2	7	88	98	97	76	0.0	17.75	(68)	High
Diamond Hill Small-Mid Cap A DHMAX	Gold	★★★★	2.6	-0.5	10.4	10.4	8.0	45	15	13	8	10	0.1	11.61	(76)	-Avg
Fidelity Leveraged Company Stock FLVCX	Bronze	★★	-2.3	-11.9	5.2	6.9	5.6	98	90	90	77	67	1.0	14.06	(82)	+Avg
Fidelity Low-Priced Stock FLPSX	Silver	↓★★★★	1.0	-1.3	9.6	10.1	7.5	77	21	23	14	16	1.2	10.09	(86)	Low
Fidelity Value FDVLX	Neutral	★★★	2.7	-6.9	9.0	9.2	5.7	43	66	34	32	63	1.1	12.67	(86)	Avg
FPA Capital FPPTX	Bronze	★	0.2	-12.7	-2.8	-0.3	3.3	86	95	99	99	97	0.4	13.56	(52)	Avg
GoodHaven GOODX	Neutral	★	6.0	-9.2	-5.8	—	—	6	83	99	—	—	0.0	12.27	(41)	-Avg
Harbor Mid Cap Value Investor HIMVX	Bronze	★★★★	2.6	-6.5	11.0	10.8	6.7	46	63	7	5	32	1.0	12.82	(86)	Avg
Perkins Mid Cap Value T JMCVX	Bronze	↓★★★★	3.1	-0.9	7.0	6.6	6.5	34	18	72	82	39	1.3	10.4	(89)	Low
T. Rowe Price Mid-Cap Value TRMCX	Gold	★★★★★	6.5	-0.1	10.1	10.0	8.1	3	11	17	17	9	1.2	11.52	(83)	-Avg
Vanguard Selected Value Inv VASVX	Gold	★★★★	1.2	-3.9	9.3	9.9	7.6	70	35	27	20	13	1.6	12.65	(85)	Avg
Small Growth			-4.3	-11.7	6.3	6.5	5.4	—	—	—	—	—	—	15.84	(59)	—
Artisan Small Cap Investor ARTSX	Silver	★★★	-6.3	-8.1	6.0	8.3	4.8	70	24	59	21	68	0.0	17.21	(38)	+Avg
Baron Small Cap Retail BSCFX	Bronze	★★★	-2.8	-12.9	4.6	6.4	5.3	33	57	76	55	54	0.0	13.99	(74)	-Avg
Brown Capital Mgmt Small Co Inv BCSIX	Gold	★★★★★	-5.5	-1.9	11.0	10.9	11.1	58	5	4	3	1	0.0	16.21	(55)	Avg
Buffalo Small Cap BUF SX	Neutral	★★★	-5.7	-13.3	3.4	5.6	4.6	63	61	86	68	74	0.0	15.95	(60)	Avg
Russell MidCap Growth Index			0.6	-4.9	10.8	9.8	7.2									
S&P MidCap 400 Index			3.8	-3.6	9.5	9.5	7.8									
Russell MidCap Value Index			3.9	-3.6	9.7	10.3	7.0									
Russell 2000 Growth Index			-4.6	-11.7	8.1	7.8	6.1									

Legend
 Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Equity Style Box	Current Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)	
							Cash	Stock	Bond	Other	Foreign						
ETGLX	22.0	3.1	8,486	20	60	3	97	0	0	4	1.23	—	1,204	—	Barksdale/Kuruville (5.4/7.7)		
FAMVX	18.2	2.5	11,237	31	40	8	91	0	0	4	1.18	62.62	928	—	Fox/Putnam (15.9/29.2)		
FMCSX	16.9	1.8	6,103	17	168	29	6	94	0	9	0.76	33.39	7,042	—	John Roth (5.1)		
HFCSX	20.8	2.6	13,077	30	25	4	16	84	0	7	1.47	70.52	2,288	—	Management Team		
JAENX	22.7	4.1	8,659	30	84	17	5	94	0	11	0.92	88.04	6,604	—	Brian Demain (8.4)		
MVALX	19.1	2.0	6,923	29	64	76	7	93	0	7	Clsd	1.11	32.08	557	—	Cordisco/England (2.6/14.2)	
POAGX	19.5	1.6	6,118	34	152	15	3	97	0	12	Clsd	0.62	31.36	6,481	—	Management Team	
RPMGX	22.5	3.3	9,940	25	143	27	5	93	0	1	Clsd	0.77	73.01	22,656	—	Brian Berghuis (23.7)	
VMGRX	19.1	1.9	9,076	25	101	93	4	96	0	4	NL	0.43	21.85	3,994	—	Management Team	
WPFRX	19.4	3.1	16,597	26	32	3	1	100	0	-1	8	1.23	29.44	445	—	Edmund Nicklin, Jr. (18.2)	
CAAPX	14.6	2.0	10,412	28	42	22	0	100	0	0	NL	1.12	45.57	1,749	—	Fidler/Rogers, Jr. (6.3/13.5)	
ARGFX	15.1	1.8	4,094	31	40	25	1	99	0	0	NL	1.02	59.24	2,012	—	Management Team	
CHTTX	15.6	1.4	4,785	26	48	31	0	100	0	3	NL	1.11	35.57	3,763	—	Management Team	
FSEMXX	18.1	1.8	3,079	16	3273	7	1	99	0	3	NL	0.1	49.77	15,510	—	Management Team	
FEAFX	14.3	2.4	15,755	22	38	32	1	99	0	13	Clsd	1.31	34.51	3,376	—	Management Team	
FMIMX	15.3	1.8	3,115	47	43	29	7	93	0	5	Clsd	1.07	24.05	1,090	—	Management Team	
JSVAX	16.7	2.1	7,956	23	35	70	0	97	0	2	NL	1.04	17.95	2,865	—	Daniel Kozlowski (4.7)	
LLSCX	19.5	1.5	4,126	36	22	46	15	83	1	10	Clsd	0.91	28.22	3,894	—	Management Team	
OSTFX	17.8	2.2	19,168	22	34	29	12	88	0	14	NL	0.99	25.14	719	—	Management Team	
VCVLX	16.6	1.6	13,115	18	13	149	90	0	98	2	13	NL	0.5	10.45	890	—	Higgins/Palmer (7.7/6.2)
VEVAX	18.1	1.8	3,040	16	3307	6	0	100	0	2	NL	0.1	62.8	39,996	—	Donald Butler (18.2)	
VIMAX	17.8	2.1	10,051	18	367	15	0	100	0	2	NL	0.09	150.1	62,086	—	Donald Butler (17.8)	
VSEQX	13.9	2.0	3,801	19	404	70	0	99	0	0	NL	0.21	28.42	5,403	—	Management Team	
WEHIX	18.9	1.9	4,504	42	14	37	26	21	78	0	6	1.23	47.59	298	—	Weitz/Weitz (4.2/13.2)	
WPSRX	16.1	2.1	4,176	39	15	22	0	5	97	0	-2	0	13.53	203	—	Knuth/Nicklin, Jr. (18.2/18.2)	
WHGMX	17.5	2.2	2,990	20	64	56	1	99	0	0	NL	0.96	14.26	482	—	Management Team	
ACMVX	17.5	1.8	11,567	22	110	66	3	97	0	5	Clsd	1.01	15.32	6,840	—	Management Team	
ARTQX	14.8	1.3	8,336	24	61	31	5	95	0	2	Clsd	1.19	19.91	4,816	—	Management Team	
DEFIX	12.9	1.3	2,607	38	21	46	19	6	94	0	5	NL	1.26	25.3	456	—	Delafeld/Sellecchia (22.3/22.3)
DHMAX	15.6	1.6	4,597	26	62	21	8	92	0	2	5.00	1.25	18.77	1,596	—	Management Team	
FLVCX	11.4	1.6	15,272	24	112	4	2	97	0	5	NL	0.79	38.88	3,635	—	Thomas Soviero (12.7)	
FLPSX	12.8	1.5	5,576	29	880	9	11	89	0	37	NL	0.79	48.22	40,061	—	Management Team	
FDVLX	15.0	1.4	7,742	20	276	80	2	98	0	10	NL	0.84	98.32	7,975	—	Management Team	
FPPTX	13.1	1.0	3,441	38	28	38	19	79	1	1	0	Clsd	0.73	32.41	703	—	Ahitov/Bryan (2.7/8.3)
GOODX	20.9	0.8	4,648	37	26	18	30	68	0	10	NL	1.1	20.54	261	—	Pitkowsky/Trauner (4.9/4.9)	
HIMVX	11.9	1.3	5,819	20	203	12	2	98	0	1	NL	1.25	19.37	756	—	Management Team	
JMVCX	17.5	2.1	7,614	22	76	26	4	96	0	2	NL	0.69	15.85	3,822	—	Management Team	
TRMCX	17.2	1.6	8,030	26	95	45	11	89	0	5	Clsd	0.8	26.55	10,644	—	David Wallack (15.2)	
VASVX	13.3	1.4	9,908	29	126	24	6	94	0	10	NL	0.39	26.17	8,660	—	Management Team	
ARTSX	38.7	4.7	3,230	45	72	45	5	95	0	4	Clsd	1.02	25.13	1,086	—	Management Team	
BSCFX	26.9	3.2	3,735	22	82	14	2	97	0	4	NL	1.3	27.39	3,456	—	Clifford Greenberg (18.5)	
BCSIX	38.9	3.3	2,217	62	37	11	6	94	0	0	Clsd	1.26	67.5	2,655	—	Management Team	
BUFSX	30.2	4.1	2,149	33	61	17	0	100	0	6	NL	1.0	16.64	965	—	Cuellar/Male (1.2/17.9)	
	20.7	4.2	11,307														
	18.1	1.6	9,523														
	21.4	3.0	1,633														

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 03-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)	
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity															
Small Growth (cont'd)															
Century Small Cap Select Inv CSMVX	—	★★★	-6.7	-15.1	4.3	5.1	4.3	72	75	80	75	79	0.0	16.61 (58)	Avg
Champlain Small Company Adv CIPXS	☞ Silver	★★★★	-2.4	-6.5	6.5	7.7	7.8	28	16	50	30	3	0.0	14.5 (62)	-Avg
Columbia Acorn USA Z AUSAX	—	★★★	-6.0	-11.8	4.9	6.0	4.8	66	51	73	60	69	0.0	15.1 (63)	Avg
Conestoga Small Cap Investors CCASX	☞ Silver	↓★★★★	-3.5	-0.8	7.9	8.8	7.1	39	5	26	14	10	0.0	16.8 (51)	+Avg
Janus Triton T JATTX	Neutral	★★★★★	-0.5	-5.8	11.1	10.5	9.8	18	13	3	4	1	0.1	13.6 (73)	-Avg
Janus Venture T JAVTX	Neutral	★★★★★	-3.8	-8.8	10.3	10.3	7.7	42	31	6	5	4	0.0	15.2 (67)	Avg
Kalmar Growth-with-Value Sm Cp Inv KGSCX	—	★★★	-0.9	-12.7	3.5	4.9	4.9	21	56	86	77	66	0.0	16.51 (62)	Avg
LKCM Small Cap Equity Instl LKSCX	☞ Silver	★★	-4.3	-13.4	2.8	3.8	3.7	47	64	89	88	87	0.0	15.61 (57)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	☞ Silver	★★★★	-4.9	-9.7	7.8	7.5	7.3	52	39	29	33	7	0.0	16.78 (49)	+Avg
Meridian Growth Legacy MERDX	☞ Bronze	★★★★	2.4	-5.4	7.4	7.8	7.9	7	10	37	28	2	0.0	13.07 (68)	Low
Meridian Small Cap Growth Investor MISGX	☞ Bronze	NR	-0.2	-10.2	—	—	—	16	42	—	—	—	0.0	— (—)	
Neuberger Berman Genesis Inv NBGNX	☞ Bronze	★★★★	1.6	-2.4	7.7	8.0	7.3	9	6	29	25	6	0.4	12.89 (72)	Low
Royce Premier Invmt RYPRX	☞ Bronze	★★★	4.4	-8.3	3.7	3.6	5.8	4	26	84	89	43	0.7	15.06 (71)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	★★	-4.4	-10.4	5.7	4.6	3.6	48	43	63	81	88	0.0	16.71 (62)	+Avg
T. Rowe Price New Horizons PRNHX	☞ Silver	★★★★★	-4.1	-5.8	11.8	12.2	9.1	45	13	2	1	1	0.0	14.61 (63)	Avg
T. Rowe Price QM US Small-Cap Gr Eq PRDSX	☞ Silver	★★★★★	-2.3	-7.6	10.9	10.1	8.1	27	22	4	6	2	0.0	14.14 (71)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	☞ Silver	★★★★	-0.2	-7.0	8.1	9.0	7.4	15	19	24	12	6	0.1	14.04 (68)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	★★★★	-1.2	-11.1	8.0	7.9	5.5	21	46	25	25	49	0.3	14.85 (73)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	☞ Silver	★★★	-1.9	-10.1	6.9	<i>7.6</i>	<i>6.7</i>	26	41	44	32	17	1.1	14.24 (68)	-Avg
Wasatch Core Growth WGROX	☞ Gold	★★★★	-3.2	-6.2	8.9	10.3	6.2	37	15	15	6	27	0.0	13.39 (64)	Low
Wasatch Small Cap Growth Investor WAAEX	☞ Gold	★★★★	-4.4	-11.6	5.5	7.0	6.1	48	49	66	40	31	0.0	14.49 (57)	-Avg
William Blair Small Cap Growth N WBSNX	—	★★★	-2.0	-9.7	8.1	7.9	4.6	26	39	24	25	74	0.0	14.97 (59)	Avg
Small Blend															
AMG Managers Skyline Special Equities SKSEX	☞ Bronze	★★★★	3.0	-6.1	9.4	10.7	6.9	17	33	12	1	10	0.0	15.33 (63)	+Avg
ASTON/River Road Select Value N ARSMX	—	↑★★★★	7.5	1.2	5.6	7.8	—	1	2	72	40	—	0.0	12.99 (70)	Low
ASTON/River Road Small Cap Value N ARSVX	—	↑★★★★	5.4	1.5	6.4	7.5	5.3	4	1	61	44	47	0.0	12.54 (68)	Low
Berwyn BERWX	☞ Silver	★★	2.4	-13.5	1.1	4.0	4.5	22	93	94	89	65	0.0	14.93 (55)	Avg
Bogle Small Cap Growth Inv BOGLX	—	★★★	1.0	-12.4	7.1	8.7	4.4	40	88	47	22	70	0.0	17.24 (73)	High
Bridgeway Ultra-Small Company Market BRSIX	—	★★★	-3.8	-13.4	6.9	7.5	3.2	97	92	51	43	90	0.9	14.74 (54)	Avg
Broadview Opportunity BVAOX	☞ Silver	★★★	-0.8	-12.1	5.6	6.4	7.3	66	87	73	64	8	0.0	14.09 (64)	-Avg
DFA US Micro Cap I DFSCX	☞ Gold	★★★★	0.9	-5.7	9.0	9.0	5.5	41	30	17	18	40	1.0	15.06 (62)	+Avg
DFA US Small Cap I DFSTX	☞ Gold	★★★★	1.8	-5.3	9.1	9.1	6.6	26	25	14	16	16	1.1	14.62 (68)	Avg
Dreyfus Opportunistic Small Cap DSCVX	—	★★★	-4.3	-9.1	7.1	6.1	8.4	98	60	48	69	3	0.4	18.5 (60)	High
Fidelity Small Cap Discovery FSCRX	☞ Gold	★★★★★	3.6	-4.6	7.5	10.6	9.7	12	18	42	2	1	0.5	13.7 (68)	-Avg
Fidelity Small Cap Stock FSLCX	☞ Bronze	★★★	0.6	-3.8	9.4	5.1	5.2	46	12	11	82	50	0.6	13.02 (76)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★	-1.1	-6.4	7.6	7.0	4.7	71	35	40	54	61	0.4	14.04 (69)	Avg
Mairs & Power Small Cap MSCFX	☞ Silver	★★★★	4.7	-2.7	8.6	—	—	6	6	24	—	—	0.4	13.8 (67)	-Avg
Perritt MicroCap Opportunities Investor PRCGX	—	★★	-3.0	-8.3	5.4	5.0	3.8	95	53	75	83	80	0.0	13.19 (55)	Low
Royce Micro-Cap Invmt RYOTX	—	★	-1.1	-14.0	-0.9	-2.5	2.5	70	94	96	97	95	0.0	14.76 (58)	Avg
Royce Pennsylvania Mutual Invmt PENNX	Neutral	★★★	6.2	-7.0	4.7	4.9	4.9	2	40	81	84	58	0.8	14.73 (69)	Avg
Royce Total Return Invmt RYTRX	—	★★★	5.2	-4.1	5.9	6.8	5.4	5	14	68	57	42	0.7	12.76 (75)	Low
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	0.2	-7.7	6.3	8.0	5.3	53	47	62	36	48	0.1	13.52 (70)	-Avg
T. Rowe Price Small-Cap Value PRSVX	☞ Bronze	★★★	3.2	-2.8	5.6	7.3	5.8	16	7	72	48	34	0.7	13.48 (67)	-Avg
Vanguard Explorer Value Inv VEVFX	—	★★★★	2.3	-4.9	7.9	9.0	—	23	21	34	17	—	0.8	13.85 (76)	-Avg
Vanguard Small Cap Index Adm VSMAX	☞ Gold	★★★★	1.0	-7.1	8.5	8.8	6.8	39	42	25	21	13	1.7	13.76 (77)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	☞ Gold	★★★★★	2.4	-3.4	10.5	10.4	7.0	22	9	2	3	10	1.5	14.1 (68)	Avg
Small Value															
AllianzGI NFJ Small-Cap Value A PCVAX	☞ Silver	★★★	1.9	-9.0	3.6	5.3	6.3	53	74	84	81	19	1.5	12.75 (76)	-Avg
Russell 2000 Growth Index															
Russell 2000 Index															

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

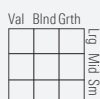
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)	
					Cash	Stock	Bond			Other	Foreign									
	—	22.5	2.9	2,578	24	19	17	—	77	3	97	0	0	3	—	1.33	—	808	—	
CSMVX		18.6	2.8	1,829	26	25	16	61	69	2	97	0	2	4	NL	1.42	20.24	184	Alexander Thorndike (16.2)	
CIP SX		19.0	2.0	1,716	23	19	17	79	37	4	96	0	0	1	Clsd	1.38	15.46	1,022	Management Team	
AUSAX		22.4	2.8	2,145	22	22	21	106	35	0	100	0	0	3	NL	1.08	20.85	690	Doyle/Litfin (2.2/0.2)	
CCASX		33.8	3.9	1,456	36	26	18	46	11	7	93	0	0	0	NL	1.1	34.5	684	Mitchell/Monahan (13.5/2.2)	
JATX		23.6	3.4	3,252	27	25	18	119	27	3	96	0	1	3	Clsd	0.92	21.87	6,153	Jonathan Coleman (2.8)	
JAVTX		24.4	3.3	2,436	28	22	21	123	40	3	96	0	0	8	Clsd	0.92	59.25	2,415	Jonathan Coleman (2.8)	
KGSCX		24.1	2.7	1,679	28	23	18	74	50	2	98	0	0	2	NL	1.34	14.44	183	Draper/Walker (18.9/18.9)	
LKSCX		24.4	3.1	2,292	25	18	13	71	62	0	100	0	0	3	NL	0.94	19.0	503	Management Team	
LCGRX		25.7	3.1	1,963	25	22	20	99	78	4	96	0	0	4	Clsd	1.19	19.0	1,098	Burns/Slavik (11.2/11.0)	
MERDX		22.2	3.1	2,487	29	26	19	83	46	7	92	0	0	3	Clsd	0.84	31.42	1,240	Meade/Schaub (2.6/2.6)	
MISGX		21.0	2.5	965	31	22	21	101	45	10	89	0	1	4	NL	1.39	11.23	270	Meade/Schaub (2.2/2.2)	
NBGNX		21.5	3.5	3,061	21	19	17	142	13	3	97	0	0	5	NL	1.01	31.29	10,108	Management Team	
RYPRX		17.7	2.5	2,661	38	16	15	59	13	0	95	0	5	8	NL	1.1	14.91	2,394	Management Team	
RYVPX		23.0	2.6	1,472	27	21	19	88	45	1	92	0	7	13	NL	1.45	10.71	527	Brown/Skiner III (2.9/12.2)	
PRNHX		29.4	4.1	4,408	23	22	20	260	34	5	89	0	7	6	Clsd	0.79	40.72	13,653	Henry Ellenbogen (6.1)	
PRDSX		22.6	3.7	3,425	22	21	18	294	9	3	97	0	0	1	NL	0.85	25.12	2,068	Sudhir Nanda (9.5)	
OTCFX		20.0	2.1	1,998	18	17	16	322	20	7	92	0	1	3	Clsd	0.91	38.55	7,745	Gregory McCrickard (23.6)	
VEXPX		19.9	2.5	2,877	21	21	19	721	62	2	98	0	1	3	NL	0.49	79.49	10,074	Management Team	
VSGAX		23.2	2.3	2,711	21	17	16	727	23	0	100	0	0	1	NL	0.09	41.85	14,489	Gerard O'Reilly (11.2)	
WGROX		20.9	3.6	2,514	22	18	18	68	39	8	92	0	0	6	NL	1.17	51.24	1,190	Lambert/Taylor (11.2/15.2)	
WAAEX		25.0	3.6	2,050	28	18	18	102	31	2	95	0	2	16	Clsd	1.22	39.49	1,881	Cardon/Taylor (29.2/3.2)	
WBSNX		21.0	2.5	1,228	20	18	16	78	91	2	98	0	0	7	NL	1.5	22.02	357	Balkin/Brewer (7.7/16.2)	
	—	16.1	1.7	2,389	18	17	16	—	60	3	97	0	0	2	—	1.19	—	814	—	
SKSEX		14.8	1.5	1,490	33	22	19	72	31	7	93	0	0	6	Clsd	1.33	36.76	1,413	Management Team	
ARSMX		17.9	1.4	1,886	27	24	17	64	58	2	98	0	0	2	NL	1.52	6.71	46	Management Team	
ARSVX		17.0	1.4	1,173	25	24	18	61	60	6	94	0	0	3	NL	1.39	11.64	259	Management Team	
BERWX		15.9	1.2	514	29	23	13	41	11	9	91	0	0	2	NL	1.23	27.27	141	Management Team	
BOGLX		13.3	1.2	1,133	21	18	18	197	196	2	97	0	1	8	NL	1.35	24.38	140	John Bogle (16.5)	
BRSIX		13.3	1.1	168	22	19	17	643	32	0	100	0	0	1	NL	0.78	12.41	333	Management Team	
BVAOX		17.7	2.1	2,124	26	22	17	76	41	15	85	0	0	4	NL	1.23	31.06	658	Management Team	
DFSCX		16.1	1.6	762	20	20	17	1627	12	1	99	0	0	2	NL	0.52	17.63	4,895	Management Team	
DFSTX		16.8	1.7	1,503	19	18	18	2030	11	2	98	0	0	2	NL	0.37	28.81	11,537	Management Team	
DSCVX		15.4	1.6	1,453	26	22	18	72	74	1	99	0	0	12	Clsd	1.09	27.46	778	Management Team	
FSCRX		14.3	1.4	2,113	23	20	16	66	13	2	98	0	0	1	Clsd	1.06	27.38	5,279	Janssen/Myers (0.0/10.0)	
FSLCX		16.0	1.8	2,180	21	21	15	140	64	3	97	0	0	16	NL	0.66	17.47	1,966	Lionel Harris (4.3)	
FDSCX		17.8	2.0	2,345	18	17	15	212	48	5	95	0	0	6	NL	0.77	22.8	1,406	Management Team	
MSCFX		18.7	1.9	1,468	26	18	17	47	23	3	97	0	0	1	NL	1.07	20.4	203	Adams/Steinkopf (4.6/1.2)	
PRCGX		14.9	1.3	278	20	18	18	99	20	2	98	0	0	3	NL	1.22	30.71	278	Corbett/Metrou (19.2/2.1)	
RYOTX		18.3	1.5	406	25	21	17	177	41	3	92	0	5	9	NL	1.48	10.97	251	Management Team	
PENNX		17.0	1.8	1,464	25	22	19	290	21	0	95	0	4	6	NL	0.92	9.91	2,821	Management Team	
RYTRX		15.6	1.7	2,017	25	24	17	290	11	1	92	0	7	6	NL	1.19	12.5	2,818	Management Team	
STSCX		15.7	1.8	3,102	27	16	15	61	6	3	97	0	0	0	NL	1.11	70.0	1,144	Management Team	
PRSVX		17.8	1.6	1,368	25	15	13	307	32	3	96	0	1	2	NL	0.96	37.47	6,637	J. Wagner (1.7)	
VEVFX		16.7	1.4	2,268	29	15	14	178	35	6	93	0	0	3	NL	0.65	29.11	274	Management Team	
VSMAX		18.0	1.8	2,664	16	15	15	1501	11	1	99	0	0	1	NL	0.09	53.43	51,561	Michael Buek (24.2)	
VTMSX		18.1	1.8	1,407	17	17	15	612	33	0	100	0	0	0	NL	0.12	45.31	3,514	Michael Buek (17.0)	
PCVAX		—	15.5	1.4	2,094	24	17	14	—	79	3	96	0	0	3	—	1.3	—	851	—
		13.0	1.5	2,037	21	20	11	129	42	5	93	0	2	3	Clsd	1.19	20.41	4,323	Management Team	
		21.4	3.0	1,633																
		18.8	1.8	1,491																

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 03-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category		
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity		Morningstar Analyst Rating															
Small Value (cont'd)			—	2.2	-6.9	6.1	6.6	5.1	—	—	—	—	—	14.3	(67)	—	
American Beacon Small Cp Val Inv AVPAX	🥉 Bronze	★★★★	2.4	-6.0	7.5	7.6	5.9	41	37	32	26	27	0.5	14.52	(70)	Avg	
American Century Small Cap Value Inv ASVIX	—	★★★★	-0.5	-6.2	7.1	7.1	6.7	87	42	40	39	13	0.4	14.78	(72)	Avg	
Dean Small Cap Value DASCX	—	↑★★★★	5.7	-2.7	8.5	8.7	5.1	7	15	14	13	49	0.2	13.77	(64)	-Avg	
DFA US Targeted Value I DFFVX	🏆 Gold	★★★★	2.6	-7.0	7.7	8.0	5.9	38	53	27	20	27	1.4	14.86	(73)	Avg	
Diamond Hill Small Cap A DHSCX	🏆 Gold	★★★★	0.5	-5.8	6.7	7.2	5.3	74	34	48	36	44	0.3	10.72	(72)	Low	
Fidelity Small Cap Value FCPVX	🥉 Bronze	★★★★★	3.8	-0.1	8.6	10.3	7.8	25	4	13	2	3	0.8	12.88	(67)	-Avg	
Perkins Small Cap Value T JSCVX	🥈 Silver	★★★★★	3.8	-2.1	8.1	6.9	7.3	23	11	18	46	8	0.6	11.99	(73)	Low	
Royce Opportunity Invmt RYPNX	🥉 Bronze	★★	2.1	-12.7	3.6	4.7	4.7	50	92	85	86	63	0.0	16.45	(63)	+Avg	
Royce Small-Cap Value Service RYVFX	—	★★	9.3	-6.4	6.2	2.6	4.8	2	44	57	96	58	0.5	13.86	(60)	-Avg	
Royce Special Equity Invmt RYSEX	🏆 Gold	★★★★	5.6	-9.6	3.7	5.8	6.6	7	78	83	72	14	1.1	14.01	(61)	-Avg	
Third Avenue Small Cap Value Instl TASCX	—	★★★	3.3	-7.2	5.7	6.5	4.0	30	56	68	57	80	0.0	13.76	(72)	-Avg	
Vanguard Small Cap Value Index Admiral VSIAX	🥈 Silver	★★★★★	3.5	-4.7	9.6	9.7	6.5	28	24	7	5	17	2.2	13.79	(79)	Avg	
Allocation			—	0.8	-3.0	3.4	4.1	3.8	—	—	—	—	—	7.08	(76)	—	
American Funds 2020 Trgt Date Retire A AACTX	🥈 Silver	TE	★★★★	2.1	0.4	6.7	7.0	—	21	3	2	2	—	1.1	7.01	(96)	Avg
American Funds American Balanced A ABALX	🥈 Silver	MA	★★★★	1.8	2.7	8.7	9.2	6.7	23	2	3	2	7	1.6	7.92	(89)	Avg
American Funds Income Fund of Amer A AMECX	🥈 Silver	MA	★★★	3.0	0.5	6.9	7.9	6.1	6	9	19	11	14	3.1	8.33	(93)	+Avg
Arbitrage R ARBFX	🥉 Bronze	NE	★★★★	1.6	1.2	1.7	1.6	3.0	30	40	46	37	19	0.0	1.82	(1)	Low
ASTON/Montag & Caldwell Balanced N MOBAX	—	MA	★★★★	0.8	2.7	6.4	7.1	6.1	50	2	28	26	15	0.6	6.48	(72)	Low
Berwyn Income BERIX	🥈 Silver	CA	★★★★★	3.1	-0.8	5.1	5.5	6.9	12	25	6	13	1	2.3	4.76	(75)	-Avg
Calamos Market Neutral Income A CVSIX	Neutral	NE	★★★	0.2	0.7	2.3	3.1	3.1	61	47	31	11	13	1.0	3.54	(0)	Avg
Dodge & Cox Balanced DODBX	🏆 Gold	MA	★★★★	0.3	-2.3	7.8	8.6	5.4	69	44	8	4	33	2.4	8.93	(87)	High
Fidelity Balanced FBALX	🥉 Bronze	MA	↑★★★★★	0.1	-1.7	8.1	8.1	6.0	79	31	6	9	17	1.6	8.31	(91)	+Avg
Fidelity Four-in-One Index FFNOX	🥈 Silver	AL	★★★★	0.4	-2.1	7.4	7.7	5.4	49	16	13	11	12	2.1	9.94	(96)	Avg
Fidelity Puritan FPURX	🥉 Bronze	MA	↓★★★★	-0.8	-1.6	8.4	8.0	6.4	92	30	4	10	11	2.1	8.36	(87)	+Avg
Fidelity Strategic Real Return FSRRX	🥉 Bronze	CA	★	2.6	-5.2	-2.7	0.0	2.4	18	90	94	95	92	1.6	5.16	(47)	Avg
FPA Crescent FPACX	🏆 Gold	MA	↑★★★★★	-0.2	-2.4	5.8	6.7	6.5	85	46	40	33	10	0.9	7.5	(86)	Avg
Franklin Income A FKINX	🥉 Bronze	CA	↑★★★★	2.0	-6.8	1.9	4.4	5.2	38	95	76	42	12	5.7	9.25	(89)	High
Gateway A GATEX	🥈 Silver	LO	↓★★★	-0.6	0.6	3.2	3.7	3.1	46	17	58	49	47	2.0	4.46	(87)	Low
Greenspring GRSPX	—	MA	★★	3.7	-2.1	1.8	3.7	4.3	2	40	97	93	73	2.2	8.45	(69)	+Avg
Invesco Equity and Income A ACEIX	🥉 Bronze	MA	★★★	-1.0	-3.4	6.4	7.0	5.7	95	67	28	26	24	2.3	8.72	(86)	+Avg
Janus Balanced T JABAX	Neutral	MA	★★★★★	-0.9	-1.8	6.6	7.3	7.0	94	33	24	22	5	1.6	7.18	(90)	-Avg
JPMorgan Income Builder A JNBAX	🥉 Bronze	CA	★★★	0.8	-2.5	3.0	5.0	—	82	69	47	23	—	4.3	6.98	(89)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	↓★★★★	1.6	-1.3	6.6	4.8	5.1	39	4	2	12	6	0.0	6.96	(68)	-Avg
★ Litman Gregory Masters Alt Strats Inv MASN	🥉 Bronze	GY	★★★★	0.5	-2.4	1.9	—	—	31	24	25	—	—	2.9	2.69	(81)	—
Mairs & Power Balanced Inv MAPOX	🥈 Silver	MA	★★★★★	4.2	0.7	6.6	8.5	6.8	1	8	24	5	7	2.5	7.85	(90)	Avg
Manning & Napier Pro-Blend Cnsvr Term S EXDAX	Under Review	CA	★★★★	1.8	-2.1	2.2	3.9	4.9	43	62	71	60	22	1.5	4.97	(93)	Avg
Manning & Napier Pro-Blend Extn Term S MNBAX	Under Review	MA	★★★	1.4	-4.4	3.5	4.8	5.1	30	81	85	76	46	0.6	8.11	(94)	Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	Under Review	CA	★★★	1.6	-3.6	2.6	4.1	4.6	52	80	61	53	31	0.8	6.44	(95)	+Avg
Merger Investor MERFX	🥈 Silver	NE	↓★★★	1.0	-1.2	1.6	1.6	2.9	45	61	48	38	22	0.8	2.89	(0)	Avg
MFS Total Return A MSFRX	🥉 Bronze	MA	★★★	2.5	1.1	7.0	7.5	5.6	12	6	16	17	29	2.4	6.84	(93)	-Avg
★ Natixis ASG Global Alternatives A GAFAX	🥉 Bronze	GY	★★	-8.3	-15.8	1.2	1.0	—	97	96	42	64	—	0	6.17	(36)	—
Oakmark Equity & Income I OAKBX	🥈 Silver	MA	★★★★	0.8	-4.7	6.4	6.0	6.5	51	84	29	48	11	1.1	8.86	(87)	+Avg
Pax Balanced Individual Investor PAXWX	—	MA	★★★	0.8	-0.5	6.2	5.5	4.1	50	18	32	61	77	0.9	7.67	(91)	Avg
Russell 2000 Value Index				1.8	-7.8	5.7	6.5	4.3									
S&P 500 Index				1.4	1.8	11.8	11.5	6.9									
BarCap US Agg Bond TR USD				3.0	2.0	2.4	3.8	4.7									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- CA Allocation—30% to 50% Equity
- GY Multi-Alternative
- LO Long-Short
- MA Allocation—50% to 70% Equity
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- SU Utilities
- TD Target Date 2011–2015
- TE Target Date 2016–2020
- TG Target Date 2021–2025
- TH Target Date 2026–2030
- TI Target Date 2031–2035
- TJ Target Date 2036–2040
- TK Target Date 2041–2045
- TL Target Date 2050+
- TV Tactical Allocation
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity

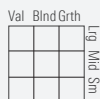
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge		NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign	%	Ratio %						
	—	15.5	1.4	2,094	24	17	14	—	79	3	96	0	0	3	—	1.3	—	851	—
AVPAX		13.8	1.3	1,796	27	17	17	592	47	5	95	0	0	5	NL	1.16	22.26	5,675	Management Team
ASVIX		16.4	1.6	1,333	24	18	17	138	78	0	99	0	1	4	Clsd	1.25	7.55	1,387	John/Lewis (3.8/1.4)
DASCX		14.2	1.5	1,418	25	24	13	64	128	2	98	0	0	0	NL	1.25	14.32	199	Steven Roth (7.7)
DFVX		14.5	1.2	2,031	26	20	15	1514	15	1	99	0	0	2	NL	0.37	20.2	7,488	Management Team
DHSCX		14.9	1.5	2,630	29	27	12	74	17	18	82	0	0	5	Clsd	1.31	31.05	1,702	Management Team
FCPVX		14.5	1.4	2,106	31	17	15	59	34	0	98	0	2	4	Clsd	1.19	17.37	3,040	Derek Janssen (3.2)
JSCVX		17.4	1.9	2,191	22	20	17	81	37	4	96	0	0	2	NL	0.81	18.89	1,279	Management Team
RYPNX		16.3	1.1	629	35	19	17	251	27	5	92	0	3	3	NL	1.15	10.79	1,466	Hench/Zaino (11.9/18.0)
RYVFX		12.9	1.4	1,191	32	22	18	60	60	1	98	0	2	3	NL	1.45	9.51	533	Jay Kaplan (12.2)
RYSEX		14.5	1.7	1,481	48	17	13	44	15	2	98	0	0	0	NL	1.12	18.95	1,482	Dreifus/McBoyle (17.9/1.5)
TASCX		15.2	1.5	1,742	35	19	15	59	29	6	92	0	1	4	NL	1.14	19.36	306	Bui/Rewey, III (3.2/1.7)
VSIAX		15.4	1.5	2,625	19	17	13	859	16	0	99	0	0	0	NL	0.09	43.78	16,344	Michael Buek (17.8)
	—	1.8	0.2	3,550	—	—	—	—	31	14	54	28	4	18	—	1.24	—	1,668	—
AACTX		17.0	2.4	56,341	15	15	13	21	8	7	53	39	2	21	5.75	0.71	11.28	6,240	Management Team
ABALX		17.7	2.4	103,871	18	17	14	1506	82	9	59	32	1	8	5.75	0.58	24.15	88,358	Management Team
AMECX		17.6	2.3	66,223	16	14	14	1687	45	6	70	22	2	18	5.75	0.55	20.67	96,287	Management Team
ARBFX		22.0	2.2	5,899	22	15	14	90	514	46	53	0	1	9	NL	1.45	12.73	1,988	Management Team
MOBAX		20.2	3.3	78,800	28	24	16	76	35	12	55	33	0	0	NL	1.36	22.85	44	Canakaris/Donahue (21.4/3.1)
BERIX		15.9	1.8	6,035	34	16	13	83	45	43	20	24	13	7	NL	0.67	13.19	1,694	Management Team
CVSIX		16.7	2.2	95,346	19	17	16	506	37	6	32	10	52	-2	4.75	1.11	12.75	3,659	Management Team
DODBX		15.8	1.7	60,949	27	25	17	395	20	2	66	32	1	10	NL	0.53	92.84	13,275	Management Team
FBALX		17.9	2.2	38,565	18	16	14	1164	128	3	65	30	3	7	NL	0.56	21.24	27,545	Management Team
FFNOX		16.2	1.9	35,077	16	14	14	4	8	1	84	15	0	27	NL	0.22	36.31	4,275	Dierdorf/Sharpe (7.2/6.7)
FPURX		18.6	2.5	59,078	21	19	16	1172	106	6	70	24	0	9	NL	0.56	20.17	25,278	Management Team
FSRRX		30.6	2.1	7,352	98	1	0	355	23	1	14	32	53	2	NL	0.8	8.44	836	Management Team
FPACX		15.6	1.5	50,716	34	27	14	131	48	37	52	6	6	9	NL	1.11	31.0	16,583	Management Team
FKINX		15.8	1.8	71,445	18	16	14	515	44	5	55	30	10	20	4.25	0.61	2.11	72,441	Management Team
GATEX		16.7	2.4	70,144	19	16	14	273	10	5	94	0	1	-2	5.75	0.94	29.4	8,326	Management Team
GRSPX		15.7	1.6	2,534	31	20	16	97	25	7	67	22	4	2	NL	0.9	22.99	298	Charles Carlson (32.7)
ACEIX		15.2	1.4	57,790	34	14	11	430	69	11	65	17	7	8	5.50	0.8	9.48	13,034	Management Team
JABAX		17.3	3.3	75,190	19	19	18	470	75	3	59	35	2	8	NL	0.83	28.54	12,865	Management Team
JNBAX		15.4	1.7	30,284	21	20	9	2438	48	2	37	57	4	33	4.50	0.75	9.68	11,821	Management Team
LCORX		12.8	1.5	14,319	20	20	18	315	78	45	40	13	1	9	NL	1.21	17.89	949	Management Team
MASNX		—	—	26,075	—	—	—	902	146	26	27	43	3	—	5.75	1.74	10.96	1,372	Management Team
MAPOX		16.4	2.7	45,840	24	22	17	304	14	3	66	30	0	3	NL	0.73	84.04	691	Earley/Kaliebe (1.2/10.2)
EXDAX		18.2	2.8	37,329	20	17	11	728	51	10	33	57	0	12	NL	0.9	12.98	1,276	Management Team
MNBAX		19.2	3.0	26,171	23	22	11	652	66	6	53	41	0	17	NL	1.08	15.9	1,312	Management Team
EXBAX		19.2	3.0	25,963	23	22	11	693	56	8	40	52	0	14	NL	1.07	12.92	1,381	Management Team
MERFX		17.7	1.7	19,951	22	16	13	169	157	35	57	4	4	-5	NL	1.27	15.46	4,223	Behren/Shannon (9.2/9.2)
MSFRX		14.7	1.9	55,656	22	15	13	812	45	5	59	35	1	9	5.75	0.74	17.51	7,020	Management Team
MSFRX		—	—	—	—	—	—	52	—	123	8	-33	2	—	5.75	1.54	9.61	3,219	Management Team
OAKBX		13.9	1.8	35,568	29	18	17	272	25	21	61	16	2	7	NL	0.75	28.79	17,032	Management Team
PAXWX		17.6	2.4	53,990	20	19	17	310	61	4	65	31	0	10	NL	0.93	21.93	1,863	Management Team
		17.0	1.3	1,367															
		18.2	2.5	73,571															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
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- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
			Morningstar Rating	Total Return % 03-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
						3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity																	
Allocation (cont'd)			—	0.8	-3.0	3.4	4.1	3.8	—	—	—	—	—	—	7.08	(76)	—
Permanent Portfolio Permanent N PRPFX	—	CA	★★★★	7.6	-0.6	-1.0	0.5	5.3	1	21	91	94	11	1.0	7.6	(40)	High
PIMCO All Asset All Authority D PAUDX	🥉 Bronze	TV	★★	5.5	-7.0	-5.1	-0.1	3.5	6	59	95	86	50	4.9	8.5	(65)	Avg
PIMCO All Asset D PASDX	🥇 Gold	TV	★★★★	5.2	-4.5	-1.5	1.8	4.1	8	25	75	60	28	3.5	8.22	(78)	Avg
PIMCO Inflation Response MultiAsst Instl PIRMX	—	CA	★	5.2	-3.7	-3.4	—	—	1	80	96	—	—	3.0	7.8	(46)	High
PIMCO RAE Fundamental Advantage PLUS D PFSDX	—	NE	★★	1.3	-5.2	-2.4	0.7	—	38	76	91	59	—	6.1	3.51	(7)	Avg
T. Rowe Price Balanced RPBAX	🥈 Silver	MA	★★★★★	0.5	-1.8	6.7	7.1	6.0	62	32	24	23	16	1.9	8.1	(96)	+Avg
T. Rowe Price Capital Appreciation PRWCX	🥇 Gold	MA	★★★★★	2.0	4.2	11.2	10.8	8.3	17	1	1	1	1	1.4	7.43	(87)	Avg
T. Rowe Price Personal Strat Gr TRSGX	🥈 Silver	AL	★★★★★	-0.1	-3.1	7.5	7.7	5.9	62	28	12	10	4	1.6	10.13	(95)	Avg
T. Rowe Price Personal Strat Inc PRSIX	🥈 Silver	CA	★★★★★	1.5	-0.7	4.7	5.5	5.6	54	21	9	13	5	1.9	6.0	(97)	+Avg
T. Rowe Price Retirement 2015 TRRGX	🥈 Silver	TD	★★★★★	2.0	-0.7	5.5	6.0	5.4	31	25	5	8	1	1.9	7.28	(99)	High
Vanguard Balanced Index Adm VBIAX	🥇 Gold	MA	★★★★★	2.0	0.7	7.7	8.3	6.5	18	8	9	6	10	2.1	6.98	(94)	-Avg
Vanguard LifeStrategy Income Inv VASIX	🥇 Gold	CA	★★★★★	2.7	1.0	3.8	4.3	4.6	16	4	29	44	32	2.1	3.46	(61)	Low
Vanguard Managed Payout Investor VPGDX	—	AL	★★★★	2.2	-0.8	5.6	5.9	—	11	11	55	45	—	8.3	7.04	(97)	Low
Vanguard STAR Inv VGSTX	🥈 Silver	MA	★★★★★	0.6	-2.1	6.5	7.1	5.8	58	40	27	26	22	2.0	7.92	(97)	Avg
Vanguard Target Retirement 2025 Inv VTTVX	🥇 Gold	TG	★★★★★	1.5	-1.5	6.3	6.7	5.4	38	25	7	10	8	2.1	7.99	(98)	Avg
Vanguard Tax-Managed Balanced Adm VTMFX	—	CA	★★★★★	1.5	2.3	7.4	8.1	6.2	56	1	1	1	1	2.0	5.64	(92)	Avg
Vanguard Wellesley Income Inv VWINX	🥇 Gold	CA	★★★★★	3.8	3.8	6.0	7.8	7.3	3	1	2	2	1	2.9	4.87	(79)	Avg
Vanguard Wellington Inv VWELX	🥇 Gold	MA	★★★★★	1.9	1.1	7.8	8.5	7.2	20	6	8	5	3	2.6	7.63	(93)	Avg
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★★	1.6	-1.5	4.5	6.7	6.6	27	26	72	32	9	1.5	6.39	(86)	Low
U.S. Specialty Funds																	
AllianzGI Technology Institutional DRGTX	🥉 Bronze	ST	★★★★	-3.1	0.1	16.4	8.8	8.5	60	52	24	55	34	0.0	15.36	(65)	Avg
Cohen & Steers Realty Shares CSRSX	🥉 Bronze	SR	★★★★	3.7	3.6	10.7	11.0	6.7	84	45	18	50	21	2.4	15.58	(23)	Avg
Davis Financial A RPFGX	—	SF	★★★★	-3.4	-1.4	9.5	8.6	4.3	20	22	20	26	24	0.5	12.55	(79)	-Avg
Fidelity Real Estate Investment Port FRESX	🥉 Bronze	SR	★★★★	6.2	7.7	11.4	12.3	6.4	8	1	8	7	33	1.5	15.71	(20)	+Avg
Fidelity Select Energy FSENX	—	EE	★★★★	3.3	-18.9	-7.0	-5.6	0.6	42	17	14	9	22	1.1	20.02	(47)	-Avg
Fidelity Select Health Care FSPHX	—	SH	★★★★	-12.3	-16.4	19.2	18.1	11.9	51	62	9	25	12	0.0	16.88	(39)	Avg
Fidelity Select Technology FSPTX	—	ST	★★★★	-0.7	1.3	14.0	9.2	9.0	29	40	50	46	23	0.1	14.46	(69)	-Avg
Franklin Utilities A FKUTX	🥇 Gold	SU	★★★★	14.8	10.5	10.6	13.0	9.4	13	16	5	4	4	2.8	13.02	(12)	+Avg
Harbor Commodity Real Return ST Instl HACMX	—	BB	★★★★	1.5	-20.7	-19.3	-13.9	—	29	69	74	46	—	2.2	14.67	(84)	+Avg
PIMCO Commodity Real Ret Strat D PCRDX	🥈 Silver	BB	★★★★	1.8	-20.7	-19.4	-14.0	-4.8	17	69	76	49	28	5.9	14.58	(82)	+Avg
T. Rowe Price Global Technology PRGTX	🥉 Bronze	ST	★★★★★	-4.2	11.4	24.5	16.4	13.2	76	1	1	1	1	0.0	16.17	(73)	+Avg
T. Rowe Price Health Sciences PRHSX	Neutral	SH	★★★★★	-12.2	-12.9	19.9	20.9	14.7	50	45	1	5	1	0.0	17.18	(35)	+Avg
T. Rowe Price Media & Telecomms PRMTX	—	SC	★★★★★	-1.3	7.3	14.7	13.1	12.6	100	31	1	1	1	0.2	14.28	(79)	High
T. Rowe Price New Era PRNEX	—	SN	★★★★	8.5	-11.3	-4.1	-5.5	1.1	16	19	23	30	18	1.4	17.04	(56)	Avg
T. Rowe Price Real Estate TRREX	🥇 Gold	SR	★★★★	4.3	3.5	11.4	11.6	6.2	75	46	9	21	40	2.2	14.86	(25)	-Avg
T. Rowe Price Science & Tech PRSCX	—	ST	★★★★	-3.2	1.9	16.6	10.1	8.5	60	33	24	35	35	0.0	15.43	(74)	+Avg
Third Avenue Real Estate Value Instl TAREX	🥈 Silver	GR	★★★★	-0.4	-6.9	6.6	8.0	3.9	98	98	9	15	24	0.7	11.9	(75)	Low
Vanguard Energy Inv VGENX	Neutral	EE	★★★★	7.8	-14.0	-6.7	-5.6	1.3	3	6	11	11	13	2.4	19.51	(54)	-Avg
Vanguard Health Care Inv VGHGX	🥇 Gold	SH	★★★★	-8.8	-6.3	18.2	17.9	11.1	16	11	13	30	33	0.8	12.4	(53)	Low
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★	31.6	-3.6	-14.2	-18.4	-5.2	100	100	22	48	79	2.0	27.5	(10)	Low
Vanguard REIT Index Adm VGSIX	🥇 Gold	SR	★★★★	6.3	3.9	10.4	11.8	6.7	7	36	36	18	19	4.2	15.77	(19)	+Avg
BarCap US Agg Bond TR USD				3.0	2.0	2.4	3.8	4.7									
Dow Jones Moderate Portfolio Index				2.4	-1.1	5.1	5.7	5.3									
S&P 500 Index				1.4	1.8	11.8	11.5	6.9									

Legend		Categories	
Red = Lowest return in group	★ = New this month	AL Allocation—70% to 85% Equity	SF Financial
Green = Highest return in group	↑↓ = Increase/decrease in rating	BB Commodities Broad Basket	SH Health
Italic = Extended performance	NR = No Morningstar Rating; fund less than three years old.	CA Allocation—30% to 50% Equity	SN Natural Resources
		EE Equity Energy	SP Equity Precious Metals
		GR Global Real Estate	SR Real Estate
		IH World Allocation	ST Technology
		LO Long-Short	SU Utilities
		MA Allocation—50% to 70% Equity	TA Target-Date 2000-2010
		NE Market Neutral	TD Target Date 2011-2015
		SC Communications	TE Target Date 2016-2020
			TG Target Date 2021-2025
			TH Target Date 2026-2030
			TI Target Date 2031-2035
			TJ Target Date 2036-2040
			TK Target Date 2041-2045
			TL Target Date 2050+
			TV Tactical Allocation
			RI Retirement Income
			XM Allocation—85%+ Equity
			XY Allocation—15% to 30% Equity

Current Portfolio Style

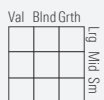
Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
	1.8	0.2	3,550				31	14	54	28	4	18		1.24		1,668		
PRPFX	22.8	2.0	18,634	32	14	12	116	5	9	33	29	30	12	NL	0.76	37.16	2,884	Michael Cuggino (12.9)
PAUDX	19.8	2.6					45	75	58	28	15	-2	-34	NL	1.64	8.02	8,265	Robert Arnott (12.4)
PASDX	19.5	1.5					43	86	36	21	28	15	-7	NL	1.26	10.69	19,131	Robert Arnott (13.7)
PIRMX	20.0	1.6	15,325	77	11	3	378	383	22	7	44	27	-15	NL	0.7	8.22	928	Johnson/Worah (1.2/4.6)
PFSDX							444	413	161	0	-64	4	-130	NL	1.29	9.49	689	Management Team
RPBAX	16.7	2.0	46,551	19	18	14	1481	65	3	64	32	1	27	NL	0.64	21.47	3,724	Charles Shriver (4.9)
PRWCX	19.4	3.0	39,769	24	22	17	250	67	16	61	19	4	7	Clsd	0.7	25.56	23,775	David Giroux (9.7)
TRSGX	16.7	2.0	38,145	19	19	15	1541	52	2	80	18	1	34	NL	0.78	27.79	1,542	Charles Shriver (4.9)
PRSEX	16.7	2.0	38,088	19	19	15	1621	73	14	39	46	1	30	NL	0.58	17.53	1,494	Charles Shriver (4.9)
TRRGX	16.6	2.0	33,853	18	15	14	19	14	5	52	42	1	29	NL	0.62	13.95	9,207	Clark/Lee (12.1/0.7)
VBIAX	17.0	2.3	39,559	18	15	14	11751	61	1	60	39	0	5	NL	0.09	29.65	25,787	Management Team
VASIX	15.7	1.8	28,752	17	14	13	5	14	2	20	78	1	37	NL	0.12	14.91	3,357	Management Team (21.5)
VPGDY	16.2	1.9	6,551	16	15	15	10	29	13	64	17	6	38	NL	0.42	17.53	1,542	Ameriks/Buek (2.0/7.9)
VGSTX	16.3	1.9	36,031	19	18	17	12	8	4	60	35	1	25	NL	0.34	23.42	17,623	Coleman/Nejman (3.1/3.1)
VTTVX	15.7	1.8	28,743	17	14	13	5	24	1	66	33	0	38	NL	0.15	15.86	28,779	Coleman/Nejman (3.1/3.1)
VTMFY	16.9	2.3	49,725	18	14	14	2179	9	1	49	50	0	0	NL	0.12	27.12	2,522	D'Arcy/Perre (2.7/16.2)
VWINX	16.8	2.2	99,275	15	15	14	1389	59	2	38	59	0	18	NL	0.23	25.28	41,642	Keogh/Reckmeyer (8.1/9.2)
VWELX	15.6	2.0	101,002	23	20	14	1420	39	1	65	34	0	14	Clsd	0.26	37.26	83,830	Bousa/Keogh (13.2/10.0)
WHGIX	17.3	2.3	48,698	19	16	16	64	24	21	51	15	13	2	NL	0.9	14.25	2,280	Freeman/Williams (10.2/10.2)
DRGTX	22.0	4.2	80,013	77	7	6	151	165	13	87	0	0	5	NL	1.26	52.6	1,290	Chen/Price, Jr. (20.2/20.2)
CSRSX	44.4	2.7	12,117	98	2	0	40	58	1	99	0	0	0	NL	0.97	72.75	5,353	Management Team
RPFGX	14.5	1.4	49,225	89	4	4	30	5	12	88	0	0	13	4.75	0.86	38.06	871	Christopher Davis (2.2)
RRESX	39.0	2.2	10,814	100	0	0	49	34	0	99	0	1	0	NL	0.78	43.08	4,822	Steve Buller (18.2)
FSENX	23.9	1.5	18,995	96	2	1	70	73	0	100	0	0	3	NL	0.79	36.32	2,174	John Dowd (9.7)
FSPHX	20.7	2.5	21,147	96	3	1	112	98	0	100	0	0	14	NL	0.74	182.6	7,394	Edward Yoon (7.5)
FSPTX	23.9	2.6	23,831	86	7	4	233	144	2	98	0	0	23	NL	0.78	117.21	2,998	Charlie Chai (9.2)
FKUTX	16.4	1.6	15,052	93	6	1	55	9	1	98	1	0	6	4.25	0.73	17.57	5,572	Kohli/Schmicker (17.2/6.2)
HACMX							213	784	7	0	81	12	25	NL	0.94	3.4	78	Management Team
PCRDY							459	123	2	0	73	26	-4	NL	1.19	6.3	4,903	Management Team
PRGTX	24.9	4.5	34,024	69	17	13	65	219	6	93	0	1	43	NL	0.91	12.99	2,381	Joshua Spencer (3.8)
PRHSX	21.4	3.2	24,375	95	2	1	148	31	3	96	0	1	6	Clsd	0.77	60.49	11,703	Taymour Tamaddon (3.1)
PRMTX	30.6	3.8	55,450	40	31	27	78	13	3	94	0	3	23	NL	0.8	69.68	3,290	Paul Greene II (2.8)
PRNEX	20.9	1.6	12,033	48	33	7	116	76	1	99	0	0	28	NL	0.65	29.58	2,704	Shawn Driscoll (2.5)
TRREX	44.2	2.7	11,869	97	2	1	40	6	7	92	0	1	0	NL	0.76	28.53	5,569	David Lee (18.4)
PRSCX	22.3	2.1	23,454	70	18	7	77	82	3	95	0	2	33	NL	0.84	33.17	3,296	Kennard Allen (7.2)
TAREX	16.0	1.1	6,703	73	10	10	54	17	5	92	0	3	45	NL	1.1	28.61	2,268	Management Team
VGENX	22.1	1.1	32,172	97	2	1	149	23	5	94	0	1	30	NL	0.37	44.28	7,941	Management Team
VGHCX	22.9	3.4	46,460	94	4	1	99	18	2	96	0	2	20	NL	0.34	195.95	46,344	Jean Hynes (7.8)
VGPMX	27.3	0.8	2,119	98	2	0	62	8	2	98	0	0	92	NL	0.29	8.21	1,858	Jamie Horvat (2.1)
VGSLX	35.0	2.2	9,594	99	1	0	157	11	0	99	0	0	0	NL	0.12	118.74	48,025	Gerard O'Reilly (19.8)

18.2 2.5 73,571

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate

- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return %	ANNUALIZED					Total Return %					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	3 Yr	5 Yr	10 Yr	1=Best, 100=Worst								
								YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 International Equity																
Foreign Stock																
American Beacon Intl Equity Inv AAPIX	—	FV	★★★★	-3.2	-9.9	2.1	2.0	1.8	68	57	36	25	18	1.2	13.47 (92)	Avg
American Funds Europacific Growth A AEPGX	★ Gold	FG	★★	-2.4	-8.6	3.3	2.4	3.6	52	80	38	57	30	1.8	12.01 (92)	-Avg
American Funds Intl Gr and Inc A IGAAX	★ Gold	FB	★★	-0.3	-10.0	0.6	1.9	—	23	75	73	43	—	3.1	12.09 (93)	-Avg
Ariel International Investor AINTX	—	FV	★★★★★	1.3	0.0	7.7	—	—	13	1	1	—	—	0.2	11.18 (91)	Low
Artisan International Investor ARTIX	★ Silver	FG	★★★	-3.6	-11.1	2.7	5.2	3.6	75	94	51	13	29	0.5	13.21 (83)	+Avg
Artisan International Small Cap Investor ARTJX	★ Gold	FR	★★★	-6.1	-0.5	3.6	5.8	5.6	100	47	74	42	19	0.1	14.22 (64)	High
Artisan International Value Investor ARTKX	★ Gold	FB	★★★★★	0.8	-4.5	6.1	7.4	6.7	9	13	3	3	1	0.8	11.49 (85)	Low
Causeway International Value Inv CIVVX	★ Gold	FB	★★★	-4.8	-11.6	1.8	2.3	2.4	93	88	51	34	27	1.8	12.67 (88)	Avg
Columbia Acorn International Z ACINX	★ Silver	FR	★★★	0.1	-5.3	2.6	3.6	5.2	29	95	87	78	27	1.3	11.57 (92)	-Avg
DFA International Small Company I DFISX	★ Silver	FQ	★★★	0.4	2.3	6.1	4.2	4.1	39	3	43	64	11	2.5	12.83 (86)	Avg
Dodge & Cox International Stock DODFX	★ Gold	FB	★★	-3.8	-18.1	1.3	1.4	2.5	84	100	61	58	26	2.4	15.6 (92)	High
Fidelity Diversified International FDIVX	★ Bronze	FG	★★★	-2.9	-5.9	5.1	3.9	2.5	67	51	14	28	63	0.9	12.74 (89)	Avg
Fidelity International Discovery FIGRX	★ Bronze	FG	↑★★★★	-4.0	-5.0	4.1	3.8	2.9	83	40	26	29	49	1.1	12.8 (88)	Avg
Fidelity Overseas FOSFX	★ Bronze	FB	★★★★★	-2.3	-1.3	7.0	5.7	2.7	49	4	3	4	22	1.1	12.35 (89)	Avg
Fidelity Spartan International Idx Inv FSIIX	★ Silver	FB	★★★	-2.7	-8.4	2.1	2.3	1.8	59	51	43	34	36	2.7	13.29 (95)	+Avg
First Eagle Overseas A SGOVX	★ Bronze	FB	★★★★★	3.0	0.1	3.9	4.2	5.6	1	3	12	8	2	0.2	9.12 (86)	Low
FMI International FMIJX	★ Silver	FB	★★★★★	1.7	-2.8	7.5	9.5	—	7	7	2	1	—	1.8	8.12 (66)	Low
Harbor International Institutional HAINX	★ Gold	FB	★★★	0.5	-8.6	1.0	1.7	3.7	11	55	67	51	11	1.8	14.01 (94)	High
Harding Loevner International Eq Inv HLMNX	★ Silver	FG	↑★★★★	0.6	-6.2	2.5	2.7	4.1	20	56	52	51	16	0.7	13.98 (93)	+Avg
IVA International A IVIOX	★ Silver	FQ	↓★★★★	0.6	-1.4	4.1	4.5	—	31	53	68	55	—	2.5	6.64 (91)	Low
JOHCM International Select II JOHAX	—	FG	★★★★★	1.5	-12.0	7.8	6.6	—	4	98	2	4	—	0.2	12.74 (66)	+Avg
Litman Gregory Masters Intl Instl MSILX	—	FB	★★★	-4.0	-14.0	0.6	0.4	2.7	87	96	75	82	23	1.7	13.33 (90)	+Avg
Longleaf Partners International LLINX	★ Neutral	FB	★	2.8	-4.9	-1.2	-0.6	0.8	2	16	93	92	71	1.8	17.28 (82)	High
MainStay ICAP International I ICEUX	★ Neutral	FB	★★★	-3.4	-12.6	0.5	0.9	1.7	77	92	76	69	40	1.6	13.69 (88)	+Avg
Manning & Napier World Opportunities A EXWAX	★ Bronze	FB	★★★	3.7	-3.7	-0.1	-0.1	2.7	1	9	85	88	23	1.8	13.89 (89)	+Avg
Neuberger Berman International Eq Inv NIQVX	★ Bronze	FB	★★★★	-0.8	-4.2	3.8	3.1	2.2	28	11	14	18	29	0.4	11.88 (87)	-Avg
Oakmark International I OAKIX	★ Gold	FB	★★★★	-2.9	-12.4	2.7	4.4	4.8	67	91	31	6	4	2.3	15.51 (87)	High
Oakmark International Small Cap I OAKEX	★ Bronze	FQ	↑★★★★	-1.1	-8.8	3.5	2.6	3.6	60	98	79	77	42	2.5	14.38 (86)	High
Oppenheimer International Growth A OIGAX	★ Silver	FG	★★★★	1.0	0.2	4.5	5.6	5.1	10	7	20	9	1	0.9	12.89 (87)	Avg
T. Rowe Price International Discovery PRIDX	★ Silver	FR	↓★★★★	-1.7	3.7	8.0	7.3	5.9	54	16	18	17	12	0.7	10.95 (87)	Low
T. Rowe Price International Gr & Inc TRIGX	★ Neutral	FV	★★★★	-1.1	-7.9	2.2	1.8	1.9	32	38	34	31	15	2.1	12.59 (94)	-Avg
T. Rowe Price International Stock PRITX	★ Neutral	FG	★★★	-0.3	-6.9	3.0	2.7	2.9	27	61	44	52	48	1.1	13.18 (95)	+Avg
T. Rowe Price Overseas Stock TROSX	★ Bronze	FB	★★★★	-1.3	-9.0	2.6	2.7	—	36	61	33	24	—	2.1	12.42 (95)	-Avg
Thornburg International Value A TGVAX	★ Neutral	FG	★★	-4.3	-5.4	2.5	1.1	3.4	88	45	53	83	37	0.9	12.82 (84)	Avg
Tweedy, Browne Global Value TBGVX	★ Silver	FV	★★★★★	-2.3	-7.1	2.6	5.5	4.4	48	35	30	2	1	0.8	8.43 (83)	Low
USAA International USIFX	★ Bronze	FG	↑★★★★	-2.8	-7.7	2.0	3.2	3.7	63	72	62	40	27	1.3	12.84 (91)	Avg
Vanguard Developed Markets Idx Admiral VTMGX	★ Gold	FB	★★★	-2.0	-7.3	2.5	2.5	2.0	45	39	34	28	31	2.9	13.29 (95)	+Avg
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	★ Gold	FB	★★	-0.3	-8.7	0.7	0.6	—	24	57	72	78	—	2.9	13.36 (98)	Avg
Vanguard FTSE All-Wld ex-US SmCap Idx Inv VFSVX	★ Silver	FQ	★★	0.9	-2.7	2.5	1.1	—	24	70	87	89	—	2.5	13.03 (89)	Avg
Vanguard International Explorer Inv VINEX	★ Neutral	FQ	★★★	-2.0	-0.8	8.1	4.5	4.0	88	48	13	59	16	1.5	11.85 (86)	-Avg
Vanguard International Growth Inv VWIGX	★ Silver	FG	★★★	-2.0	-7.7	3.1	2.5	3.4	40	72	42	55	37	1.4	14.81 (94)	High
Vanguard International Value Inv VTRIX	★ Bronze	FV	★★★	-0.5	-10.7	1.3	1.3	1.6	29	67	51	43	24	2.1	14.13 (96)	+Avg
Vanguard Total Intl Stock Index Admiral VTIAX	★ Gold	FB	★★	-0.2	-8.2	0.8	0.7	1.9	21	47	70	76	35	2.8	13.24 (98)	Avg
Virtus Foreign Opportunities A JVIAX	★ Bronze	FG	★★★★	0.8	1.9	1.9	5.7	4.3	13	1	64	7	13	0.9	11.87 (80)	Low
World Stock																
American Funds Capital World Gr&Inc A CWGIX	★ Gold	★★★★	0.3	-4.5	6.2	6.2	5.3	43	44	43	37	22	2.5	11.51 (92)	-Avg	
American Funds New Perspective A ANWPX	★ Gold	★★★★	-2.5	-1.9	8.2	7.6	6.6	78	24	11	16	5	0.7	11.91 (85)	Avg	
American Funds SMALLCAP World A SMCWX	★ Bronze	★★★★	-2.9	-5.4	6.3	5.9	5.5	82	57	39	44	17	0.0	12.86 (64)	+Avg	
Artisan Global Equity Investor ARTHX	—	★★★★	-5.5	-9.1	5.0	9.0	—	96	85	66	5	—	0.0	12.88 (74)	+Avg	
MSCI World Index																
MSCI EAFE Index																

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- FA Foreign-Small/Mid Value
- FB Foreign-Large Blend
- FG Foreign-Large Growth
- FQ Foreign Small/Mid Blend
- FR Foreign-Small/Mid Growth
- FV Foreign-Large Value
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SU Real Estate
- ST Utilities
- ST Technology

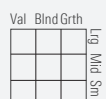
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Other													
	—	0.9	5,882	55	7	1	17	15	1	—	14	3	96	0	0	—	1.32	—	1,671	—	
AAIPX	■	4.6	30,309	60	4	0	14	8	2	182	33	5	92	0	3	NL	1.07	16.95	2,361	Management Team	
AEPGX	■	7.2	34,638	44	2	1	14	26	2	442	28	7	89	1	3	5.75	0.83	44.28	121,551	Management Team	
IGAAX	■	5.9	25,311	48	6	2	12	22	2	181	25	2	92	1	5	5.75	0.91	28.16	10,178	Management Team	
AINTX	■	8.7	28,964	52	7	0	14	9	1	87	34	13	87	0	0	NL	1.26	12.72	125	Rupal Bhansali (4.2)	
ARTIX	■	10.7	39,775	55	12	2	9	13	0	74	45	5	94	0	1	Clstd	1.17	27.64	16,469	Management Team	
ARTJX	■	13.2	2,331	67	2	0	7	12	0	46	43	10	90	0	0	Clstd	1.52	22.65	887	Hamker/Yockey (4.2/14.2)	
ARTKX	■	7.7	24,906	53	15	2	5	11	0	49	23	14	86	0	0	Clstd	1.2	31.96	10,333	O'Keefe/Samra (9.4/13.5)	
CIVVX	■	5.4	39,763	70	2	0	16	11	0	59	28	1	99	0	0	NL	1.15	13.32	5,480	Management Team	
ACINX	■	9.1	3,741	45	6	1	24	23	1	157	50	0	99	0	1	NL	0.93	39.17	6,244	Egan/Mendes (12.9/12.9)	
DFISX	■	4.7	1,408	54	6	0	23	11	1	4110	0	2	96	0	2	NL	0.54	17.2	9,378	Management Team	
DODFX	■	5.2	37,953	42	10	5	13	11	7	90	18	0	96	0	4	Clstd	0.64	35.11	49,697	Management Team	
FDIVX	■	6.1	26,530	54	15	0	14	10	3	226	31	2	98	0	0	NL	1.0	34.03	21,140	William Bower (15.0)	
FIGRX	■	6.4	14,788	58	6	0	17	11	3	206	60	3	97	0	0	NL	0.99	37.83	10,150	William Kennedy (11.4)	
FOSFX	■	6.9	14,199	63	9	0	18	6	2	178	28	3	97	0	0	NL	1.04	39.94	5,113	Vincent Montemaggiore (4.2)	
FSIIX	■	4.9	28,379	62	1	0	22	11	1	965	1	1	99	0	0	NL	0.2	34.95	14,332	Management Team	
SGOVX	■	6.3	12,121	30	6	3	22	12	1	161	12	0	74	1	25	Clstd	1.16	22.64	13,838	Brooker, Jr./McLennan (6.1/7.5)	
FMIJX	■	11.3	19,038	39	18	0	12	9	0	43	9	19	77	0	5	NL	0.98	28.66	3,431	Management Team	
HAINX	■	6.4	46,422	73	8	1	9	3	0	78	25	4	94	0	2	NL	0.76	59.73	40,500	Management Team	
HLMNX	■	11.8	38,308	51	7	1	15	17	4	57	12	4	96	0	0	NL	1.16	17.18	5,660	Management Team	
IVIOX	■	7.5	5,869	18	3	0	13	17	1	106	27	37	52	6	5	Clstd	1.25	15.67	3,868	de Lardemelle/de Vaulx (7.5/7.5)	
JOHAX	■	6.7	24,175	58	5	0	17	13	0	37	50	5	93	0	2	Clstd	1.3	18.1	3,444	Lees/Richyal (6.7/6.7)	
MSILX	■	6.1	29,505	66	7	1	9	8	0	58	51	7	90	0	2	NL	0.99	15.49	1,120	Management Team	
LLINX	■	2.3	9,048	44	0	4	4	47	0	24	52	-7	102	0	5	NL	1.25	12.7	1,022	Management Team	
ICEUX	■	4.6	29,136	69	0	3	13	10	4	40	78	1	99	0	0	NL	0.95	29.74	1,699	Management Team	
EXWAX	■	10.7	30,635	49	19	10	4	17	0	47	71	3	97	0	0	NL	1.08	7.02	1,458	Management Team	
NIQVX	■	6.8	12,477	63	7	0	12	8	5	95	25	3	95	0	1	NL	1.25	20.13	1,403	Benjamin Segal (10.7)	
OAKIX	■	4.0	27,648	64	2	1	19	11	0	73	48	3	97	0	0	Clstd	0.95	20.73	26,025	Herro/Taylor (23.5/7.2)	
OAKEX	■	8.6	2,097	58	3	2	10	22	1	65	46	4	96	0	0	Clstd	1.35	14.01	2,585	Herro/Manelli (20.4/4.8)	
OIGAX	■	10.4	15,000	76	7	1	6	6	1	106	10	2	97	0	1	5.75	1.14	36.44	22,628	Dunphy/Evans (4.0/20.0)	
PRIDX	■	10.5	1,883	41	1	3	21	25	1	217	39	8	91	0	1	NL	1.2	53.02	4,117	Justin Thomson (17.2)	
TRIGX	■	6.5	19,695	55	2	1	16	15	3	123	25	7	93	0	0	NL	0.84	12.92	10,893	Jonathan Matthews (5.7)	
PRITX	■	8.0	28,344	46	7	2	14	24	2	128	32	5	95	0	0	NL	0.83	15.24	13,151	Richard Clattenburg (1.0)	
TROX	■	6.0	32,780	60	2	0	19	14	0	161	12	5	95	0	0	NL	0.84	8.87	10,544	Raymond Mills (9.2)	
TGVAX	■	5.3	44,373	54	9	0	15	9	0	58	70	8	86	1	5	4.50	1.27	23.07	8,738	Management Team	
TBGVX	■	5.8	28,697	59	9	1	1	8	0	202	8	23	77	0	0	NL	1.37	23.89	8,725	Management Team	
USIFX	■	7.4	18,765	63	5	0	20	9	1	535	17	1	99	0	1	NL	1.12	25.99	3,368	Management Team	
VTMGX	■	4.8	21,886	56	4	0	22	14	1	3715	3	1	97	0	1	NL	0.09	11.53	51,070	Christine Franquin (3.1)	
VFWAX	■	4.6	23,051	45	6	3	18	21	3	2490	3	1	97	0	2	NL	0.13	26.84	23,870	Franquin/Hales (0.1/0.1)	
VFSVX	■	4.8	1,321	39	12	2	15	27	2	3410	9	1	98	0	1	NL	0.31	35.71	3,270	Miller/Perre (0.6/0.1)	
VINEX	■	8.7	1,751	54	1	0	23	15	0	335	42	5	92	0	3	NL	0.42	16.61	2,770	Dobbs/Thomas (16.2/5.7)	
VWIGX	■	5.8	31,868	48	7	1	11	20	2	174	29	2	95	0	3	NL	0.47	20.67	19,771	Management Team	
VTRIX	■	4.4	30,348	49	3	1	22	12	4	162	36	5	91	0	4	NL	0.46	30.93	7,111	Management Team	
VTIAX	■	4.6	16,965	45	7	2	18	22	3	5938	3	0	99	0	0	NL	0.12	24.12	182,285	Louie/Perre (0.1/7.7)	
JVIAX	■	17.7	49,629	60	18	0	2	18	2	48	32	0	100	0	0	5.75	1.41	28.61	1,642	Matthew Benkendorf (0.0)	
	—	7.6	38,283	28	50	1	6	9	1	—	56	3	96	1	1	—	1.31	—	1,486	—	
CWGIX	■	8.4	46,269	30	44	1	3	15	0	401	35	2	94	1	3	5.75	0.77	43.27	81,395	Management Team	
ANWPX	■	10.1	56,780	29	46	1	7	7	2	325	27	5	91	0	5	5.75	0.75	35.13	58,126	Management Team	
SMCWX	■	9.0	2,809	18	45	2	6	17	2	657	33	3	89	1	7	5.75	1.07	42.38	26,782	Management Team	
ARTHX	■	11.9	25,005	25	61	0	0	11	0	70	78	3	97	0	0	NL	1.37	15.17	257	Management Team	

Equity Style Box



Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 03-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
					3 Yr	5 Yr	10 Yr									
World Stock (cont'd)			—	0.1	-4.5	5.7	5.5	4.1	—	—	—	—	—	—	12.22 (80)	—
Artisan Global Opportunities Inv ARTRX	Silver	★★★★★	-0.4	2.1	8.9	9.2	—	51	8	8	5	—	0.1	13.51 (79)	+Avg	
Artisan Global Value Investor ARTGX	Silver	★★★★★	1.4	-2.0	7.5	9.7	—	31	25	18	4	—	0.3	11.6 (82)	Avg	
BBH Global Core Select N BBGNX	—	↑★★★★	3.4	0.7	5.2	—	—	17	12	63	—	—	0.6	10.36 (83)	Low	
Dodge & Cox Global Stock DODWX	Gold	★★★	-1.3	-10.6	6.3	5.9	—	62	94	39	46	—	1.8	14.16 (87)	High	
Fidelity Worldwide FWWFX	—	★★★★★	-2.8	-4.4	7.2	7.0	5.7	81	43	21	24	13	0.6	12.38 (74)	Avg	
Franklin Mutual Global Discovery A TEDIX	Silver	★★★★	-1.5	-8.0	4.9	5.8	5.3	65	79	68	48	20	1.5	10.54 (80)	Low	
Franklin Mutual Quest A TEQIX	Silver	★★★★	1.7	-6.4	4.8	5.6	4.9	29	66	69	55	32	4.3	8.68 (78)	Low	
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★	0.0	-1.9	6.9	6.2	5.6	48	24	27	38	15	0.1	12.32 (85)	Avg	
Janus Global Research T JAWWX	Bronze	★★★	-2.9	-10.1	6.1	5.7	6.0	84	91	45	50	10	0.8	12.65 (82)	+Avg	
MFS Global Equity A MWFEF	Gold	★★★★★	2.0	-2.6	6.9	8.6	6.7	26	29	28	7	4	0.7	12.14 (82)	Avg	
Oakmark Global I OAKGX	Gold	★★★	-7.3	-13.2	4.4	5.0	5.0	99	99	74	65	28	1.2	14.85 (78)	High	
Oakmark Global Select I OAKWX	Silver	↑★★★★	-3.8	-4.4	7.7	8.3	—	89	43	15	9	—	0.8	14.34 (79)	High	
Old Westbury Small & Mid Cap OWSMX	—	★★★★	0.2	-2.3	6.0	5.8	7.2	44	27	47	48	2	0.8	10.96 (80)	-Avg	
Oppenheimer Global A OPPAX	Silver	★★★	-6.5	-9.5	5.5	5.6	4.3	97	87	57	54	51	0.7	13.77 (81)	+Avg	
Oppenheimer Global Opportunities A OPGIX	—	★★★	-4.4	7.1	11.3	7.8	5.5	92	3	2	14	16	0.1	16.44 (35)	High	
Perkins Global Value T JGVAX	Bronze	★★★★	0.2	-2.6	5.0	6.6	4.6	44	29	65	31	41	2.0	8.7 (86)	Low	
Tweedy, Browne Value TWEBX	Silver	★★★★	-1.5	-8.1	2.7	5.6	4.7	66	80	90	53	37	1.1	9.96 (81)	Low	
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★★	-1.5	-9.0	0.7	3.5	—	65	84	96	81	—	2.7	11.63 (91)	-Avg	
USAA World Growth USAWX	Silver	★★★★★	2.0	-2.6	6.9	8.7	6.8	25	30	27	7	3	0.7	12.15 (82)	Avg	
Vanguard Global Equity Inv VHGX	Bronze	★★★★	-0.3	-4.1	6.9	6.6	4.2	50	40	26	31	52	1.7	11.71 (87)	Avg	
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR	2.1	2.6	—	—	—	24	6	—	—	—	1.7	— (—)	—	
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★	0.5	-4.2	5.7	5.4	—	40	42	53	57	—	2.2	11.87 (93)	Avg	
Regional Stock			—	—	—	—	—	—	—	—	—	—	—	—	—	
Mathews Asia Dividend Investor MAPIX	Silver	DP	↓★★★★	2.4	-2.1	3.2	5.3	—	3	12	19	14	—	1.6	12.42 (84)	Low
Mathews Asian Growth & Inc Investor MACSX	Silver	PJ	★★★★	4.1	-2.6	-0.3	3.2	6.6	8	5	60	19	60	2.4	11.56 (83)	Low
Mathews China Investor MCHF	Bronze	CH	★★★	-10.5	-14.3	-1.2	-3.0	7.7	100	60	84	84	23	1.1	20.77 (55)	+Avg
Mathews Emerging Asia Investor MEASX	—	PJ	NR	-0.4	-2.2	—	—	—	61	3	—	—	—	0.0	— (—)	—
Mathews India Investor MINDX	—	EI	↓★★★★	-4.0	-12.2	15.1	5.6	8.7	88	59	7	8	1	0.1	22.52 (25)	+Avg
Mathews Pacific Tiger Investor MAPTX	Silver	PJ	↑★★★★★	0.2	-8.0	3.7	4.4	8.4	51	26	3	4	1	1.6	14.93 (70)	Avg
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	-0.6	-10.3	0.2	1.9	7.7	64	29	43	31	30	1.3	14.32 (76)	-Avg
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★	-2.4	-7.8	3.1	2.5	2.4	50	56	61	68	60	3.2	14.06 (89)	Avg
Diversified Emerg. Mkts.			—	3.9	-11.4	-4.5	-3.8	2.4	—	—	—	—	—	—	15.5 (77)	—
American Funds New World A NEWFX	Gold	★★★★★	0.1	-8.5	-0.5	0.3	4.5	87	19	8	5	9	0.6	12.43 (93)	Low	
★ Causeway Emerging Markets Investor CEMVX	Bronze	↑★★★★	3.9	-15.4	-4.9	-2.9	—	46	86	53	32	—	1.4	16.76 (80)	+Avg	
DFA Emerging Markets Value I DFEVX	Bronze	★★	8.9	-11.4	-6.4	-6.4	3.3	8	49	76	90	32	2.6	18.34 (76)	High	
Harding Loevner Emerging Markets Advisor HLEMX	Silver	★★★★	6.5	-9.2	-1.7	-0.6	3.6	19	26	14	12	27	0.5	15.71 (84)	Avg	
Lazard Emerging Markets Equity Open LZOEX	Silver	★★★	8.6	-11.7	-6.1	-3.8	3.2	9	52	72	47	34	1.2	18.16 (74)	High	
Oppenheimer Developing Markets A ODMAX	Silver	★★★★	3.0	-10.3	-3.0	-1.9	5.1	59	38	25	18	3	0.4	16.24 (84)	Avg	
Parametric Emerging Markets Investor EAEMX	Bronze	★★★	7.8	-9.5	-4.5	-3.7	—	12	30	48	45	—	0.1	14.56 (81)	-Avg	
Seafarer Overseas Gr and Income Investor SFGIX	—	★★★★★	8.5	-4.4	1.6	—	—	10	3	3	—	—	1.0	14.51 (76)	-Avg	
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	★★★	5.4	-10.0	-2.7	-2.7	2.6	33	35	22	30	47	0.5	16.62 (77)	+Avg	
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	★★★	5.3	-12.7	-4.4	-4.2	<i>2.8</i>	34	66	46	54	41	3.0	16.9 (78)	+Avg	
Virtus Emerging Markets Opportunities A HEMZX	Bronze	★★★★★	2.2	-8.4	-3.3	1.3	5.7	67	18	30	2	2	0.7	14.4 (64)	-Avg	
World Allocation			—	1.1	-4.9	2.0	3.0	4.1	—	—	—	—	—	—	8.53 (87)	—
American Funds Capital Income Bldr A CAIBX	Silver	★★★★	3.9	0.2	5.4	6.6	5.3	6	6	5	3	21	3.5	9.16 (84)	Avg	
BlackRock Global Allocation Inv A MDLOX	Gold	★★★	-0.6	-4.2	3.2	3.3	5.1	82	48	40	55	28	1.0	7.28 (93)	-Avg	
First Eagle Global A SGENX	Bronze	★★★★★	3.5	0.3	5.1	5.8	6.7	11	5	11	10	3	0.1	8.42 (91)	Avg	
IVA Worldwide A IWWAX	Silver	★★★	1.0	-3.0	3.8	3.7	—	52	34	28	46	—	1.3	5.91 (90)	Low	
PIMCO Global Multi-Asset D PGMDX	Neutral	★	-1.7	-6.4	-1.7	-0.4	—	91	71	93	92	—	0.0	9.69 (72)	+Avg	
T. Rowe Price Global Allocation RPGAX	—	NR	0.7	-2.8	—	—	—	59	32	—	—	—	0.9	— (—)	—	
MSCI Emerging Markets Index			—	6.4	-12.7	-5.1	-4.8	2.3	—	—	—	—	—	—	—	—
MSCI World Index			—	-0.3	-3.5	6.8	6.5	4.3	—	—	—	—	—	—	—	—
MSCI Pacific Index			—	-3.8	-7.9	1.3	2.8	1.3	—	—	—	—	—	—	—	—

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
DP Diversified Pacific/Asia Stock
EI India Equity
ES Europe Stock
FA Foreign-Small/Mid Value

FB Foreign-Large Blend
FG Foreign-Large Growth
FR Foreign-Small/Mid Growth
FV Foreign-Large Value
JS Japan Stock

LS Latin America Stock
PJ Pacific/Asia ex-Japan Stock
TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)			
				UK/W. Europe		North Amer		Latin Amer		Asia ex-Japan			Other		Cash	Stock						Bond	Other	
	—	7.6	38,283	28	50	1	6	9	1	—	56	3	96	1	1	—	1.31	—	1,486	—				
ARTRX	▣	18.8	28,140	16	57	2	8	8	0	54	55	9	91	0	1	NL	1.19	19.47	1,388	Management Team				
ARTGX	▣	8.2	48,518	25	53	2	0	8	0	48	19	10	88	0	2	NL	1.29	14.44	1,600	O'Keefe/Samra (8.2/8.2)				
BBGNX	▣	12.7	40,416	37	53	0	0	0	0	40	31	10	90	0	0	NL	1.25	11.18	113	Hartch/Lombardi (3.0/3.0)				
DODWX	▣	6.0	45,885	22	53	3	3	11	4	91	20	3	97	0	0	NL	0.65	10.32	5,204	Management Team				
FWWFX	▣	9.5	26,740	26	57	0	7	5	2	283	151	2	97	0	0	NL	0.96	21.59	1,574	DuFour/Kennedy (8.5/10.2)				
TEDIX	▣	6.5	41,503	35	49	0	0	7	3	164	21	3	94	2	2	5.75	1.29	28.43	22,037	Management Team				
TEQIX	▣	6.0	20,122	17	35	0	0	4	1	145	30	9	57	27	8	5.75	1.11	14.53	4,703	Luh/Tumulty (5.2/12.3)				
HLMGX	▣	15.3	31,997	19	54	2	9	9	4	73	45	3	97	0	0	NL	1.18	30.76	812	Management Team				
JAWWX	▣	9.1	32,100	19	65	0	4	7	0	131	51	0	96	0	4	NL	0.88	59.95	2,311	Carmel Wellso (1.2)				
MWEX	▣	10.7	39,194	38	57	1	1	1	1	99	8	1	99	0	0	5.75	1.22	34.96	2,201	Mannheim/Morley (24.0/6.5)				
OAKGX	▣	6.2	30,556	36	45	1	11	8	0	43	36	1	99	0	0	Clsd	1.12	25.14	2,697	McGregor/Taylor (12.4/10.5)				
OAKWX	▣	8.3	56,234	39	47	0	4	4	0	23	48	5	95	0	0	NL	1.13	14.86	2,127	Herro/Nygren (9.5/9.5)				
OWSMX	▣	7.6	3,362	17	50	1	8	11	2	5556	50	10	89	0	0	NL	1.13	14.91	5,292	Management Team				
OPPAX	▣	5.0	34,107	36	46	1	13	4	0	90	11	0	99	0	0	5.75	1.14	70.24	9,269	Rajeev Bhaman (11.7)				
OPGIX	▣	13.0	2,892	47	43	0	7	1	0	92	16	2	98	0	0	5.75	1.19	42.85	3,269	Frank Jennings (20.5)				
JGVAX	▣	9.2	37,728	26	48	3	7	3	0	76	25	13	87	0	0	NL	0.89	13.02	217	Chessen/Kolb (2.2/10.8)				
TWEBX	▣	5.8	64,495	42	44	0	1	4	0	72	6	9	91	0	0	NL	1.37	19.51	510	Management Team				
TBHDX	▣	6.0	66,136	65	22	0	0	7	0	33	7	5	94	0	1	NL	1.36	8.75	335	Management Team				
USAWX	▣	12.0	42,464	38	56	1	1	1	1	106	9	0	99	0	1	NL	1.17	26.67	1,159	Mannheim/Morley (13.7/6.5)				
VHGEX	▣	5.8	21,404	18	53	1	10	11	2	808	36	4	95	0	1	NL	0.57	23.58	3,983	Management Team				
VMVFX	▣	9.8	7,464	20	55	2	4	14	1	446	57	2	96	0	2	NL	0.27	11.54	1,385	Management Team				
VTWSX	▣	6.3	27,958	21	56	1	8	10	2	7410	7	0	99	0	0	NL	0.25	23.47	6,940	Franquin/Louie (3.1/0.1)				
MAPIX	▣	5.5	10,315	0	2	0	31	65	0	69	35	0	100	0	0	NL	1.05	15.72	4,674	Management Team				
MACSX	▣	9.8	14,036	4	3	0	6	76	0	58	16	0	89	0	11	NL	1.08	16.68	2,963	Horrocks/Lowe (6.9/4.2)				
MCHFX	▣	4.1	22,575	0	0	0	0	87	0	39	66	0	98	0	2	NL	1.13	16.48	614	Management Team				
MEASX	▣	5.9	877	0	0	0	0	99	0	84	12	1	99	0	0	NL	1.48	11.23	123	Harvey/Ishida (2.9/2.9)				
MINDX	▣	22.1	3,677	0	4	0	0	91	5	49	9	0	100	0	0	NL	1.12	25.37	1,465	Asnani/Shroff (5.4/9.7)				
MAPTX	▣	7.9	12,886	3	3	0	0	95	0	64	12	0	100	0	0	NL	1.08	23.59	6,643	Management Team				
PRASX	▣	8.8	20,404	3	0	0	0	94	0	84	53	2	97	0	0	NL	0.94	15.17	2,325	Anh Lu (1.8)				
VEUSX	▣	5.8	27,418	98	1	0	0	0	0	1245	13	0	99	0	1	NL	0.12	60.69	19,293	Franquin/Hales (0.1/0.1)				
	—	4.2	17,144	3	1	12	0	65	15	—	74	2	97	0	0	—	1.52	—	1,193	—				
NEWFX	▣	10.1	22,123	19	12	4	5	34	6	494	41	6	81	6	7	5.75	1.04	50.07	22,548	Management Team				
CEMVX	▣	3.8	14,022	0	0	9	0	70	17	138	100	0	97	0	3	NL	1.48	10.04	2,687	Management Team				
DFEVX	▣	2.2	5,100	0	0	14	0	68	15	2280	6	0	97	0	3	NL	0.56	22.16	15,062	Management Team				
HLEMX	▣	6.3	17,300	5	1	16	0	54	20	78	30	2	98	0	0	NL	1.45	41.78	2,325	Management Team				
LZOEX	▣	3.8	18,755	0	0	12	0	60	20	85	14	1	94	0	4	Clsd	1.37	15.01	10,078	Management Team				
ODMAX	▣	6.2	18,510	7	1	14	0	58	12	91	36	5	93	0	2	Clsd	1.3	31.31	28,513	Lech/Leverenz (0.5/8.9)				
EAEMX	▣	3.7	5,221	3	1	17	0	42	33	1651	8	1	96	0	3	NL	1.36	12.4	3,080	Atwill/Seto (1.8/9.1)				
SFGIX	▣	10.4	4,783	0	0	20	3	46	17	53	28	8	86	3	2	NL	1.15	11.23	1,064	Andrew Foster (4.1)				
PRMSX	▣	8.7	22,634	3	0	11	0	67	15	100	15	2	98	0	0	NL	1.24	30.03	8,009	Gonzalo Pangaro (7.5)				
VERMAX	▣	3.6	13,007	0	0	14	0	67	17	3663	7	0	99	0	1	NL	0.15	28.74	61,798	Miller/Perre (0.1/7.6)				
HEMZX	▣	16.8	33,458	19	0	13	0	62	5	76	27	0	99	0	1	5.75	1.56	8.87	8,351	Matthew Benkendorf (0.0)				
	—	6.7	37,004	12	27	1	4	5	1	—	70	11	53	35	1	—	1.29	—	2,810	—				
CAIBX	▣	7.9	49,152	27	46	0	1	6	0	1419	63	2	80	17	1	5.75	0.59	57.52	98,162	Management Team				
MDLOX	▣	6.2	35,909	11	29	1	9	3	1	954	84	18	52	19	11	5.25	1.14	17.74	47,288	Management Team				
SGENX	▣	7.0	23,421	15	44	1	12	5	0	182	11	2	78	1	19	5.00	1.11	53.14	46,595	Brooker, Jr./McLennan (5.1/7.5)				
IVWAX	▣	8.6	19,727	13	24	0	7	8	0	106	30	36	53	6	6	Clsd	1.25	16.49	8,672	de Lardemelle/de Vaulx (7.5/7.5)				
PGMDX	▣	7.1	44,106	8	28	0	0	1	0	315	444	-34	53	65	16	NL	1.57	10.74	768	Sundstrom/Worah (0.7/2.2)				
RPGAX	▣	8.3	27,202	16	26	1	5	9	1	1353	33	5	57	27	11	NL	1.2	10.58	158	Charles Shriver (2.8)				

Equity Style Box

Val	Blnd	Grth	Up Mid Sm
▣	▣	▣	
▣	▣	▣	
▣	▣	▣	

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
			Morningstar Rating	Total Return % 03-31-16					Total Return % Category Rank					30-Day Yld	Stand-ard Devia-tion	Risk Relative to Category
			vs. Category	ANNUALIZED					1=Best, 100=Worst							
			5=Best	YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	%	(R ²)	
Morningstar 500 Bond Funds	Morningstar Analyst Rating															
High-Quality Bond																
	—	CI	★★★★	2.6	0.6	1.2	3.0	3.9	—	—	—	—	—	—	3.47 (65)	—
AMG GW&K Core Bond Service MBDFX	—	CI	★★★★	3.3	1.2	1.8	3.5	5.6	5	37	57	54	12	2.3	3.67 (93)	High
AMG Managers Bond Service MGFIX	—	CI	★★★★	2.9	0.1	2.0	4.6	6.0	26	73	50	9	5	3.2	3.71 (53)	High
Baird Aggregate Bond Inst BAGIX	Silver	CI	★★★★★	3.0	1.8	2.9	4.7	5.2	16	14	8	6	23	2.6	3.14 (98)	Avg
Dodge & Cox Income DODIX	Gold	CI	★★★★	2.4	0.5	2.4	3.8	5.3	67	65	22	36	21	3.5	2.78 (62)	-Avg
DoubleLine Total Return Bond I DBLTX	—	CI	★★★★★	1.8	2.5	3.2	5.4	—	90	3	4	1	—	3.5	2.59 (83)	-Avg
Fidelity GNMA FGMNX	Gold	GI	★★★★★	1.6	2.0	2.2	3.4	5.0	75	21	14	11	7	2.1	2.82 (76)	Avg
Fidelity Government Income FGOVX	Gold	GI	★★★★	2.7	1.8	2.0	3.3	4.6	10	31	21	17	21	1.5	2.95 (93)	+Avg
Fidelity Intermediate Bond FTHRX	Silver	CI	★★★★	2.4	1.6	1.8	3.2	4.3	62	20	59	72	65	1.8	2.33 (92)	Low
Fidelity Investment Grade Bond FBNDX	Silver	CI	★★★★	3.2	0.0	1.8	3.7	4.4	8	76	56	42	62	2.9	3.28 (87)	+Avg
Fidelity Mortgage Securities FMSFX	—	CI	★★★★	1.9	2.2	2.6	3.6	4.1	87	5	16	51	72	2.5	2.6 (84)	-Avg
Fidelity Spartan US Bond Idx Investor FBIDX	Bronze	CI	★★★★	3.0	1.9	2.3	3.6	4.5	14	11	30	48	57	2.1	3.16 (99)	Avg
Fidelity Total Bond FTBFX	Gold	CI	★★★★	3.2	0.8	2.3	4.0	5.2	7	51	26	25	24	3.3	3.3 (84)	+Avg
Harbor Bond Institutional HABDX	Bronze	CI	★★★★	2.1	0.2	1.6	3.4	5.6	82	72	68	62	12	2.7	3.64 (81)	High
Harbor Real Return Instl HARRX	—	IP	★★★★	3.8	-0.3	-1.9	2.2	4.4	49	66	69	43	15	0.8	6.1 (71)	+Avg
Janus Flexible Bond T JAFIX	Neutral	CI	★★★★	2.2	0.5	2.1	3.9	5.8	76	65	40	28	7	2.4	2.77 (94)	-Avg
Loomis Sayles Investment Grade Bond A LIGRX	Gold	CI	★★★★	3.6	-1.3	1.0	3.6	6.0	3	94	90	49	5	2.7	5.22 (30)	High
Metropolitan West Total Return Bond M MWTRX	Gold	CI	★★★★★	2.4	1.0	2.5	4.6	6.4	66	45	20	7	2	1.5	2.86 (93)	-Avg
PIMCO Investment Grade Corp Bd Instl PIGIX	Silver	TW	★★★★★	3.3	0.5	3.1	5.9	7.6	51	35	23	13	9	3.8	4.99 (79)	+Avg
PIMCO Low Duration D PLDDX	Bronze	CS	★★★★	0.4	0.0	0.2	1.4	3.5	89	78	81	53	24	0.9	1.76 (36)	+Avg
PIMCO Real Return D PRRDX	Silver	IP	★★★★	4.0	-0.7	-2.0	2.2	4.3	41	75	79	35	16	-3.3	6.24 (73)	High
PIMCO Short-Term D PSHDX	Silver	UB	★★★★	-0.4	0.2	0.6	1.0	2.2	97	54	26	31	14	1.7	1.0 (0)	High
PIMCO Total Return Instl PTTRX	Bronze	CI	★★★★	1.8	0.3	1.5	3.7	6.0	89	69	71	45	4	2.8	3.84 (81)	High
Scout Core Plus Bond Instl SCPZX	Silver	CI	★★★★★	3.6	3.0	1.8	4.5	7.0	3	1	56	10	1	2.5	2.36 (54)	-Avg
T. Rowe Price Corporate Income PRPIX	—	TW	★★★★	3.5	0.3	3.0	5.4	5.7	43	40	26	23	41	3.3	4.62 (84)	Avg
T. Rowe Price GNMA PRGMX	—	GI	★★★★	1.4	1.6	1.7	2.8	4.3	85	47	40	46	31	2.0	2.59 (74)	Avg
T. Rowe Price New Income PRCIX	Bronze	CI	★★★★	2.7	1.1	2.0	3.6	5.0	44	39	46	53	31	2.4	3.15 (94)	Avg
T. Rowe Price Short-Term Bond PRWBX	Neutral	CS	★★★★	0.8	0.7	0.7	1.2	2.9	65	42	54	65	47	1.4	0.91 (54)	Avg
TCW Total Return Bond I TGLMX	Bronze	CI	★★★★★	2.1	1.8	3.1	5.2	7.1	81	11	4	2	1	2.7	2.68 (82)	-Avg
USAA Income USAIX	—	CI	★★★★	3.0	0.3	2.2	4.0	5.2	15	70	39	24	21	3.4	3.15 (85)	Avg
Vanguard GNMA Inv VFIIIX	Gold	GI	★★★★	1.9	2.2	2.5	3.4	4.8	59	15	5	14	12	2.5	2.86 (78)	+Avg
Vanguard Inflation-Protected Secs Inv VIPSX	Gold	IP	★★★★	4.6	1.4	-0.9	2.9	4.4	10	6	19	6	13	0.0	5.46 (81)	+Avg
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	4.1	2.9	2.7	5.2	6.0	1	2	11	2	4	2.4	4.51 (97)	High
Vanguard Interm-Term Invmt-Grade Inv VFICX	Silver	TW	★★★★	3.5	2.8	3.0	5.0	5.8	42	3	25	41	38	2.6	3.65 (91)	-Avg
Vanguard Interm-Term Treasury Inv VFITX	—	GI	★★★★★	3.4	3.1	1.9	3.7	5.1	2	2	26	5	4	1.3	3.68 (88)	High
Vanguard Long-Term Investment-Grade Inv VWESX	Silver	TW	★★★★★	6.8	1.3	5.3	8.7	7.6	5	15	1	2	10	3.9	8.48 (87)	High
Vanguard Long-Term Treasury Inv VUSTX	—	GL	★★★★	8.3	2.6	5.8	9.5	7.7	25	28	29	25	38	2.3	11.26 (83)	Avg
Vanguard Short-Term Bond Index Adm VBIRX	Silver	CS	★★★★	1.6	1.5	1.2	1.8	3.4	16	5	17	36	25	1.3	1.33 (81)	Avg
Vanguard Short-Term Federal Inv VSGBX	Silver	GS	★★★★	1.3	1.4	0.9	1.4	3.1	32	15	15	26	19	1.0	1.07 (79)	Avg
Vanguard Short-Term Investment-Grade Inv VFSTX	Silver	CS	★★★★	1.7	1.8	1.7	2.3	3.6	10	3	4	15	19	2.0	1.36 (71)	Avg
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★★	1.2	1.2	0.7	1.1	2.7	35	25	25	43	40	0.7	0.96 (66)	Avg
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	★★★★★	1.8	1.2	-0.6	—	—	94	14	8	—	—	-0.6	1.86 (38)	Low
Vanguard Total Bond Market Index Adm VBTIX	Silver	CI	★★★★	3.1	1.8	2.4	3.7	4.9	12	13	24	41	39	2.2	3.1 (99)	Avg
Western Asset Core Bond I WATFX	Silver	CI	★★★★	3.0	2.1	3.2	4.4	5.4	18	7	4	11	14	2.5	3.15 (91)	Avg
Western Asset Core Plus Bond I WACPX	Silver	CI	★★★★★	2.6	1.7	3.3	4.8	6.0	49	16	3	5	4	3.2	3.4 (85)	+Avg
High-Yield Bond																
	—	—	—	2.1	-4.2	1.1	3.8	5.5	—	—	—	—	—	—	5.59 (11)	—
Eaton Vance Income Fund of Boston A EVIBX	Silver	—	★★★	3.3	-1.3	2.7	5.0	6.2	10	15	12	15	25	5.3	5.09 (16)	-Avg
Fairholme Focused Income FOCIX	Neutral	—	★★★★	0.3	-5.7	4.9	4.3	—	96	77	1	37	—	—	14.25 (4)	High
Fidelity Capital & Income FAGIX	Silver	—	★★★★★	0.6	-4.2	3.8	4.7	7.5	94	56	1	22	1	4.7	6.43 (9)	+Avg
BarCap US Agg Bond TR USD				3.0	2.0	2.4	3.8	4.7								
BofAML US HY Master II TR				3.2	-4.0	1.8	4.7	6.8								

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance

★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CI Intermediate-Term Bond
 CL Long-Term Bond
 CS Short-Term Bond
 GI Intermediate Government Bond
 GL Long Government Bond
 GS Short Government Bond
 IP Inflation-Protected Bond
 TW Corporate Bond
 UB Ultrashort Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.0	—	—	8	4	0	0	23	9	0	91	1	—	0.76	—	1,706	—
MBDFX	5.5	5.1	A	61	39	0	0	175	2	0	97	1	NL	0.56	10.18	472	Mary Kane (1.1)
MGFIX	5.1	5.1	BBB	21	68	11	0	10	18	0	78	3	NL	1.0	26.76	2,453	Management Team
BAGIX	5.7	5.1	A	58	41	1	0	39	3	0	97	0	NL	0.3	10.87	7,735	Management Team
DODIX	4.3	5.1	BBB	51	37	12	0	24	3	0	95	3	NL	0.44	13.47	43,341	Management Team
DBLTX	3.6	5.1	BB	73	5	16	6	13	13	0	87	0	NL	0.47	10.87	57,627	Barach/Gundlach (5.9/5.9)
FGMNX	2.4	4.3	AAA	100	0	0	0	450	3	0	97	0	NL	0.45	11.64	6,222	Castagliuolo/Irving (6.2/11.4)
FGOVX	5.0	4.3	AA	99	0	0	1	83	2	0	98	0	NL	0.45	10.54	4,720	Castagliuolo/Irving (6.3/9.2)
FTHRX	3.9	5.1	A	49	47	3	0	53	6	0	91	3	NL	0.45	10.93	3,166	Foley/Galusza (2.4/6.7)
FBNDX	5.3	5.1	A	55	38	7	0	182	3	0	91	6	NL	0.45	7.77	7,728	Jeffrey Moore (11.3)
FMSFX	3.0	5.1	A	92	2	1	5	439	3	0	97	0	NL	0.45	11.39	1,095	Castagliuolo/Irving (6.2/8.0)
FBIDX	5.2	5.1	AA	78	21	0	0	75	3	0	97	0	NL	0.2	11.77	21,711	Bettencourt/Small (1.8/0.9)
FTBFX	5.1	5.1	BBB	45	40	15	1	140	5	0	95	0	NL	0.45	10.51	22,989	Management Team
HABDX	—	5.1	—	—	—	—	—	586	3	0	92	5	NL	0.51	11.64	2,762	Management Team
HARRX	—	6.3	—	—	—	—	—	531	4	0	94	2	NL	0.54	9.21	119	Banet/Worah (1.2/8.2)
JAFIX	5.6	5.1	BBB	53	34	11	2	39	3	0	94	2	NL	0.69	10.46	9,259	Management Team
LIGRX	4.8	5.1	BBB	30	57	9	4	23	11	2	77	10	4.25	0.83	11.18	7,579	Management Team
MWTRX	5.0	5.1	BBB	74	20	6	0	246	-1	0	100	1	NL	0.69	10.83	73,597	Management Team
PIGIX	6.1	6.9	—	—	—	—	—	86	-45	0	139	5	NL	0.5	10.15	6,940	Mark Kiesel (13.3)
PLDDX	1.2	2.1	—	—	—	—	—	110	19	0	78	3	NL	0.75	9.87	10,524	Mather/Schneider (1.5/1.5)
PRRDX	7.4	6.3	—	—	—	—	—	117	-7	0	105	2	NL	0.85	10.92	10,672	Banet/Worah (1.2/8.2)
PSHDX	0.3	0.3	—	—	—	—	—	283	5	0	89	5	NL	0.7	9.66	13,126	Jerome Schneider (5.2)
PTTRX	4.6	5.1	—	—	—	—	—	265	6	0	90	4	NL	0.46	10.18	87,839	Management Team
SCPZX	4.4	5.1	BBB	62	32	6	0	187	30	0	70	0	NL	0.4	32.36	843	Management Team
PRPIX	7.2	6.9	BBB	4	83	13	0	48	2	0	96	2	NL	0.62	9.51	791	David Tiberii (12.7)
PRGMX	3.8	4.3	AA	100	0	0	0	430	3	0	97	0	NL	0.59	9.5	1,549	Andrew McCormick (8.0)
PRCIX	5.4	5.1	BBB	58	34	8	1	144	8	0	91	1	NL	0.59	9.55	27,169	Daniel Shackelford (13.3)
PRWBX	1.9	2.1	A	55	42	3	0	53	13	0	87	0	NL	0.52	4.73	5,601	Reinartz/Wiese (1.2/21.2)
TGLMX	5.0	5.1	BB	81	8	16	-4	287	14	0	86	0	NL	0.49	10.28	9,690	Management Team
USAIX	5.9	5.1	BB	32	59	7	3	10	1	2	91	6	NL	0.53	12.88	6,210	Management Team
VFIIIX	4.4	4.3	A	96	0	0	4	706	1	5	92	3	NL	0.21	10.79	25,995	Michael Garrett (9.2)
VIPSX	7.9	6.3	AAA	100	0	0	0	43	0	0	100	0	NL	0.2	13.43	23,160	Gemma Wright-Casparius (4.6)
VBILX	6.5	5.1	A	61	39	0	0	51	1	0	99	0	NL	0.1	11.64	21,721	Joshua Barrickman (7.9)
VFICX	5.5	6.9	A	35	62	0	3	70	2	0	97	0	NL	0.2	9.91	22,692	Gregory Nassour (7.8)
VFITX	5.4	4.3	AA	100	0	0	0	142	0	0	100	0	NL	0.2	11.59	6,376	Gemma Wright-Casparius (1.2)
VWESX	13.1	6.9	A	42	57	0	1	35	4	0	96	0	NL	0.22	10.43	14,021	Management Team
VUSTX	16.5	15.0	AA	100	0	0	0	117	0	0	100	0	NL	0.2	13.11	3,838	Gemma Wright-Casparius (1.2)
VBIRX	2.7	2.1	AA	75	25	0	0	52	2	0	98	0	NL	0.1	10.56	41,870	Barrickman/Pu (3.1/3.1)
VSGBX	2.4	2.2	A	97	0	0	3	314	10	0	90	0	NL	0.2	10.82	5,213	Brian Quigley (1.2)
VFSTX	2.6	2.1	BBB	41	55	2	2	75	11	0	89	0	NL	0.2	10.69	53,261	Gregory Nassour (7.8)
VFISX	2.4	2.2	A	96	0	0	4	211	3	0	97	0	NL	0.2	10.76	7,376	Gemma Wright-Casparius (1.2)
VTIPX	2.5	6.3	AAA	100	0	0	0	26	18	0	82	0	NL	0.17	24.57	13,301	Barrickman/Wright-Casparius (3.4/3.4)
VBTLX	5.6	5.1	AA	74	26	0	0	84	3	0	97	0	NL	0.07	10.9	152,414	Joshua Barrickman (3.1)
WATFX	6.2	5.1	BBB	55	32	2	11	85	11	0	89	0	NL	0.45	12.41	5,248	Management Team
WACPX	6.7	5.1	BB	48	32	14	6	93	1	0	97	1	NL	0.45	11.63	16,103	Management Team
—	3.9	—	B	3	6	88	3	73	4	1	93	1	—	1.07	—	1,275	—
EVIBX	4.0	3.9	B	0	3	95	3	36	8	0	89	2	4.75	1.0	5.49	5,490	Concannon/Weilheimer (1.4/20.2)
FOCIX	—	3.9	—	—	—	—	—	67	26	9	50	15	Clsd	1.01	9.63	196	Bruce Berkowitz (6.2)
FAGIX	—	3.9	B	8	6	63	23	41	9	18	72	1	NL	0.72	9.11	10,014	Mark Notkin (12.7)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

Historical Performance

Historical Risk

Morningstar 500 Bond Funds	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Historical Performance										Historical Risk				
			Total Return % 03-31-16		ANNUALIZED					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr					
High-Yield Bond (cont'd)		—	2.1	-4.2	1.1	3.8	5.5	—	—	—	—	—	—	5.59 (11)	—		
Fidelity High Income SPHIX	Silver	★★★	2.8	-4.9	0.8	3.8	6.1	24	68	64	59	29	7.2	6.11 (12)	+Avg		
Hotchkis & Wiley High Yield A HWHAX	Bronze	↑★★★★	1.7	-5.4	1.0	4.2	—	69	73	61	39	—	9.8	5.7 (6)	Avg		
Janus High-Yield T JAHYX	Neutral	★★★★	2.3	-1.9	2.0	4.5	6.4	51	22	28	32	21	5.6	5.08 (15)	-Avg		
Metropolitan West High Yield Bond M MWHYX	Bronze	↓★★★★	0.8	-2.5	0.8	3.0	6.3	92	31	62	80	22	5.2	4.62 (15)	-Avg		
PIMCO High Yield D PHYDX	Bronze	★★★★	2.6	-2.0	2.2	4.5	5.8	33	24	24	31	40	6.1	5.38 (17)	Avg		
T. Rowe Price High Yield PRHYX	Gold	★★★★	2.7	-3.1	2.1	4.8	6.5	31	37	24	19	15	6.7	5.72 (10)	Avg		
Vanguard High-Yield Corporate Inv VVHEX	Silver	★★★★	2.3	-1.1	2.7	5.5	6.1	50	13	12	8	31	5.6	5.05 (20)	-Avg		
Specialty Bond		—	1.8	-2.3	0.7	2.5	4.4	—	—	—	—	—	—	5.65 (32)	—		
American Funds Capital World Bond A CWBFX	Neutral	IB	★★★	5.4	1.6	0.4	1.8	4.2	35	35	39	42	48	1.7	4.77 (50)	Avg	
Calamos Convertible A CCVIX	Neutral	CV	★★	-3.4	-8.3	3.2	2.5	4.2	90	53	78	89	71	—	9.16 (81)	Avg	
Dodge & Cox Global Bond DODLX	—	IB	NR	3.4	-2.0	0.4	—	—	56	84	—	—	—	—	5.62 (19)	—	
Eaton Vance Floating Rate A EVBLX	Bronze	BL	★★★	1.9	-1.9	0.9	2.5	3.2	17	57	64	61	44	4.2	2.76 (3)	Avg	
Fidelity Floating Rate High Income FFRHX	Bronze	BL	★★★★	1.5	-1.7	1.0	2.3	3.5	50	53	61	71	20	5.1	2.84 (4)	Avg	
Fidelity New Markets Income FNMIX	Silver	EB	★★★★	4.5	4.0	1.4	5.6	7.1	61	8	10	5	11	6.2	8.03 (18)	Avg	
Fidelity Strategic Income FSICX	Silver	MU	★★★★	3.0	-0.5	1.7	3.6	5.9	16	35	38	49	19	3.9	4.53 (32)	Avg	
FPA New Income FPNIX	Bronze	NT	★★★	0.6	0.2	0.7	1.2	2.7	40	24	28	55	61	2.7	0.78 (47)	Low	
Janus Global Unconstrained Bond D JUCDX	—	NT	NR	1.9	0.2	—	—	—	17	22	—	—	—	2.7	— (-)	—	
Loomis Sayles Bond Retail LSBRX	Gold	MU	★★★	2.7	-3.6	1.0	3.9	5.9	28	85	66	38	20	4.1	6.26 (12)	High	
Loomis Sayles Global Bond Retail LSLGX	Bronze	IB	★★★	5.3	1.4	-0.6	1.1	4.1	40	39	67	61	51	1.8	4.82 (39)	Avg	
PIMCO Emerging Local Bond Instl PELBX	Neutral	EB	★★	9.9	-4.3	-8.3	-2.8	—	7	85	88	83	—	5.3	12.45 (20)	High	
PIMCO Foreign Bond (Unhedged) D PFBDX	Bronze	IB	★★★	7.1	1.9	-0.7	1.2	5.0	20	30	68	59	28	0.8	6.59 (20)	High	
PIMCO Foreign Bond (USD-Hedged) D PFDX	Bronze	IB	★★★★	2.7	0.2	4.0	6.1	6.0	68	55	2	2	9	0.5	3.45 (62)	-Avg	
PIMCO Income D PONDIX	Silver	MU	★★★★	1.7	2.1	4.2	7.7	—	60	4	3	3	—	3.4	3.66 (29)	Avg	
PIMCO Unconstrained Bond D PUBDX	Neutral	NT	★★★	-0.7	-3.5	-1.4	0.8	—	72	74	88	70	—	2.9	3.13 (8)	Avg	
T. Rowe Price International Bond RPIBX	Neutral	IB	★★	8.2	5.6	-0.8	0.2	3.5	7	2	71	84	74	0.9	6.57 (19)	+Avg	
T. Rowe Price Spectrum Income RPSIX	Bronze	MU	★★★★	3.7	0.7	2.3	4.1	5.4	6	13	15	29	38	3.3	4.28 (30)	Avg	
Templeton Global Bond A TPINX	Gold	IB	★★★★	0.0	-4.3	-0.6	1.9	6.9	97	95	66	41	1	3.8	6.46 (5)	+Avg	
Vanguard Convertible Securities Inv VCVSX	Bronze	CV	★★★★	-2.0	-8.0	3.5	3.6	5.5	52	49	74	60	20	2.1	7.37 (76)	-Avg	
Vanguard Total Intl Bd Idx Investor VTIBX	—	IB	NR	3.4	2.3	—	—	—	55	22	—	—	—	0.7	— (-)	—	
Municipal Bond National		—	1.4	3.1	2.7	5.0	3.7	—	—	—	—	—	—	3.49 (85)	—		
American Funds Tax-Exempt Bond A AFTEX	Bronze	MI	★★★★	1.5	3.6	3.5	6.0	4.5	29	24	13	12	13	1.5	3.53 (98)	+Avg	
Baird Quality Intermediate Muni Bd Inst BMBIX	—	MI	★★★	1.2	2.7	2.1	3.4	4.2	80	69	77	90	39	1.3	2.66 (90)	Low	
Fidelity Interm Muni Inc FLTIX	Gold	MI	★★★	1.2	2.6	2.7	4.2	4.1	77	74	51	72	46	1.4	2.66 (98)	-Avg	
Fidelity Limited Term Municipal Income FSTFX	Gold	MS	★★★★	0.6	1.4	1.2	2.0	2.9	37	31	24	29	27	0.8	1.37 (80)	Avg	
Fidelity Municipal Income FHIGX	Gold	ML	★★★★	1.7	3.8	4.0	6.1	4.9	30	40	19	51	22	1.8	3.82 (99)	Avg	
Fidelity Tax-Free Bond FTABX	Gold	ML	★★★★	1.8	3.8	4.0	6.2	5.1	23	38	16	43	15	1.9	3.85 (99)	Avg	
Franklin Federal Tax-Free Income A FKTIX	Silver	ML	★★★	1.5	2.8	3.4	6.1	4.7	62	82	51	48	35	1.5	4.1 (98)	Avg	
Franklin High Yield Tax-Free Inc A FRHIX	Silver	HM	★★★	2.0	3.7	3.7	6.9	4.9	48	79	70	71	23	2.5	5.14 (93)	Avg	
T. Rowe Price Summit Municipal Intm PRSMX	Gold	MI	★★★★	1.5	3.6	3.1	4.7	4.5	30	26	24	47	17	1.2	2.97 (98)	-Avg	
T. Rowe Price Tax-Free High Yield PRFHX	Gold	HM	★★★★	2.0	4.3	4.7	8.1	5.1	60	65	33	35	11	2.8	4.95 (93)	Avg	
T. Rowe Price Tax-Free Income Inv PRTAX	Gold	ML	★★★★	1.6	3.5	3.6	6.0	4.8	41	50	37	52	27	1.6	3.88 (98)	Avg	
T. Rowe Price Tax-Free Shrt-Interm PRFSX	Gold	MS	★★★★	0.7	1.4	1.1	2.1	3.0	31	31	25	28	25	0.5	1.52 (71)	+Avg	
USAA Tax Exempt Intermediate-Term USATX	Bronze	MI	★★★★	1.5	3.5	3.1	5.3	4.6	41	32	25	21	11	1.7	2.79 (98)	-Avg	
Vanguard High-Yield Tax-Exempt VWAHX	Silver	MI	★★★★	1.9	4.8	4.4	6.8	5.1	6	6	6	3	1	2.5	4.13 (98)	High	
Vanguard Interm-Term Tx-Ex Inv VWITX	Silver	MI	★★★★	1.6	3.7	3.2	4.9	4.5	23	20	23	36	18	1.5	3.05 (98)	Avg	
Vanguard Long-Term Tax-Exempt VWLTX	Silver	ML	★★★★	1.9	4.8	4.4	6.4	4.9	13	5	7	36	18	2.0	4.03 (99)	Avg	
Vanguard Ltd-Term Tx-Ex VMLTX	Silver	MS	★★★★	0.6	1.6	1.3	1.9	2.8	37	25	23	36	31	0.9	1.26 (70)	Avg	
Vanguard Short-Term Tx-Ex VWSTX	Silver	MS	★★	0.3	0.7	0.5	0.8	1.9	77	59	63	82	75	0.5	0.42 (48)	Low	
BarCap Municipal TR USD				1.7	4.0	3.6	5.6	4.9									
BofAML US HY Master II TR				3.2	-4.0	1.8	4.7	6.8									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- BL Bank Loan
- CI Intermediate-Term Bond
- CV Convertibles Bond
- EB Emerging Market Bond
- HM High-Yield Muni
- IB World Bond
- MI Muni National, Intermediate
- ML Muni National, Long
- MS Muni National, Short
- MU Multisector Bond
- NT Nontraditional Bond
- XP Emerging Market Local Bond

Current Portfolio Style

Costs

Operations

	Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					High	Mid	Low	Other		Cash	Stock	Bond	Other					
	—	3.9	—	B	3	6	88	3	73	4	1	93	1	—	1.07	—	1,275	—
SPHIX	☐	—	3.9	B	5	2	93	1	37	3	0	94	3	NL	0.72	8.05	4,095	Fred Hoff (15.8)
HWHAX	☐	4.7	3.9	B	0	4	92	4	44	3	2	91	5	3.75	0.95	10.99	2,296	Management Team
JAHYX	☐	3.7	3.9	B	11	5	81	3	23	14	0	84	2	NL	0.87	8.01	1,827	Management Team
MWHYX	☐	3.3	3.9	B	12	8	78	1	61	12	0	85	2	NL	0.85	9.09	1,068	Management Team
PHYDX	☐	3.9	3.9	—	—	—	—	—	39	3	0	95	2	NL	0.9	8.37	8,615	Andrew Jessop (6.2)
PRHYX	☐	3.5	3.9	B	1	2	94	3	59	2	1	89	8	Clsd	0.74	6.25	8,882	Mark Vaselkiv (19.7)
VWEHX	☐	4.5	3.9	B	4	5	90	2	34	6	1	90	4	NL	0.23	5.59	16,917	Michael Hong (8.1)
	—	0.3	—	—	5	5	6	1	37	12	2	74	12	—	1.21	—	1,221	—
CWBFX	☐	6.4	5.5	BBB	42	49	7	3	185	1	0	96	3	3.75	0.93	19.85	12,921	Management Team
CCVIX	☐	3.6	3.2	B	0	23	35	42	63	4	5	3	88	4.75	1.13	15.3	832	Management Team
DODLX	☐	3.1	5.5	BBB	19	61	20	0	55	4	0	91	5	NL	0.6	10.0	73	Management Team
EVBLX	☐	0.3	0.4	B	0	5	92	3	19	4	0	86	10	2.25	1.03	8.76	7,287	Page/Russ (15.2/8.3)
FFRHX	☐	—	0.4	B	8	4	85	3	26	11	0	89	0	NL	0.7	9.17	8,926	Eric Mollenhauer (3.0)
FNMIX	☐	—	5.4	BB	10	39	47	4	110	4	0	96	0	NL	0.86	14.96	4,054	John Carlson (20.7)
FSICX	☐	4.9	4.1	BB	28	17	49	6	88	9	2	79	10	NL	0.71	10.36	7,278	Management Team
FPNIX	☐	1.3	1.6	BB	77	0	11	12	29	7	0	93	0	NL	0.58	10.01	5,358	Atteberry/Patwardhan (11.3/0.3)
JUCDX	☐	3.6	1.6	BB	9	46	21	24	33	16	5	73	5	NL	0.96	9.7	1,264	Gross/Palghat (1.4/0.7)
LSBRX	☐	4.5	4.1	BB	24	33	32	10	22	10	8	70	12	NL	0.89	13.12	15,924	Management Team
LSGLX	☐	6.4	5.5	BBB	33	58	8	1	117	7	0	87	6	NL	1.0	15.42	1,542	Management Team
PEL BX	☐	4.6	5.4	—	—	—	—	—	60	-6	0	102	5	NL	0.9	7.21	4,676	Michael Gomez (9.2)
PFBDX	☐	7.4	5.5	—	—	—	—	—	312	7	1	87	6	NL	0.9	9.66	1,287	Management Team
PFODX	☐	7.3	5.5	—	—	—	—	—	317	7	0	85	8	NL	0.9	10.16	7,702	Management Team
POND X	☐	3.4	4.1	—	—	—	—	—	164	-24	0	119	5	NL	0.79	11.77	53,789	Ivascyn/Murata (9.0/3.0)
PUBDX	☐	-0.7	1.6	—	—	—	—	—	270	117	0	-21	4	NL	1.3	10.19	5,053	Management Team
RPIBX	☐	7.4	5.5	BBB	39	53	6	2	60	4	0	93	4	NL	0.83	8.92	5,283	Husain/Orchard (2.2/0.2)
RPSIX	☐	5.3	4.1	BB	40	30	29	2	17	5	12	81	2	NL	0.67	12.23	5,844	Charles Shriver (4.9)
TPINX	☐	0.4	5.5	BB	20	62	18	0	43	43	0	54	4	4.25	0.89	11.49	50,072	Desai/Hasenstab (5.2/14.2)
VCV SX	☐	4.3	3.2	B	0	6	24	69	95	0	1	8	91	Clsd	0.38	11.84	1,503	Management Team
VTIBX	☐	7.6	5.5	A	51	49	0	0	13	3	0	94	2	NL	0.17	10.88	51,842	Barrickman/Pu (2.8/2.8)
	—	0.7	—	—	18	6	0	1	9	5	0	95	0	—	0.85	—	1,732	—
AFTEX	☐	5.5	5.0	BBB	50	42	4	5	14	8	0	92	0	3.75	0.54	13.19	12,747	Management Team
BMBIX	☐	4.4	5.0	AA	97	2	0	0	9	3	0	97	0	NL	0.3	11.81	1,201	Management Team
FLTMX	☐	4.8	5.0	A	59	37	1	3	14	12	0	88	0	NL	0.36	10.57	5,896	Management Team
FSTFX	☐	2.7	2.6	A	61	35	0	4	30	17	0	83	0	NL	0.48	10.66	3,873	Management Team
FHIGX	☐	6.7	7.0	A	58	39	1	3	14	1	0	99	0	NL	0.48	13.55	5,620	Management Team
FTABX	☐	6.8	7.0	A	64	33	1	2	9	1	0	99	0	NL	0.25	11.77	3,176	Management Team
FKTIX	☐	—	7.0	A	70	27	2	0	5	3	0	97	0	4.25	0.62	12.44	10,926	Management Team
FRHIX	☐	—	6.8	BBB	35	49	10	5	8	2	0	98	0	4.25	0.65	10.61	8,334	Management Team
PRSMX	☐	4.9	5.0	A	54	41	2	2	11	2	0	98	0	NL	0.5	12.11	4,044	Charles Hill (22.4)
PRFHX	☐	7.5	6.8	BB	7	57	15	20	3	0	1	99	0	NL	0.69	12.09	3,576	James Murphy (15.2)
PRTAX	☐	5.9	7.0	A	33	61	2	5	8	0	0	100	0	NL	0.51	10.44	2,551	Konstantine Mallas (8.7)
PRFSX	☐	2.7	2.6	A	67	32	0	1	18	13	0	87	0	NL	0.49	5.65	2,099	Charles Hill (21.2)
USATX	☐	4.9	5.0	A	43	54	2	1	4	1	0	99	0	NL	0.55	13.61	4,363	Hoffmann/Shافر (0.3/12.8)
VWAHX	☐	6.3	5.0	BBB	36	50	6	7	21	5	0	95	0	NL	0.2	11.43	9,714	Mathew Kiselak (5.7)
VWITX	☐	4.8	5.0	AA	76	22	1	1	12	5	0	95	0	NL	0.2	14.39	48,010	James D'Arcy (2.7)
VWLTX	☐	6.3	7.0	A	68	29	1	2	18	1	0	99	0	NL	0.2	11.87	9,515	Mathew Kiselak (5.7)
VMLTX	☐	2.5	2.6	AA	75	24	1	1	16	11	0	89	0	NL	0.2	11.05	21,798	Marlin Brown (8.1)
VWSTX	☐	1.1	2.6	A	78	20	1	2	32	21	0	79	0	NL	0.2	15.82	12,538	Justin Schwartz (0.1)

Fixed Income Style Box

Ltd	Mod	Ext
☐	☐	☐
☐	☐	☐
☐	☐	☐

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Blue # = Cheapest Quintile

AMG Funds 835-3879	BBH 575-1265	FAM Value Investor 932-3271 FAMVX 30	Fidelity Small Cap Value FCPVX 34
AMG GW&K Core Bond Service MBDFX 42	BBH Core Select N BBTEX 26	FMI Funds 811-5311	Fidelity Spartan 500 Index Inv FUSEX 26
AMG Managers Bond Service MGFIX 42	BBH Global Core Select N BBGNX 38	FMI Common Stock FMIMX 30	Fidelity Spartan Extended Mkt Index FSEMX 30
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Research and recommendations for the serious fund investor

Mind the Gap 2016

It probably won't be too costly for you this year to correct an investing mistake you made last year. But if you made a mistake 10 years ago that you didn't quickly fix, you'll be paying for it for a very long time.

That's one clear lesson gleaned from our investor returns data. We've updated our figures through 2015, and they vividly illustrate how decisions made a decade ago have an impact that compounds powerfully over time.

What Are Investor Returns?

Investor returns are dollar-weighted returns, as opposed to time-weighted returns, which are the standard way of displaying an investment's total returns. We calculate investor returns for a single fund by adjusting returns to reflect monthly flows and their compounding effect over time. Generally, investor returns fall short of a fund's stated time-weighted returns because, in the aggregate, people tend to buy after a fund has gained value and sell after it has lost value. Thus, they miss out on a key part of the return stream.

That fact plays out for all types of investors—not just fund investors. Studies show stock investors and pension fund managers do the same thing. Who really was there to buy **Apple** AAPL at its low or sell Fannie Mae at its high?

To aggregate fund investor return data, we roll up the figures by asset-weighting them so that big funds count for much more than little ones. Then, we compare the asset-weighted number to the average fund total return. Essentially, we are comparing the average fund to the average investor experience. The gap between the two figures tells us how well investors timed their investments in the aggregate. Exchange-traded funds were not included because it is difficult to estimate flows into them.

How Are They Useful?

Generally, I find it more useful to look at the forest than the trees when it comes to investor returns. Taken as a whole, they tell us something interesting about aggregate investor behavior. But individually, it can get pretty noisy. While investor returns often tell an interesting story of how a fund is used, you have to be careful about reading too much into an individual fund's investor returns.

Take two similar funds launched at different times and you may find very different investor returns. So, when you see a fund's investor returns, it's a good idea to find out why the fund was used poorly or well. I find it helpful to look at that return gap and then look at calendar-year performance for the fund. Usually the answer can be found in the first two or three years of the time period. Maybe a fund had a great year that led investors to rush in too late, or, conversely, a fund closed to new investors was able to hold on to longtime shareholders through a difficult year, thus enabling them to reap the benefits beyond that year.

Backing out to the forest view, we can test various factors to see which ones have a link to better investor returns and which ones don't. These may be the

Continued on Page 2



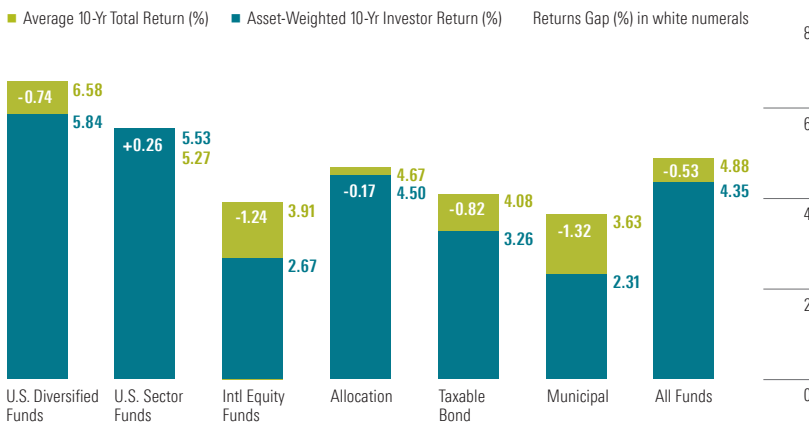
Russel Kinnel, Director of Manager Research and Editor

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Trailing 10-Year Average Annual Returns and Asset-Weighted Investor Returns (as of December 2015)



most obvious lessons for what we should look for in a fund and what behavior can be self-destructive.

What the Data Say

For the 10 years ended December 2015, the investor returns gap shrank from the average over recent years. For U.S. equity funds, the gap was 74 basis points, but international funds had a much wider gap of 124 basis points. Municipal-bond funds continue to be the most confounding group, with a big 132-basis-point gap, while taxable-bond funds had a more moderate 82-basis-point gap. As usual, allocation investors fared the best, with a gap of just 17 basis points.

More telling than the latest batch of data is the average annualized gap for 10-year periods ended 2012 to 2015: negative 1.13%. That smooths out some of the issues with end-date bias to illustrate just how much we cost ourselves through bad timing moves.

Flows were strong across the board at the beginning of the 10-year period. Flows were particularly strong into foreign and domestic equity because equities had rallied off the lows of the bear market that ended in 2002. Some of that money later left in 2008 and 2009 as skittish investors sold near the bottom, but that initial wave of good flows and a return to equities after 2009 seemed to have ensured pretty good results.

Allocation funds enjoyed steady inflows throughout, so, while some dumped their equity funds at the wrong time, many maintained and added to equity exposure through allocation funds. In addition, target-date funds are part of the allocation group,

and they consistently show investor returns that are superior to time-weighted returns. For one, target-date funds have sufficiently moderate returns to avoid scaring shareholders away while not attracting hot money. In addition, target-date funds are mostly held in 401(k) accounts where investors buy with every paycheck. Although they could still panic and sell at the wrong time, most investors ride out the downturns. You don't have to be in a target-date fund, though, to invest like those who do. Systematic investing and rebalancing is a great way to stick to your plan through thick and thin.

Before I started running these figures, I would not have guessed that boring old muni-bond funds could be so misused, but it has been going on for a while. The problem here is that you have some very risk-averse investors and a sector with scary headlines. You won't see many headlines about how nearly all muni issuers are making their payments on time or how once-troubled states like California have improved their balance sheets dramatically. Rather, you hear about Puerto Rico's crushing debt and Meredith Whitney's ill-informed doomsday call. Those news events spurred muni investors to sell, and that led to a drop in muni-bond prices and a spike in yields. Thus, they created a buying opportunity just as investors were fleeing. This speaks to the downside of trying to time the market and the benefit of staying focused on the long term. Oddly, sector funds did quite well as investors had good timing in some real estate, utilities, and communications funds.

What Factors Are Linked to Investor Returns?

Expenses are strongly linked to investor returns. Cheapest-quintile funds have significantly higher investor returns and smaller gaps while both figures progressively get worse as you move up in fee quintiles. In fact, the differences are much greater than the fee differences themselves. There are two reasons. First, low costs lead to better returns and therefore investors are in a positive feedback loop that makes them more likely to stay with their fund. Second, investors in low-cost funds tend to be better-informed investors who will use their funds correctly more often. The other factor is volatility, whether measured by Morningstar Risk



or standard deviation. The story is quite simple. More volatility means more-extreme performance that triggers fear and greed. Boring funds are often a better bet for the typical investor.

Lessons From Fund Investor Returns

Let’s take two relatively conservative funds. **Royce Special Equity** RYSEX has 6.6% annualized 10-year total returns through the first quarter of 2016. But its investor returns are an impressive 8.3%, meaning investors got the most out of the fund. **Franklin Mutual Beacon** TEBIX has 10-year returns of 4% annualized—not as good as Royce Special, but OK. However, its investors only earned 0.5% annualized returns over the 10-year period, thus leading to a huge gulf between the two shareholder bases. The explanation can be found in 2008. That year, Franklin Mutual Beacon lost 40%, while Royce Special Equity only lost 20%. So, not only did Franklin Mutual Beacon lose more than the market but it also likely disappointed shareholders who expected it to have some defensive qualities.

(Other Mutual Series funds held up better.) As a result, money poured out of Franklin Mutual Beacon in 2008–10 while Royce Special Equity got inflows, meaning shareholders were there for the big rally that started in March 2009. In addition, Royce Special Equity has closed to new investors from time to time, and this helps to keep investors from buying at the worst time while also keeping hot money out.

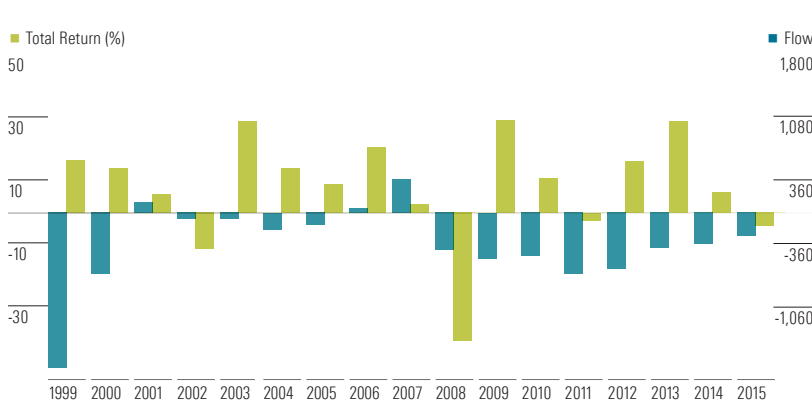
Franklin Mutual Beacon is a decent fund that just happened to be leaning the wrong way on financials and distressed investing in 2008. While the example does illustrate some of Royce Special Equity’s appeal, I doubt shareholders will actually beat stated returns the next decade. In fact, recent outflows mean the fund would have to go down from here in order for that to happen.

We can also draw some lessons from **Fidelity Tax-Free Bond** FTABX. The fund’s 10-year return of 5.05% annualized falls to 3.72% on an investor return basis, yet it still has investor returns in the top 4% of its Morningstar Category. The fund has a Morningstar Analyst Rating of Gold, and it is clear that investors have been well-served by the fund. Yet when they do get out, timing isn’t great. The fund had outflows in early 2011 because of weak returns and Whitney’s doomsday call, but that turned out to be a great year, with a nearly 11% return. The story is similar for **Vanguard Intermediate-Term Tax-Exempt** VWITX, where investor returns were strong but lagged total returns by 1.1%. Both funds are well-run and easy to understand, but skittish shareholders cost themselves some money.

Good Timing, Bad Timing. Yearly Flows and Returns for Two Funds



Franklin Mutual Beacon Fund



Data as of 03/31/2016.

Lessons

This illustrates the importance of sticking to your investment plan on a fund level and on an asset-allocation level. If we stick to our guns and avoid getting too excited by rallies or worried by bad news, we’ll make the most of our funds. Understanding your investments and their role in your plan can help you make the right decisions. Quarterly checkups on your portfolio will also help, as you won’t feel overwhelmed when markets go south. Informed and patient investors are the ones who will most easily reach their goals. ■■■

Data through April 30, 2016 FINRA members: For internal or institutional use only.

Becker Value Equity Retail

Ticker: BVEFX Yield: 1.2% Total Assets: \$357 mil Mstar Category: Large Value

Benchmark 1: Russell 1000 Value TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 04-22-16

Bronze

Morningstar Pillars

- Process: Positive
- Performance: Positive
- People: Positive
- Parent: Neutral
- Price: Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 04-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	11.13	-4.05	5.40	2.91	15.66
2013	11.00	3.61	7.28	10.56	36.40
2014	2.30	3.85	0.41	4.25	11.20
2015	0.74	0.05	-11.13	3.79	-7.03
2016	1.24	—	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
Return%	1	2	Cat		
3 Mo	10.01	0.58	2.96	17	11,001
6 Mo	0.74	-1.19	0.31	44	10,074
1 Yr	-6.02	-5.62	-7.22	83	9,398
3 Yr Avg	9.09	-0.50	-2.17	30	12,982
5 Yr Avg	9.14	-0.99	-1.87	38	15,487
10 Yr Avg	6.44	0.77	-0.46	22	18,673
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	6.96	36	1.95	64
5 Yr (estimated)	7.72	38	1.31	56
10 Yr (estimated)	5.40	14	0.98	45

Potential Capital Gain Exposure: 9% of assets

Morningstar's Take by Kevin McDevitt, CFA 04-22-16

Becker Value Equity's prudent approach hasn't been able to spare it from recent volatility. But its long-term appeal remains, earning the fund a Morningstar Analyst Rating of Bronze.

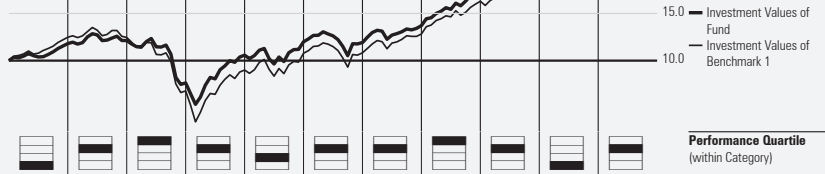
This fund employs sensible risk controls. Most are designed to keep the portfolio well-diversified and the fund's results from traveling too far afield from the Russell 1000 Value Index. The portfolio is fairly compact at 55-65 holdings, but they are fairly evenly weighted with no single position even at 4% of assets. The six portfolio managers build the portfolio from the bottom up, but sector weightings are kept within 10 percentage points of the benchmark. Finally, they aim to keep tracking error relative to the index below 4%.

However, the team still has plenty of freedom to go its own way. This has worked out pretty well since the fund's 2003 inception; the fund has beaten its benchmark by about half a percentage point annualized and performed slightly better on a risk-adjusted basis.

But after struggling during the recent 2015-16 correction, the fund's record during downturns is now somewhat mixed. While the index dropped 15.9% peak-

Historical Profile

Return: Above Avg
Risk: Average
Rating: ★★★★★
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	04-16	History
NAV	14.24	13.54	9.28	11.65	12.92	12.67	14.46	18.28	18.81	16.14	16.81	NAV
Total Return %	15.78	2.65	-30.53	26.92	12.17	-0.65	15.66	36.40	11.20	-7.03	4.15	Total Return %
+/- Bmark 1	-6.47	2.82	6.32	7.23	-3.33	-1.04	-1.84	3.87	-2.25	-3.20	0.38	+/- Bmark 1
+/- Bmark 2	-0.02	-2.85	6.47	0.46	-2.89	-2.76	-0.34	4.01	-2.48	-8.41	2.41	+/- Bmark 2
Income Return %	1.07	1.14	0.90	1.39	1.27	1.30	1.54	1.42	1.71	1.10	0.00	Income Return %
Capital Return %	14.71	1.50	-31.42	25.53	10.90	-1.95	14.12	34.98	9.49	-8.13	4.15	Capital Return %
Total Rtn % Rank Cat	80	44	10	28	69	48	39	10	40	84	26	Total Rtn % Rank Cat
Income \$	0.14	0.16	0.12	0.13	0.15	0.17	0.20	0.21	0.31	0.21	0.00	Income \$
Capital Gains \$	0.45	0.91	0.00	0.00	0.00	0.00	0.00	1.21	1.21	1.11	0.00	Capital Gains \$
Expense Ratio %	1.43	1.31	1.33	1.36	1.14	1.09	1.09	1.00	0.97	0.89	—	Expense Ratio %
Income Ratio %	1.15	1.14	1.10	1.62	1.19	1.33	1.49	1.40	1.77	1.07	—	Income Ratio %
Turnover Rate %	30	39	46	45	18	34	27	38	41	32	—	Turnover Rate %
Net Assets \$mil	57	61	61	90	114	80	84	97	148	136	131	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-6.02	—	—	—
3 Yr	9.09	+ Avg	Avg	★★★★
5 Yr	9.14	Avg	Avg	★★★★
10 Yr	6.44	+ Avg	- Avg	★★★★
Incept	8.19	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	-2.0	-0.6
Beta	1.01	1.02
R-Squared	92	95
Standard Deviation	11.96	—
Mean	9.09	—
Sharpe Ratio	0.78	—

Portfolio Analysis 01-31-16

Share change since 10-31-15	Sector	YTD Ret %	% Assets
⊖ JPMorgan Chase & Co	Finan Svcs	—	3.37
⊖ Johnson & Johnson	Hlth Care	—	3.25
⊖ AT&T Inc	Comm Svcs	—	3.02
⊖ EMC Corp	Technology	—	2.89
⊖ Wal-Mart Stores Inc	Cnsmr Def	—	2.85
⊖ Merck & Co Inc	Hlth Care	—	2.82
⊖ General Electric Co	Industrl	—	2.81
⊖ Pfizer Inc	Hlth Care	—	2.57
⊖ Plum Creek Timber Co Inc	Basic Mat	—	2.52
⊖ Becton Dickinson & Co	Hlth Care	—	2.45
⊖ Discovery Communications	Cnsmr Cyc	—	2.44
⊖ Exxon Mobil Corporation	Energy	—	2.34
⊖ PNC Financial Services Gr	Finan Svcs	—	2.32
⊖ CSX Corp	Industrl	—	2.24
⊖ Allstate Corp	Finan Svcs	—	2.23
⊖ Johnson Controls Inc	Cnsmr Cyc	—	2.14
⊖ BlackRock Inc	Finan Svcs	—	2.09
⊖ Southwest Airlines Co	Industrl	—	2.07
⊖ Microsoft Corp	Technology	—	2.05
⊖ Amgen Inc	Hlth Care	—	2.02

Current Investment Style

Value Blend Growth	Market Cap %
Large Mid Small	
Giant	38.0
Large	41.3
Mid	20.6
Small	0.0
Micro	0.0
Avg \$mil:	49,244

Value Measures	Rel Category
Price/Earnings	14.41 0.95
Price/Book	1.86 0.99
Price/Sales	1.05 0.77
Price/Cash Flow	9.03 1.17
Dividend Yield %	2.80 0.91

Growth Measures	% Rel Category
Long-Term Erngs	8.37 0.98
Book Value	0.95 0.43
Sales	-1.38 1.43
Cash Flow	-8.05 6.17
Historical Erngs	3.50 1.13

Profitability

	%
Return on Equity	14.88
Return on Assets	5.34
Net Margin	11.68

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	36.16	1.02
BasicMat	5.42	1.92
CnsmrCyc	10.54	2.22
FinanSvcs	18.40	0.80
Real Est	1.80	0.37
Sensitive	41.75	1.10
CommSvcs	3.02	0.96
Energy	11.07	0.87
Industrl	11.83	1.14
Technlgy	15.83	1.36
Defensive	22.11	0.83
CnsmrDef	6.23	0.79
Hlthcare	15.88	1.35
Utilities	0.00	0.00

Composition - Net

	%
Cash	0.0
Stocks	100.0
Bonds	0.0
Other	0.0
Foreign (% of Stock)	2.5

Address:	Unified Series Trust (Becker) Indianapolis, IN 46208 800-551-3998	Minimum Purchase:	\$2500	Add: \$100	IRA: —
Web Address:	www.beckervaluefunds.com	Min Auto Inv Plan:	\$2500	Add: \$100	
Inception:	11-03-03	Sales Fees:	No-load, 1.00%R		
Advisor:	Becker Capital Management, Inc.	Management Fee:	0.55%		
Subadvisor:	None	Actual Fees:	Mgt:0.55% Dist:—		
		Expense Projections:	3Yr:\$254 5Yr:\$443 10Yr:\$989		
		Income Distribution:	Annually		

Data through April 30, 2016 FINRA members: For internal or institutional use only.

Conestoga Small Cap Investors

Ticker CCASX **Yield** 0.0% **Total Assets** \$681 mil **Mstar Category** Small Growth

Benchmark 1: Russell 2000 Growth TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 04-18-16

Silver

Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Silver** Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 04-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	9.90	-0.40	0.57	0.84	11.00
2013	13.93	2.25	15.43	11.00	49.26
2014	-5.95	-1.62	-9.41	9.70	-8.05
2015	5.10	3.22	-8.45	8.77	8.03
2016	-3.47	—	—	—	—

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	5.32	-2.65	-1.73	80	10,532
6 Mo	-2.55	2.41	-2.98	27	9,745
1 Yr	-0.38	7.89	-1.58	9	9,962
3 Yr Avg	8.80	0.30	-2.46	26	12,878
5 Yr Avg	7.93	0.78	-3.08	18	14,649
10 Yr Avg	6.93	0.79	0.02	15	19,536

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	8.47	9	0.30	8
5 Yr (estimated)	7.65	8	0.27	9
10 Yr (estimated)	6.69	4	0.22	7

Potential Capital Gain Exposure: 30% of assets

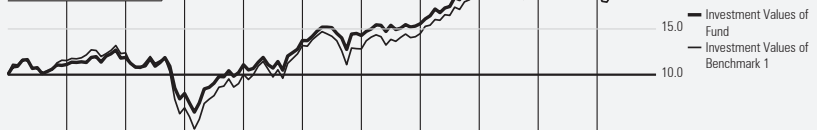
Morningstar's Take by Susan Wasserman 04-18-16

Conestoga Small Cap's 0.8% loss over the past year through March 2016 may not impress at first glance, but that showing fared much better than the 11.8% loss of its small-cap growth benchmark—the Russell 2000 Growth Index. Plus, it is a welcomed turnaround after a rough 2014. The recent success builds upon the fund's legacy of strong returns and tempered volatility going back to its 2002 inception. The impressive long-term record comes from a tenured team that sticks to a proven process, earning the fund a Morningstar Analyst Rating of Silver.

Management's longer-term outlook and patient approach drive the fund's success. Co-managers Joseph Monahan and Robert Mitchell, along with three analysts, scour the small-cap universe for stocks that they believe will appreciate at least 100% over a three- to five-year period. They pay particular attention to companies with strong earnings growth, high return on equity, low debt/capitalization, and significant management ownership. The team goes beyond these fundamental metrics, seeking to understand a company's strategy and management's execution success. This measured

Historical Profile

Return Above Avg
Risk Below Avg
Rating ★★★★★
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	04-16	History
18.44	19.11	13.82	17.84	22.12	22.62	24.98	36.65	33.70	35.74	34.25	34.25	NAV
9.45	6.43	-27.38	29.09	23.99	4.55	11.00	49.26	-8.05	8.03	-4.17	-4.17	Total Return %
-3.90	-0.62	11.16	-5.38	-5.10	7.46	-3.59	5.95	-13.65	9.41	-0.44	-0.44	+/- Bmark 1
-6.34	0.93	9.62	2.62	8.93	2.44	-5.00	16.87	-21.74	6.65	-5.91	-5.91	+/- Bmark 2
0.00	0.19	0.29	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	Income Return %
9.45	6.24	-27.67	29.09	23.99	4.55	10.90	49.26	-8.05	8.03	-4.17	-4.17	Capital Return %
58	55	2	74	71	4	75	9	97	3	59	59	Total Rtn % Rank Cat
0.00	0.03	0.05	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	Income \$
0.11	0.49	0.00	0.00	0.00	0.51	0.10	0.63	0.00	0.67	0.00	0.00	Capital Gains \$
1.35	1.31	1.30	1.29	1.24	1.27	1.22	1.21	1.24	1.30	—	—	Expense Ratio %
-0.26	-0.01	0.39	0.01	-0.26	-0.36	-0.50	-0.09	-0.64	-0.37	—	—	Income Ratio %
19	14	23	14	23	18	16	15	18	12	—	—	Turnover Rate %
21	30	33	79	126	185	317	716	617	458	470	470	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-0.38	—	—	—
3 Yr	8.80	+Avg	+Avg	★★★★
5 Yr	7.93	+Avg	Avg	★★★★
10 Yr	6.93	+Avg	Low	★★★★
Incept	10.51	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	-2.3	1.3
Beta	1.07	1.01
R-Squared	53	87
Standard Deviation	16.66	—
Mean	8.80	—
Sharpe Ratio	0.58	—

Portfolio Analysis 03-31-16

Total Stocks: 45

Share change since 02-29-16	Sector	YTD Ret %	% Assets
⊕ Stamps.com Inc	Technology	—	3.48
⊕ Bottomline Technologies I	Technology	—	3.45
⊕ AAON Inc	Basic Mat	—	3.43
⊕ Cantel Medical Corp	Hlth Care	—	3.35
⊕ Omnicell Inc	Technology	—	3.21
⊕ Proto Labs Inc	Industrl	—	3.14
⊕ Blackbaud Inc	Technology	—	3.04
⊕ Neogen Corp	Hlth Care	—	3.03
⊕ Ligand Pharmaceuticals In	Hlth Care	—	2.95
⊕ Mesa Laboratories Inc	Hlth Care	—	2.91
⊕ Dorman Products Inc	Cnsmr Cyc	—	2.85
⊕ Simpson Manufacturing Co	Industrl	—	2.68
⊕ Vascular Solutions Inc	Hlth Care	—	2.66
⊕ SPS Commerce Inc	Technology	—	2.42
⊕ Tyler Technologies Inc	Technology	—	2.38
⊕ ACI Worldwide Inc	Technology	—	2.26
⊕ Healthcare Services Group	Industrl	—	2.26
⊕ FleetMatics Group PLC	Technology	—	2.18
⊕ HealthStream Inc	Technology	—	2.17
⊕ Westwood Holdings Group I	Finan Svcs	—	2.17

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large	0.0	⚙️ Cyclical	16.91	0.53
Large	0.0	🏢 BasicMat	7.85	1.39
Mid	8.9	👤 CnsmrCyc	4.68	0.27
Small	57.9	🏢 FinanSvcs	2.33	0.48
Micro	33.2	🏢 Real Est	2.05	0.54
Avg \$mil:	1,456	👤 Sensitive	55.55	1.35
		🏢 CommSvcs	0.00	0.00
		⚙️ Energy	1.76	2.32
		🏢 Industrl	17.76	1.14
		🏢 Technlgy	36.03	1.55
		🛡️ Defensive	27.54	1.02
		👤 CnsmrDef	1.96	0.40
		🏢 Hlthcare	25.58	1.17
		🏢 Utilities	0.00	0.00

Composition - Net

	%
Cash	6.6
Stocks	93.4
Bonds	0.0
Other	0.0
Foreign (% of Stock)	0.0

Profitability

	%
Return on Equity	12.73
Return on Assets	8.70
Net Margin	10.47

Address:	Conestoga Funds Radnor, PA 19087 800-494-2755	Minimum Purchase:	\$2500	Add: —	IRA: \$2500
Web Address:	www.conestogacapital.com	Man Auto Inv Plan:	\$500	Add: —	
Inception:	10-01-02	Sales Fees:	No-load		
Advisor:	Conestoga Capital Advisors, LLC	Management Fee:	0.90%		
Subadvisor:	None	Actual Fees:	Mgt:0.90%	Dist:0.25%	
		Expense Projections:	3Yr:\$435	5Yr:\$781	10Yr:\$1756
		Income Distribution:	Annually		

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Data through April 30, 2016 FINRA members: For internal or institutional use only.

Janus Triton T

Benchmark 1: Russell 2000 Growth TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 04-06-16

Bronze

Morningstar Pillars

- Process: Positive
- Performance: Neutral
- People: Positive
- Parent: Positive
- Price: Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 04-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	12.75	-4.21	3.14	4.55	16.46
2013	9.66	2.28	11.43	9.05	36.28
2014	-1.78	4.57	-3.26	10.15	9.45
2015	6.95	0.56	-11.31	6.10	1.21
2016	-0.50	—	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	9.32	1.35	2.27	19	10,932
6 Mo	0.88	5.84	0.44	9	10,088
1 Yr	-2.33	5.94	-3.54	12	9,767
3 Yr Avg	11.40	2.90	0.14	4	13,823
5 Yr Avg	9.99	2.84	-1.03	4	16,096
10 Yr Avg	9.85	3.71	2.94	1	25,578
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	9.53	5	1.68	36
5 Yr (estimated)	8.54	6	1.32	37
10 Yr (estimated)	8.66	1	1.08	39

Potential Capital Gain Exposure: 20% of assets

Morningstar's Take by Greg Carlson 04-06-16

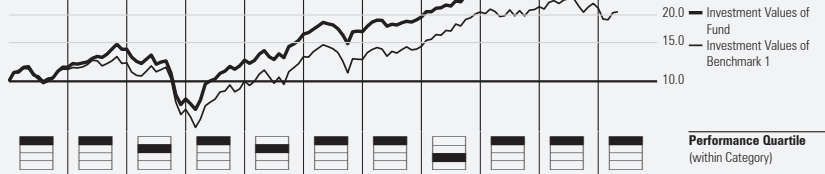
Janus Triton's veteran manager is back on track, and the fund has closed its doors. These factors, combined with a sensible approach and modest fees, earn the fund an upgraded Morningstar Analyst Rating of Bronze. When Jonathan Coleman took the helm of this small-growth fund in May 2013, he had big shoes to fill: Previous managers Chad Meade and Brian Schaub posted superb returns in a nearly seven-year stint. Coleman came to this fund with a mixed resume. He was coming off a 5.5-year tenure at large-growth vehicle Janus Fund JANSX, where he earned subpar results. But he had previously steered mid-growth fund Janus Enterprise JAENX to a strong record in nearly six years there. What's more, he had emphasized higher-quality fare at that fund, just as Meade and Schaub did here. (They served as analysts under Coleman for much of his tenure at Enterprise.)

The fund got off to a strong start under Coleman, but the portfolios demonstrate that he's comfortable with higher debt levels than his predecessors were. While Coleman does seek out firms with strong cash flows (which should be able to pay off their debt), owning companies with higher debt levels does court some risk.

Address: Janus Investment Fund
Denver CO 80206
877-335-2687
Web Address: www.janus.com
Inception: 02-25-05
Advisor: Janus Capital Management LLC
Subadvisor: None

Historical Profile

Return Risk Rating: High Below Avg ★★★★★ Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	04-16	History
NAV	13.46	14.30	8.50	12.73	16.42	16.24	18.02	23.63	23.44	21.98	22.17	NAV
Total Return %	15.85	20.69	-40.53	49.99	31.40	2.60	16.46	36.28	9.45	1.21	0.86	Total Return %
+/- Bmark 1	2.50	13.64	-1.99	15.52	2.31	5.51	1.87	-7.02	3.85	2.59	4.60	+/- Bmark 1
+/- Bmark 2	0.05	15.19	-3.53	23.53	16.34	0.49	0.46	3.89	-4.23	-0.18	-0.88	+/- Bmark 2
Income Return %	0.23	10.55	0.03	0.23	0.23	0.00	0.23	0.00	0.05	0.09	0.00	Income Return %
Capital Return %	15.62	10.14	-40.56	49.76	31.17	2.60	16.23	36.28	9.40	1.12	0.86	Capital Return %
Total Rtn % Rank Cat	16	7	43	8	26	9	19	75	4	16	18	Total Rtn % Rank Cat
Income \$	0.03	1.42	0.00	0.02	0.03	0.00	0.04	0.00	0.01	0.02	0.00	Income \$
Capital Gains \$	0.15	0.48	0.00	0.00	0.28	0.60	0.85	0.89	2.36	1.71	0.00	Capital Gains \$
Expense Ratio %	1.11	1.13	1.20	1.18	0.96	0.93	0.94	0.93	0.93	0.92	—	Expense Ratio %
Income Ratio %	0.12	-0.28	-0.23	0.06	-0.14	-0.17	-0.11	0.31	-0.20	-0.20	—	Income Ratio %
Turnover Rate %	262	93	88	50	35	42	35	39	30	27	—	Turnover Rate %
Net Assets \$mil	120	146	122	366	704	1,014	1,468	2,332	2,357	2,487	—	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-2.33	—	—	—
3 Yr	11.40	High	-Avg	★★★★★
5 Yr	9.99	High	Low	★★★★★
10 Yr	9.85	High	-Avg	★★★★★
Incept	11.93	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	0.1	4.2
Beta	1.03	0.79
R-Squared	73	94
Standard Deviation	13.60	—
Mean	11.40	—
Sharpe Ratio	0.86	—

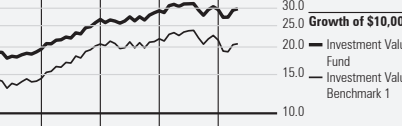
The fact that the fund has held up well in stocks' turbulence since mid-2015—better than both its typical peer and Russell 2500 Growth Index benchmark—bolsters our confidence. From Coleman's May 2013 start date through March 2016, the fund surpassed 95% of its peers, as well as the index, on both a total return and risk-adjusted basis (based on Sortino and Sharpe ratios; the former places particular emphasis on downside performance). That's still a fairly short period, but coupled with his record at Janus Enterprise, Coleman has a solid history of picking smaller-cap growth stocks.

The May 2015 closing of the fund to new investors is also a positive sign for its prospects. It grew large under Meade and Schaub, who said they had pushed to close it. The fund saw modest outflows when Coleman took over, but money came back in during 2015 as performance remained strong. So we were glad to see this shareholder-friendly move. This is a solid holding.

Ticker: JATTX Yield: 0.1% Total Assets: \$6,631 mil Mstar Category: Small Growth

Investment Style

Equity



Performance Quartile (within Category)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	04-16	History
NAV	13.46	14.30	8.50	12.73	16.42	16.24	18.02	23.63	23.44	21.98	22.17	NAV
Total Return %	15.85	20.69	-40.53	49.99	31.40	2.60	16.46	36.28	9.45	1.21	0.86	Total Return %
+/- Bmark 1	2.50	13.64	-1.99	15.52	2.31	5.51	1.87	-7.02	3.85	2.59	4.60	+/- Bmark 1
+/- Bmark 2	0.05	15.19	-3.53	23.53	16.34	0.49	0.46	3.89	-4.23	-0.18	-0.88	+/- Bmark 2
Income Return %	0.23	10.55	0.03	0.23	0.23	0.00	0.23	0.00	0.05	0.09	0.00	Income Return %
Capital Return %	15.62	10.14	-40.56	49.76	31.17	2.60	16.23	36.28	9.40	1.12	0.86	Capital Return %
Total Rtn % Rank Cat	16	7	43	8	26	9	19	75	4	16	18	Total Rtn % Rank Cat
Income \$	0.03	1.42	0.00	0.02	0.03	0.00	0.04	0.00	0.01	0.02	0.00	Income \$
Capital Gains \$	0.15	0.48	0.00	0.00	0.28	0.60	0.85	0.89	2.36	1.71	0.00	Capital Gains \$
Expense Ratio %	1.11	1.13	1.20	1.18	0.96	0.93	0.94	0.93	0.93	0.92	—	Expense Ratio %
Income Ratio %	0.12	-0.28	-0.23	0.06	-0.14	-0.17	-0.11	0.31	-0.20	-0.20	—	Income Ratio %
Turnover Rate %	262	93	88	50	35	42	35	39	30	27	—	Turnover Rate %
Net Assets \$mil	120	146	122	366	704	1,014	1,468	2,332	2,357	2,487	—	Net Assets \$mil

Portfolio Analysis 03-31-16

Total Stocks: 113	Share change since 12-31-15	Sector	YTD Ret %	% Assets
Blackbaud Inc	—	Technology	-6.03	2.66
SS&C Technologies Holding	—	Technology	-10.25	2.36
Broadridge Financial Solu	—	Industrl	11.93	2.13
Sally Beauty Holdings Inc	—	Cnsmr Cyc	12.59	1.98
Euronet Worldwide Inc	—	Industrl	6.45	1.92
Sensient Technologies Cor	—	Basic Mat	7.48	1.87
ServiceMaster Global Hold	—	Industrl	—	1.84
⊖ Cadence Design Systems In	—	Technology	11.44	1.83
⊖ Carter's Inc	—	Cnsmr Cyc	20.18	1.79
⊖ Jack Henry & Associates I	—	Industrl	4.16	1.58
⊕ STERIS PLC	—	Hlth Care	-5.87	1.55
Heico Corp Class A	—	Industrl	4.02	1.50
MSCI Inc	—	Industrl	5.59	1.45
⊖ The Wendy's Co Class A	—	Cnsmr Cyc	1.39	1.41
MarketAxess Holdings Inc	—	Finan Svcs	10.24	1.39
⊖ Belden Inc	—	Technology	32.53	1.37
FEI Co	—	Technology	12.32	1.36
⊖ Catalent Inc	—	Hlth Care	—	1.30
Thor Industries Inc	—	Cnsmr Cyc	14.55	1.25
⊕ EnerSys	—	Technology	4.68	1.15

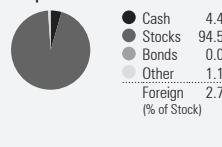
Current Investment Style

Value Blend Growth	Market Cap %
Large	0.0
Mid	44.6
Small	48.1
Micro	6.8
Avg \$mil:	3,254

Sector Weightings

% of Stocks	Rel Bmark 1
Cyclical	28.50
BasicMat	3.62
CnsmrCyc	17.32
FinanSvcs	5.25
Real Est	2.31
Sensitive	54.73
CommSvcs	0.00
Energy	1.40
Industrl	29.43
Technlgy	23.90
Defensive	16.77
CnsmrDef	2.25
Hlthcare	14.52
Utilities	0.00

Composition - Net



Profitability

%	
Return on Equity	18.31
Return on Assets	5.63
Net Margin	8.35

Data through April 30, 2016 FINRA members: For internal or institutional use only.

Neuberger Berman International Eq Inv

Ticker NIQVX **Yield** 0.4% **Total Assets** \$1,452 mil **Mstar Category** Foreign Large Blend

Benchmark 1: MSCI ACWI Ex USA NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 04-20-16

Silver

Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 04-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	—	—	—	—	—
2013	—	-2.39	10.91	4.26	—
2014	1.02	2.16	-5.88	0.76	-2.12
2015	5.50	0.43	-8.68	5.32	1.90
2016	-0.79	—	—	—	—

Trailing	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	7.60	-2.11	-2.11	18	10,760
6 Mo	-0.49	1.26	1.26	10	9,951
1 Yr	-5.10	6.18	6.18	7	9,490
3 Yr Avg	3.60	3.62	3.62	7	11,119
5 Yr Avg	—	—	—	—	—
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	3.32	4	0.27	9
5 Yr (estimated)	—	—	—	—
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: -11% of assets

Morningstar's Take by Gregg Wolper 04-20-16

Neuberger Berman International Equity's list of solid attributes keeps growing, earning the fund a Morningstar Analyst Rating of Silver, upgraded from Bronze.

This fund added another impressive chapter to its history during the past few years. Both 2014 and 2015 were difficult for funds investing outside of the United States, owing to worries about modest global growth, political instability in Europe and elsewhere, and foreign currency weakness versus the U.S. dollar. Although not set up as a defensive fund—manager Benjamin Segal tilts toward growth, prefers mid-caps, and remains fully invested—this fund has performed admirably during this stretch. In both years, the fund handily outperformed its benchmark, the MSCI EAFE Index, as well as the MSCI ACWI ex-US Index (which includes emerging markets), and both the foreign large-blend and foreign large-growth Morningstar Category averages. (The fund's portfolio typically lies near the border between the two groups.)

Segal prefers mid-caps when he can find ones that boast sustainable growth rates with strong balance sheets and impressive management. That gives this portfolio an uncommon all-cap flavor. In theory, that could

Historical Profile

Return High
Risk Below Avg
Rating ★★★★★
Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	04-16	History
NAV	—	—	—	—	—	—	—	20.59	20.00	20.29	20.39	NAV
Total Return %	—	—	—	—	—	—	—	—	-2.12	1.90	0.49	Total Return %
+/- Bmark 1	—	—	—	—	—	—	—	—	1.74	7.56	-1.75	+/- Bmark 1
+/- Bmark 2	—	—	—	—	—	—	—	—	1.74	7.56	-1.75	+/- Bmark 2
Income Return %	—	—	—	—	—	—	—	—	0.72	0.44	0.00	Income Return %
Capital Return %	—	—	—	—	—	—	—	—	-2.85	1.45	0.49	Capital Return %
Total Rtn % Rank Cat	—	—	—	—	—	—	—	—	16	13	31	Total Rtn % Rank Cat
Income \$	—	—	—	—	—	—	—	—	0.17	0.09	0.00	Income \$
Capital Gains \$	—	—	—	—	—	—	—	—	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	—	—	—	—	—	—	—	—	1.32	1.26	1.25	Expense Ratio %
Income Ratio %	—	—	—	—	—	—	—	—	1.87	1.29	0.93	Income Ratio %
Turnover Rate %	—	—	—	—	—	—	—	—	44	34	25	Turnover Rate %
Net Assets \$mil	—	—	—	—	—	—	—	—	137	119	116	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-5.10	—	—	—
3 Yr	3.60	High	-Avg	★★★★★
5 Yr	—	—	—	—
10 Yr	—	—	—	—
Incept	4.64	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	3.5	0.9
Beta	0.82	0.89
R-Squared	88	91
Standard Deviation	11.87	—
Mean	3.60	—
Sharpe Ratio	0.35	—

Portfolio Analysis 02-29-16

Share change since 01-31-16	Sector	Country	% Assets
*** State Str Instl Inv Tr T	—	—	3.30
Check Point Software Tech	Technology	Israel	2.44
Sundrug Co Ltd	Cnsmr Def	Japan	2.30
Lloyds Banking Group PLC	Finan Svcs	United Kingdom	1.84
Tecan Group Ltd	Hlth Care	Switzerland	1.80
Nielsen Holdings PLC	Industrl	United Kingdom	1.79
Givaudan SA	Basic Mat	Switzerland	1.70
Alimentation Couche-Tard	Cnsmr Def	Canada	1.68
Bunzl PLC	Cnsmr Def	United Kingdom	1.68
Keyence Corp	Technology	Japan	1.59
Toyota Motor Corp	Cnsmr Cyc	Japan	1.57
DCC PLC	Energy	United Kingdom	1.54
Roche Holding AG Dividend	Hlth Care	Switzerland	1.54
SAP SE ADR	Technology	Germany	1.51
ASML Holding NV	Technology	Netherlands	1.46
RELX PLC	Cnsmr Cyc	United Kingdom	1.45
SMC Corp	Industrl	Japan	1.44
Insurance Australia Group	Finan Svcs	Australia	1.41
Partners Group Holding AG	Finan Svcs	Switzerland	1.39
Aon PLC	Finan Svcs	United States	1.38

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large Mid Small	Giant 33.2	Cyclical	40.99	0.92
	Large 34.1	BasicMat	9.69	1.28
	Mid 26.5	CnsmrCyc	11.98	1.05
	Small 5.4	FinanSvcs	19.32	0.88
	Micro 0.9	Real Est	0.00	0.00
Avg \$mil: 12,304		Sensitive	35.79	1.13
		CommSvcs	4.57	0.81
Value Measures	Rel Category	Energy	2.14	0.34
Price/Earnings	15.56	Industrl	13.67	1.28
Price/Book	2.11	Technly	15.41	1.68
Price/Sales	1.31	Defensive	23.22	0.99
Price/Cash Flow	6.87	CnsmrDef	12.50	1.11
Dividend Yield %	2.28	Hlthcare	10.72	1.22
Growth Measures	% Rel Category	Utilities	0.00	0.00
Long-Term Emrgs	9.21			
Book Value	7.61			
Sales	3.94			
Cash Flow	17.33			
Historical Emrgs	5.67			

Regional Exposure

	% Stock
UK/W. Europe	67
N. America	8
Japan	12
Latn America	0
Asia X Japan	8
Other	5

Country Exposure

	% Stock
UK	24
Germany	10
Japan	12
France	9
Switzerland	12

Composition - Net

		%
Cash	3.3	Bonds 0.0
Stocks	95.4	Other 1.3
Foreign (% of Stock)	97.5	

Address: Neuberger Berman Equity Funds
New York, NY 10158-0006
800-877-9700
www.nb.com
Inception: 01-28-13
Advisor: Neuberger Berman Investment Advisers LLC
Subadvisor: None

Minimum Purchase: \$1000 Add: \$100 IRA: \$1000
Min Auto Inv Plan: \$1000 Add: \$100
Sales Fees: No-load
Management Fee: 0.85% mx./0.70% mn., 0.26%A
Actual Fees: Mgt:1.06% Dist:—
Expense Projections: 3Yr:\$397 5Yr:\$686 10Yr:\$1511
Income Distribution: Annually

Big Changes in Store for Brokers and Their Clients

Morningstar Research | Scott Cooley

On April 4, the Department of Labor published its long-awaited fiduciary rule, officially called “Definition of the Term ‘Fiduciary’; Conflict of Interest Rule—Retirement Investment Advice.” It should be no surprise that an agency that turns “fiduciary rule” into a 12-word title was similarly verbose when it detailed how advisors should interact with their retirement clients: Where you and I would have said “Act in your clients’ best interests,” the DOL generated a manifesto that, with associated documents, explanations, and exemptions, runs to more than 1,000 double-spaced pages.

So, the DOL will not win any awards for brevity. But it does deserve some sort of prize for developing a final rule that will advance investor interests without imposing excessive costs on the financial-services industry—which, of course, would have passed on the costs to investors. With that in mind—and despite some much-criticized concessions to the financial-services industry versus the DOL’s May 2015 proposal—I believe that the final rule better protects investor interests.

The Rule

So, what does the rule do anyway? Any attempt to summarize such a complex rule will necessarily fall short, but in essence, the rule imposes a best-interest test on those who provide advice on retirement accounts, including IRAs and 401(k)s. An advisor may still recommend that an investor roll over money from a 401(k) into an IRA, may collect a commission on an IRA, or may even sell an investment product with high fees. But, among other obligations—and there are many—he or she will need to establish documentation showing that a particular investment decision was in the best interest of the client. Especially in the IRA space, that is a big change for brokers, who historically have needed to meet only a suitability—not a best-interest—standard.

If they cannot document that they serve investors’ interests, broker/dealers, 401(k) plan providers, and other retirement advisors face potential private legal actions, including possible class-action lawsuits. (The DOL lacks the statutory authority to bring enforcement actions against retirement advisors, but it can require that they enter into contracts guaranteeing retirement investors the right to sue their advisors and plan providers.) In the 401(k) space, where plan sponsors have long had fiduciary obligations, similar class-action lawsuits have likely pushed down fees by giving sponsors an incentive to ensure that they are offering the lowest-cost share class for which investors are eligible.

The Final Fiduciary Rule

One should approach an evaluation of such a complex and nuanced rule with a fair amount of humility. As one knowledgeable ERISA attorney told me, many of the things we think we know about the rule right now will turn out not to be true. But with that caveat in mind, here are two of the changes in the final rule that, in my mind, better protect the interests of investors. In short, the theme that runs through these and other improvements to the rule is that they ease the operational burden of the rule without compromising investor protections.

First, for those investors who are currently in commission-based retirement accounts, there is an improved grandfathering mechanism that should allow them to maintain this relationship if it is in the clients’ best interests. The original proposal would have made it very difficult to maintain a commission-based relationship. The DOL’s 2015 rule grandfathered existing commission accounts only if the advisor did not provide additional advice on them.

The original grandfathering provision would have produced several problems. First, it seems odd that advisors could continue to collect trailing commissions on assets on which they provided no advice. Second, to the extent that an advisor did fail to provide advice but continued to collect a fee, this arrangement would arguably conflict with FINRA’s requirement that an investment continue to be suitable for its owner. Third, in my view, the original rule would have led to

advisors moving client assets from commission accounts, on which they earn a relatively small ongoing fee, to fee-only accounts on which the client would pay a 1%-or-greater annual charge—greatly increasing the costs to the investor.

By providing a streamlined grandfathering provision, the DOL has allowed advisors to keep investors in lower-cost accounts. Importantly, if an advisor wishes to move an investor from a commission-based to a fee-based account, he or she must document that it is in the investors' best interests.

Second, in a win for the industry and investors, the DOL's final rule streamlined the documentation associated with the best-interest contract exemption (BIC Exemption), an agreement between an advisor and a client that commits the advisor to acting in a client's best interests, even when paid in a manner that the DOL considers conflicted. For example, a retirement-advice provider can now just provide an investor with a notice that the advisor will act in the client's best interest, rather than requiring a signed contract. Importantly, this notice will still protect investors' interests, including maintaining their right to participate in a class-action lawsuit against a retirement-advice provider that does not act in clients' best interests. Moreover, in the final rule, the DOL determined that investors need only sign the BIC Exemption with the firm, not with every individual advisor at the firm who provides the client with advice.

An example may illustrate the problem with the initial proposal. Consider a plan provider that operates a call center and serves millions of participants. Let's say an investor called the plan-provider call center and requested a full, early distribution from her 401(k). Under the original proposal, before the call center representative attempted to dissuade the investor from taking the distribution—perhaps by pointing out that the plan allows for partial distributions to meet a financial emergency, which would save her thousands of dollars in taxes and penalties—the representative would need to receive a signed BIC Exemption. (By its very nature, that advice would be considered conflicted because the plan provider would receive more revenue if the investor left part of the money in

the plan.) If the caller elected to think about it, called back the next day, and spoke to a second person in the call center—a very real possibility—before engaging in a substantive discussion about her individual circumstances, she would have needed to sign another BIC Exemption with the second call-center rep.

It is difficult to see how an investor's interests would have been better protected by signing all those additional papers. Moreover, the initial proposal would have produced an operational and costly nightmare for advisors and plan providers—unnecessary costs that investors, no doubt, would have paid in the end.

Final Thoughts

To be sure, the DOL's fiduciary rule is not perfect. No rule ever is. But the Labor Department did a good job of listening to industry concerns, sifting through them, and responding to those that merited attention. As attorney Marcia Wagner of the Wagner Law Group told *The Wall Street Journal*, the DOL "took a rule which would have been impossible to fully comply with and made a rule that is going to be difficult but not impossible to comply with." And the DOL accomplished these improvements while leaving intact the key investor protections in its original proposal. That is a great outcome for investors.

What does the rule mean for investors? This rule will make it a bit more of a hassle for a broker to handle rollovers, which may lead to some brokers handling fewer rollovers, especially smaller ones.

But the rule provides important protections to investors. In the past, when brokers needed to meet only a suitability requirement, they frequently persuaded investors to roll money out of low-fee 401(k) plans to higher-fee IRAs. That sales-oriented conduct simply imposed unacceptable costs on retirement investors—many of whom, surveys showed, already thought their broker had to work in their best interests. Now all advisors on retirement accounts must meet the higher fiduciary standard—and that is a good thing for investors. ■■

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Recapturing the Value Premium

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

As I spelled out in the cover story, we know that investors tend to miss out on returns because of bad timing. In investing literature, it's also well documented that there is a value premium. That is to say that value stocks outperform growth stocks over the long haul. Jason Hsu, of Rayliant Global Advisors, has written about the link between these two things. Would the value premium exist if investors didn't sell stocks or stock funds with declining performance? To put it another way, Would value stocks become sufficiently cheap to generate superior returns if you didn't have investors dumping them in recessions or other times of stress?

In either case, Hsu found that fund investors squandered the value premium by giving it back through bad timing. But you don't have to. I pulled together a list of some of the deepest-value Morningstar Medalists. To keep that value premium, though, you need to hold on through thick and thin—barring any fundamental problems like manager or strategy change. I used the value-growth score, which is what determines a fund's spot in our Morningstar Style Box. Scores range from negative 100 to 400. A score above 200 puts a fund in growth, and one below 100 puts it in value. The far left side of the style box is drawn at the zero value-growth score, and the right side is at a value-growth score of 300.

Harbor Mid Cap Value HIMVX

Value-Growth Score: Negative 4.12

Now that's value. The fund, with a Morningstar Analyst Rating of Bronze, maps all the way to the left side of the style box. This is no accident. This is a quantitatively run fund with deep academic roots that aims to capture the value premium with deep-value stocks. Subadvisor LSV Asset Management targets companies with strong earnings and cash flows, but whose shares are trading at steep discounts.

This deep-value strategy works nicely over the long haul, but it takes on sizable risks to get there.

FPA Capital FPPTX

Value-Growth Score: 7.2

This Bronze-rated fund is closed to new investors, so I'll be brief. Dennis Bryan and Arik Ahitov insist on a huge 35% discount to intrinsic value, thus limiting themselves to the cheapest of the cheap. The fund's focus on cheapness led it to buy a lot of energy stocks and hold a lot of cash. As a result, performance has been dismal recently.

American Beacon Large Cap Value AAGPX

Value-Growth Score: 20.3

American Beacon is a true believer in value investing, but it diversifies stock risk by hiring multiple subadvisors to do its stock selection. Thus, you're going to get less extreme performance than some of our other deep-value choices. It farms out work to Hotchkis & Wiley, Barrow Hanley, Brandywine (not the growth managers who ran a fund by that name), and MFS. It's a strong group, but to be sure the fund will lag when deep value is out of favor, as indicated by underperformance in 2008 and 2015.

Vanguard Value VVIAX

Value-Growth Score: 26.6

Yes, you get all the value stocks, more or less, with this Silver-rated fund. The fund tracks the CRSP U.S. Large Cap Value Index. That index is based on CRSP's version of value-growth scores, which track short- and long-term earnings growth, sales growth, return on assets, book/price, earnings/price, dividend yield, and sales/price.

Vanguard High Dividend Yield Index VHDYX

Value-Growth Score: 27

Would you like some income along with your value premium? Then this Silver-rated fund is for you. It follows the FTSE High Dividend Yield Index, which screens for sizable yields and then weights based on market cap. It boasts low costs and appealing simplicity. ■■■

Funds Investing in Heavily Indebted Companies

Red Flags | Gretchen Rupp

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

Most U.S. companies have taken advantage of a low-interest-rate environment since the financial crisis and have steadily layered on debt. Indeed, the average debt/capital ratio at large-cap funds has increased just over 20% during the five years through 2015. Meanwhile, growth-oriented funds have seen their debt/capital rise by about 30% over the same period.

Some investors might be less concerned when the long-term debt is financed at record-low rates. However, additional leverage can reduce a company's flexibility in the future. Specifically, if high debt levels remain when the recession arrives, refinancing would likely take place during a less-attractive rate environment. And future cash flows, necessary for debt payment, are at risk. In addition, management teams that accept a return on invested capital below normalized rates (because the cost of borrowing is low) potentially damp future growth rates.

Low rates also enable a spike in mergers, but those represent another risk. As a result, fund managers decide if they accept the risk of temporarily higher levels of debt in exchange for future cost savings and cash flow growth.

We've selected three funds whose average portfolio's debt/capital ratio ranks in the highest decile within the Morningstar 500 U.S. equity funds. These funds' most recent portfolio data available show debt levels at least 20% higher than levels 12 months prior. There is certainly more nuance within the capital structure than just a portfolio's average debt/capital ratio, so, from here, other security-level metrics considered include interest coverage, short-term asset/liability ratios, and free cash flows.

FPA US Value FPPFX

Greg Nathan became the new lead manager here as of September 2015, coinciding with previous lead manager Eric Ende's retirement. Nathan hasn't wasted time, creating wholesale changes at FPA US Value (previously named FPA Perennial). He cut his teeth as an investor at contrarian-allocation fund **FPA Crescent** FPACX and appears to carry some of that mind-set to make his mark at this fund. As of March 2016, the debt/capital ratio is about 80% higher than it was five years earlier. Picks like **Tempur Sealy** TPX and **Daimler AG** DAI contribute to the average debt ratio increase. In addition, Nathan invests about 20% of the portfolio in media stocks such as **Discovery Communications** DISCK. Although the media picks have had healthy ROICs in the past, free cash flow growth has generally been less steady at his sector picks recently.

American Century Heritage Fund TWHIX

This fund's average debt/capital ratio increased 20% over the 12 months through December 2015. In addition, more than half of the fund's picks have a debt/capital ratio that exceeds the mid-cap growth Morningstar Category average, demonstrating a consistent increase in debt over many of the fund's approximately 100 holdings. For example, aluminum-can producer **Ball Corporation** BLL has been a holding in the fund since 2014. The company announced its intent to buy competitor **Rexam PLC** REX in early 2015. While the acquisition has the potential to create value, both interest coverage and ROICs declined significantly during 2015.

Longleaf Partners LLPFX

Longleaf Partners' Morningstar Analyst Rating was downgraded to Neutral from Silver because of missteps from several heavily weighted stocks. In addition to stock-price declines from **Wynn Resorts** WYNN and **Chesapeake Energy** CHK, the fund has owned **Scripps Networks** SNI since 2014. Scripps has healthy interest coverage, but its quick ratio (the ratio of current assets to current liabilities) and ROICs have been on the decline while long-term debt increased during 2015. ■■■

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Stocks Tick Higher in April

Market Overview | Andrew Daniels

U.S. stocks climbed slightly in April. The S&P 500 rose 0.4%, and the Russell 2000 Index is now flat for 2016 after rising 1.6%. U.S. economic data continued to quell fears that a recession is on the horizon, and oil prices continued to climb.

Overseas markets also gained in April. European stocks rose 2.9% but are still slightly negative for the year. Norwegian and Spanish markets climbed 8% and 5%, respectively. **Dodge & Cox International DODFX**, which has a Morningstar Analyst Rating of Gold, rose 3.6%, while Bronze-rated **Vanguard International Value VTRIX** rose 2.5%. Emerging-markets stocks rose 0.5%, led by Peru (13%), Brazil (10%), and Russia (8%). Polish and Taiwanese stocks didn't fare well, however, posting losses of 8% and 5%, respectively.

Brent crude prices ended April at \$48.14, up approximately 21% from the end of March and 73% from its January low. That helped the energy sector gain 9%. Top performers **ConocoPhillips COP**, **Anadarko Petroleum APC**, and **EOG Resources EOG** all rose more than 13%. The materials sector also benefited from rising commodity prices, climbing 5%, led by mining firms **Freeport-McMoRan FCX** and **Newmont Mining NEM**, which both rose more than 30%. Silver-rated **PIMCO Commodity Real Return PCRD** rose 8.6%.

The financials sector posted strong returns in April after a rough start to 2016, as several banking firms such as **Citigroup C** and **Bank of America BAC** rose more than 7%. Technology was the worst-performing sector, posting a loss of 5%. Several large technology stocks reported disappointing first-quarter earnings, and **Apple AAPL**, **Microsoft MSFT**, and **Alphabet GOOGL** all fell more than 7% in April. All firms said that currency headwinds continued to heavily weigh on results. Bronze-rated **AllianzGI Technology DRGTX** fell 3.0%. ■■■

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Benchmark Performance

Total Return % Through 04-30-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	-0.2	-2.7	10.6	9.2	6.6
Large Blend	0.5	0.8	9.3	9.1	5.9
Large Value	1.5	2.8	8.1	8.5	5.2
Mid-Cap Growth	0.6	-1.3	8.4	7.0	6.0
Mid-Cap Blend	0.8	2.1	7.9	7.4	5.9
Mid-Cap Value	1.6	4.1	8.2	7.9	6.1
Small Growth	1.4	-3.0	7.3	6.0	5.5
Small Blend	1.2	1.8	7.0	6.5	5.2
Small Value	1.8	4.1	6.9	6.6	5.2
Allocation — 70% to 85% Equity	1.0	1.6	5.2	5.3	4.3
Allocation — 30% to 50% Equity	1.2	2.9	2.8	4.1	4.3
Allocation — 50% to 70% Equity	1.1	2.0	5.0	5.5	4.9
Communications	-0.6	4.9	6.4	6.3	3.8
Financial	3.5	-1.8	6.8	7.1	1.3
Global Real Estate	0.1	4.0	2.0	5.5	3.0
Health	3.4	-10.5	15.0	15.4	10.8
Natural Resources	9.3	15.3	-4.7	-6.0	-0.5
Equity Precious Metals	27.1	78.9	-2.5	-14.7	-1.8
Real Estate	-2.2	2.3	6.5	9.1	5.8
Technology	-2.3	-4.5	13.0	7.7	7.0
Utilities	-0.1	11.5	6.0	8.5	7.1
S&P 500	0.4	1.8	11.2	10.9	6.9
S&P MidCap 400	1.2	5.1	9.7	9.2	7.8
Russell 2000	1.7	0.2	7.6	7.0	5.4
Diversified Pacific/Asia	0.2	-0.5	0.6	2.5	2.3
Diversified Emerging Mkts	1.1	5.0	-4.5	-4.3	1.9
Europe Stock	1.6	-1.0	3.2	2.2	2.6
Foreign Large Blend	1.6	-0.4	0.9	0.8	1.3
Foreign Large Growth	1.0	-1.0	2.2	1.9	2.4
Foreign Large Value	2.4	0.7	0.5	0.3	0.4
Foreign Small/Mid Growth	0.4	-1.3	4.6	4.3	3.9
Foreign Small/Mid Value	2.0	1.9	3.5	2.1	2.3
World Stock	1.1	0.7	5.3	4.7	3.9
MSCI World	1.6	1.2	6.3	6.0	4.1
MSCI Emerging Markets	0.4	6.8	-5.3	-5.3	1.7
MSCI EAFE	2.2	-0.5	1.0	1.4	1.3
MSCI Europe	2.4	-0.1	2.1	1.0	1.8
MSCI Latin America	5.7	25.3	-15.3	-13.1	-1.4
MSCI Pacific	3.7	-0.2	0.3	3.1	1.3
High Yield Bond	2.9	5.1	1.5	4.1	5.8
Inflation-Protected Bond	0.5	4.1	-1.6	1.5	3.7
Intermediate-Term Bond	0.7	3.2	1.8	3.4	4.6
Muni National Long	0.8	2.3	3.2	5.8	4.4
World Bond	1.3	5.6	0.0	1.6	4.3
BarCap US Agg Bond TR USD	0.3	3.3	2.2	3.5	4.8
BofAML US HY Master II TR	4.0	7.4	2.5	5.2	7.2
BarCap Municipal TR USD	0.7	2.4	3.5	5.4	4.9

Artisan Value Rebounds Strongly

Leaders & Laggards | Andrew Daniels

Ten Best-Performing Funds

Fund Name	YTD Cat Rank %
Artisan Value Investor	1
Champlain Mid Cap Adv	1
Fairholme Focused Income	1
First Eagle Overseas A	1
First Eagle US Value A	1
GoodHaven	1
Jensen Quality Growth J	1
Longleaf Partners	1
Longleaf Partners Interna	1
Longleaf Partners Small-C	1

Ten Worst-Performing Funds

Fund Name	YTD Cat Rank %
Matthews China Investor	100
Scotia Dynamic U.S. Growt	99
Sequoia	99
Touchstone Sands Capital	99
Fidelity OTC	98
Janus Contrarian T	97
Natixis ASG Global Altern	97
Templeton Global Bond A	97
Artisan International Sma	96
Baron Opportunity Retail	96

Leaders

Artisan Value ARTLX has outperformed all but two of its peers for the year to date through April. That's a welcome rebound for the fund, as it had trailed more than 90% of its large-value peers in the past three calendar years. The fund's large overweighting to energy and basic materials hurt performance in the past but drove results this year as commodity prices rose. Big contributors to performance included energy firms **Apache** APA and **Hess** HES and gold-miners **Kinross Gold** KGC and **Goldcorp** GG—all four are up more than 20% this year. The team's focus on firms with strong balance sheets also worked against it in past years but paid off in 2016 amid market volatility, as holdings such as **Berkshire Hathaway** BRK.B and **Allstate** ALL posted strong returns.

Bronze-rated **First Eagle Overseas** SGOVX has excelled in 2016, outperforming 99% of its foreign large-blend peers for the year to date. The fund's heavy weighting in cash—currently around 15%—along with a perennial stake in gold bullion and the managers' focus on valuation all helped it outperform amid 2016's market volatility. The fund also has an underweighting in hard-hit financials, and those that it does own—such as **HAL Trust** HAL and **Great Eagle Holdings**—have done well.

Neutral-rated **Fairholme Focused Income** FOCIX has outperformed 99% of its high-yield bond peers in 2016. Manager Bruce Berkowitz makes concentrated bets and has a preference for distressed bonds, so this fund offers plenty of risk. The fund's bets have recently paid off—although they have long been sources of pain—as its large stake in Fannie Mae and Freddie Mac preferreds, its Chesapeake Energy bonds, convertibles, and preferreds, and its position in **Seritage Growth Properties** SRG have all done well.

Laggards


Silver-rated **Fidelity Low-Priced Stock** FLPSX has lagged 95% of its mid-cap value peers thus far in 2016. Large overweightings in consumer discretionary and technology have hurt results relative to peers. Data storage firm **Seagate Technology** STX and consumer discretionary firms **Next** NXT, **Barratt Developments** BDEV, and **Bellway** BWY have all declined more than 14% this year.

Bronze-rated **Matthews China** MCHFX has trailed 99% of its China-region peers for the year to date. Lead manager Andrew Mattock's focus on firms with robust long-term earnings prospects that will benefit from Asia's rising income levels has led to an overweighting in consumer discretionary and industrials. Unfortunately, those sectors have been hit hard this year as investors have grown more concerned about China's future growth prospects. Some of the fund's largest holdings, including online retailer **JD.com** JD, auto manufacturer **Chongqing Changan Automobile**, and electrical distributor **Boer Power**, have all lost more than 20%.

Bronze-rated **PIMCO Low Duration** PLDDX has lagged 87% of its short-term bond peers in 2016. Comanagers Scott Mather and Jerome Schneider focus on the short end of the yield curve and have the freedom to invest in traditional core sectors—government debt and investment-grade debt—as well as high-yield debt and emerging-markets debt. The team's decision to shorten the fund's duration has proved costly recently, as global economic stagnation spurred a bond rally. ■■■ Contact Andrew Daniels at andrew.daniels@morningstar.com

Fund Manager Changes


Fidelity Municipal Income FHGX Impact: Neutral Date: 05/02/2016

Lead manager Jamie Pagliocco stepped down from the firm's muni funds to take a position heading the firm's fixed-income trading group. Comanagers Mark Sommer and Kevin Ramundo, who have managed muni funds at the firm since 2002 and 2010, respectively, were named managers on the firm's entire suite of muni funds. Joining the duo as a new portfolio manager is Cormac Cullen, a senior member of the firm's muni research team. **Our Take:** We have faith in the seasoned team that Pagliocco leaves behind and are encouraged that past transitions in Fidelity's muni group have been quite smooth. We are maintaining our  Gold rating on the fund.

Janus High-Yield JAHYX and Janus Flexible Bond JAFIX Impact: Negative Date: 03/31/2016

Gibson Smith left Janus. Comanager Darrell Waters took over as lead manager. **Our Take:** We have downgraded the funds to **Neutral** as this is a big blow to two formerly appealing funds. Smith built up Janus' bond effort over the past 12 years and was vital to the team.

Sequoia SEQUX Impact: Negative Date: 03/23/2016

Bob Goldfarb stepped down as comanager in the wake of the implosion of top holding Valeant Pharmaceuticals VRX. Sequoia explained that decision-making was too centralized and didn't give enough room for analyst input. **Our Take:** Goldfarb achieved a lot for investors even though he may be best remembered for the Valeant mess. Moreover, the latest bad news on Valeant makes it clear that Sequoia's thesis was wrong—up until this point we didn't know if Valeant's problems were small or large. We have lowered our rating to  Bronze from Gold.

T. Rowe Price Health Sciences PRHSX Impact: Negative Date: 07/01/2016

Manager Taymour Tamaddon is moving to run T. Rowe Price Institutional Large Cap Growth TRLGX. Ziad Bakri will take his place on July 1, 2016. Bakri has been a healthcare analyst with the firm since 2011. He is an M.D. and had previously worked as a biotech analyst for Cowen and Co. **Our Take:** This is a challenge for T. Rowe because it follows the loss of a manager and two healthcare analysts in 2014. The firm says it plans to hire additional analysts. This is Bakri's first time serving as a portfolio manager.


T. Rowe Price Small-Cap Stock OTCFX Impact: Negative Date: 10/01/2016

Greg McCrickard is set to retire in October. He will be replaced by Frank Alonso, who has been an associate portfolio manager on the fund since 2013. Alonso has been with T. Rowe Price since 2000. **Our Take:** We don't have much of a track record to go by for Alonso, so it's a big drop from the proven McCrickard. We lowered our rating to **Neutral** from Silver.

Vanguard Strategic Equity VSEQX Impact: Neutral Date: 01/28/2016

James Troyer has stepped down as manager. Binbin Guo was promoted to comanager, and he will run the fund along with Michael Roach and James Stetler, who were named comanagers in 2012. Troyer will remain on the team, however. This is Guo's first time as a named manager, but he has been with Vanguard since 2007 and has headed the equity research and portfolio strategy team at Vanguard's Quantitative Equity Group since 2010. **Our Take:** Troyer is still on the team, so this doesn't alter our view of the fund.

Virtus Emerging Markets Opportunities HEMZX Impact: Negative Date: 05/31/2016
Virtus Foreign Opportunities JVIAX

Former Morningstar Fund Manager of the Year winner Rajiv Jain is leaving subadvisor Vontobel to set up his own firm. Matthew Benkendorf, who has been at Vontobel for 17 years, is taking over. Benkendorf signed a 10-year contract when Jain resigned, so we can at least be sure that he won't be following Jain. We don't yet know if any of the team's analysts will leave. **Our Take:** Losing Jain is a big blow, though Benkendorf is experienced and a fair amount of the team will most likely remain in place. We lowered ratings for both funds to  Bronze from Silver.

Fund News

Fund Fees Declining

U.S. investors paid lower fund expenses in 2015 than ever before. For open-end and exchange-traded funds combined, the asset-weighted average expense ratio across funds (excluding money market funds and funds of funds) was 0.61% in 2015, down from 0.64% in 2014 and 0.73% five years ago. This decline stems from investor demand for cheaper passive funds (index funds and ETFs) and strong flows into institutional share classes, which carry lower fees. Vanguard also contributed to average fee declines, as its low-cost passive funds continue to attract large flows.

The asset-weighted average expense ratio is a better measure of the average cost borne by investors than a simple average (or equal-weighted average), which can be skewed by a few outliers, such as high-cost funds that have low asset levels. In 2015, the simple average expense ratio for all funds was 1.17%, but funds with an expense ratio above that level held just 8% of fund assets at the end of 2015. If we look at the largest 1,000 share classes, which account for about 75% of assets in mutual funds and ETFs, the simple average expense ratio remained at 0.64% from 2013 through 2015, as some fees go up and some go down. This finding suggests that, in aggregate, changes in the fees set by asset management firms across the industry are not contributing to the falling asset-weighted average expense ratio.

Indeed, active funds have seen larger asset-weighted average fee declines when compared with passive funds. This might lead to the conclusion that fee declines among active funds are driving overall fee declines, but this has not been the case. Instead, it has been flows out of more-expensive funds (often active funds) and into cheaper funds (primarily passive funds) that have resulted in lower asset-weighted average fund fees.

During the past five years, low-cost funds have attracted strong inflows at the expense of pricier funds. Funds with expense ratios ranking in the least-expensive quintile of all funds (“low-cost funds”) attracted an aggregate \$1.7 trillion of estimated net inflows, compared with \$372 billion of net outflows for funds in the remaining four quintiles (“more-expensive funds”) during that time period. Within the lowest-cost quartile, passive funds have accounted for an average 75% of flows during the past five years, with active funds accounting for the remaining 25%.

More recently, the pattern of flows has diverged even more; in 2015, low-cost funds saw \$303 billion in inflows, while more-expensive funds suffered \$260 billion in outflows. This largely explains the 3-basis-point decrease in the asset-weighted average fund expense ratio to 0.61% in 2015.

Sequoia Reopens

Sequoia SEQUX reopened to new investors on April 29 in the wake of outflows and poor performance. Manager David Poppe had said earlier in the month that he was considering reopening the fund: “We’ve had a number of requests from investors who would like to get into the fund at these levels, so we are considering recommending to the board that Sequoia reopen in the proximate future.” Poppe wrote in his latest letter to shareholders: “Prospective investors should keep in mind the fund has significant unrealized capital gains and should consult with their tax advisors before investing.”

Foreign Stocks Draw Most Money

Foreign large-blend funds drew \$21.2 billion in net new purchases in the first quarter of 2016 to lead the fund world in flows. Intermediate bond (\$16.7 billion) and large blend (\$7.6 billion) followed. Nontraditional bond was hardest hit with \$10.7 billion in outflows, followed by large growth and world allocation with \$10.2 billion and \$8.5 billion in outflows, respectively.

Viewed by fund company, Vanguard took in \$55 billion in net inflows, followed by DFA with \$7.6 billion and DoubleLine with \$6 billion. American Funds was noteworthy with \$4.8 billion in inflows, as the firm had been suffering outflows in recent years.

T. Rowe Price Small-Cap Stock Downgraded

T. Rowe Price Small-Cap Stock OTCFX manager Greg McCrickard announced he’ll step down from the fund as of Oct. 1, 2016, after a successful 24-year tenure. He’ll remain at the firm in a role mentoring analysts. As a result of the change, the fund’s Morningstar Analyst Rating has dropped to Neutral from Silver.

Successor Frank Alonso joined T. Rowe in 2000 and has worked alongside McCrickard since 2013 as the fund’s associate portfolio manager. That role gives him familiarity with the fund’s holdings, and he’ll benefit from a six-month transition period. His experience as a diversified manager dates back to October 2013, when he took over the **T. Rowe Price US Smaller Companies Equity** strategy, which is available to investors outside the United States. During his tenure through March 2016, it outperformed its Russell 2500 benchmark by nearly 2 percentage points annualized.

It’s encouraging that Alonso posted good results during his short tenure at T. Rowe Price US Smaller Companies Equity, though there are some differences. That strategy is a small/mid-cap fund with a higher average market cap. Because of a smaller asset base, the portfolio has been leaner than this fund, recently owning 200 stocks to this fund’s 311. There will be more to keep an eye on here, though Alonso owned 113 holdings in common with this fund as of December 2015.

T. Rowe has a strong history in small-cap investing, and Alonso has good analytical resources at his disposal. However, his tenure on the small-cap team only dates to 2013, and he will be running significantly more assets here (\$10 billion) than currently (\$800 million). That may take some getting used to. ■■

How Retirees Should Assess Their Liquid Assets

Portfolio Matters | Christine Benz

Cash: It's the asset class investors love to hate. Even as a declining interest-rate environment has helped both stocks and bonds deliver decent returns during the past decade, poor cash investors have had to settle for ever-lower yields. Today, money market yields are barely positive, and even higher-yielding cash options like high-yield savings accounts won't likely keep up with inflation over the long run. Nor are cash yields likely to get appreciably better anytime soon, as the Federal Reserve has telegraphed its intention to move slowly on rate hikes, lest it disrupt an economy that is not precisely booming.

But even though cash looks like a big, "Why bother?" today, it remains an essential ingredient in all financial plans, including those of retirees. Not only can it help meet unplanned expenses, which occur in retirement just as at other life stages, but it can also help on the peace-of-mind front. A cash component is the linchpin of the "bucket strategy" for retirement portfolios, enabling retirees to tolerate the fluctuations that will accompany the stock and bond components of their portfolios. And given that market valuations aren't especially cheap today, opportunistic investors may also like the idea of maintaining some "dry powder" that they can put to work in beaten-down assets, whether stocks or bonds.

Yet even as cash provides stability and liquidity, low yields are an opportunity cost, so it's important to not go overboard. If you're retired or getting close to retirement, here are some key steps to take as you assess the liquidity component of your portfolio.

Step 1 | Reassess Your Emergency Fund

Given that one of the key reasons to hold an emergency fund is to tide you over in case of unexpected job loss, it may not seem necessary to maintain an emergency fund once you stop working. But at least some type of an emergency fund remains essential in retirement, too, in that it can allow you to cover large, unexpected expenses without having to raid your long-term assets. Think new cars, new roofs, big vet or dental bills, or emergency calls to aid family members.

Just how large your in-retirement emergency fund should be depends on your personal circumstances.

What "lumpy" expenses have tended to catch you off guard in the past? What new ones could crop up in retirement? In a past Morningstar.com Discuss forum thread, summarized in this article, many posters said that dental bills were the biggest cost that surprised them in retirement. And despite Medicare Part D coverage, pharmaceutical costs can represent another big-ticket, out-of-pocket outlay for many retiree households. (Of course, if you have a recurring prescription expense, it's wise to factor that into your household budget and find the Part D plan that best covers the prescriptions that you take.) If you own a home (especially an aging one) and are on the hook for ongoing maintenance costs, that argues for a larger emergency fund than if you're a renter; people who own cars or have pets are also likely to have unplanned outlays from time to time. It's also a fact of life that financially healthy family members are sometimes asked to help adult children or siblings who are in a financial bind; if you've been a financial savior for your relatives in the past, you could find yourself in that spot in the future, too.

Step 2 | Consider the Bucket System

In addition to setting aside an emergency fund, retirees may also want to consider a cash component as part of their long-term portfolios. The virtue of that cash "bucket" is that in difficult market environments, either for stocks or bonds, the retiree can

leave the long-term portfolio components undisturbed and in place to recover. That makes sense from an investment standpoint and can also provide valuable peace of mind in turbulent market environments like 2008. The retiree can spend from bucket one on an ongoing basis, periodically refilling it with income distributions or rebalancing proceeds. Alternatively, the retiree can leave the cash undisturbed, to be spent only in catastrophic situations when income distributions and/or rebalancing proceeds are insufficient to meet living expenses in a given year. But holding too much cash in bucket one can drag on a portfolio. Thus, I've typically recommended that investors hold anywhere from six months' to two years' worth of living expenses in cash instruments; in my recent discussion with financial planner Harold Evensky, the architect of the "bucket" approach to portfolio planning, he suggests that holding one year's worth of living expenses in cash is a good rule of thumb.

Step 3 | Identify Next-Line Reserves

In addition to lining up cash to serve as your emergency fund and supply living expenses in case of a downturn in your long-term portfolio, it's also valuable to identify "next-line reserves" in case your cash runs dry. In my model bucket portfolios, for example, I've stairstepped the portfolios by risk level: In addition to cash, I've maintained exposure to a high-quality short-term bond fund. If, in a catastrophic market environment the cash in the portfolio runs dry, the short-term bond fund could be tapped in a pinch; even in a terrible market environment, such a fund is unlikely to incur steep losses. For retired investors who forgo cash/bucket 1 as part of their investment portfolios, identifying next-line reserves is essential.

Retirees might also consider home equity as a source of liquidity in a pinch. This article discusses the idea of maintaining a "standby reverse mortgage" to help a retiree limit the opportunity cost of cash while also maintaining access to liquidity during a downturn in the investment portfolio.

Step 4 | Maximize Yield—to a Point

True, it's hard to get excited about earning 1% on anything, and that's about as high a yield as you're apt to get on cash accounts today. But look at it this way—1% of \$100,000 is \$1,000, whereas 0.25% (the yield on some lesser-yielding cash accounts) is just \$250. That \$750 differential could be a month's worth of groceries, or a two-night stay in a luxury hotel. Depending on the amount of cash you've set aside, it's worth your while to shop around for the best yield you can find. Today, online savings banks will tend to offer the best combination of decent yields and FDIC protections. And the more you invest, the more attractive your yield is apt to be. Thus, it can be a good idea to consolidate your cash holdings into a single receptacle, if practical.

Stable-value funds, discussed here, are another way to earn a higher yield than true cash instruments and may prove especially valuable when there's a more meaningful yield differential between cash and intermediate-term bonds. While stable-value funds court more risks than true cash instruments, they've historically been quite safe. You can only find stable-value funds within company retirement plans, though, so to maintain access to them, you'd need to leave assets behind in your plan rather than rolling them over to an IRA.

Retirees will want to be careful about reaching too far for yield, however. While some cash alternatives do promise a higher yield than does true cash, they might give up something in exchange—liquidity, stability, or both. ■■

Contact Christine Benz at christine.benz@morningstar.com

The Smallest Medalists

Tracking Morningstar Analyst Ratings | Russel Kinnel

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

You might not know much about the Morningstar Medalists I'm looking at this month—those with the smallest asset bases. There's something of a theme, too, as each one comes from a boutique firm. Some are small even by boutique standards.

Funds like these would be larger than they are with a big marketing staff to support them. Three of the funds originated from old-fashioned firms that began by running all of their clients' money. Doing that generally means that you take a conservative approach, because clients might not be diversified across a wide array of asset classes the way they'd be at a bigger complex.

That's why some have been lagging recently. It can be tough for conservative funds to keep up in a strong rally. Yet, the fact that they are different from funds you'd find at a big fund company is part of their appeal. I'll take them from smallest to largest.

Berwyn BERWX has just \$130 million in assets and a Morningstar Rating of 2 stars, so it would be easy to skip over it. But you can see its appeal in the way it held up in January and February 2016. It lost much less than its peers and now has a modest 4% gain through April. It also produced top-quartile performance in tough markets like 2011 and 2008. The fund seeks out good values among micro-cap stocks and the small end of small caps. It also holds cash and has a fondness for basic-materials stocks, which can protect against inflation spikes. However, those materials stocks stung in 2015 when commodities got crushed. Lead managers Robert Killen and Lee Grout are seasoned veterans who have steered the fund through a variety of markets.

Royce Special Equity Multi-Cap RSEMEX has likewise shown it knows how to protect the downside. Charlie Dreifus' fund has a nifty 5.5% return, landing in the top 5% of peers for the year to date. This is mainly on the strength of the defensive qualities that shareholders have long known about in his **Royce Special Equity** RYSEX. This fund, with a Morningstar Analyst Rating of Bronze, has just \$135 million in assets, however, because it was launched at the beginning of 2011 and hasn't had much of a chance to show its strengths. Its five-year returns are unimpressive, but Dreifus' conservative style is still a good bet for solid risk-adjusted returns. It may take a bear market to win more shareholders, but you don't have to wait.

Mairs & Power Small Cap MSCFX earned a Silver rating from us in June 2015 but remains at just \$209 million in assets. While Royce Special Equity Multi-Cap took a time-tested strategy up in market cap, Mairs & Power went in the other direction. So far, things have gone very well for Andrew Adams, who has produced top-decile performance for the past one and three years. Adams has been with the firm since 2006 and has run the fund since 2011. He looks for companies with strong balance sheets and sustainable advantages, as do other Mairs & Power funds. Turnover clocked in at a low 23% in 2015, reflecting the patience of management.

Perkins Global Value JGVAX is part of Janus, so you might think it could drum up some shareholders, but the fund still has just \$227 million in assets. Perkins chief investment officer Greg Kolb has largely matched the returns of the benchmark and peers during his tenure, but he's done so with less risk. The fund lost much less than peers and its benchmark in 2008 and 2011. He looks for cheap stocks with strong cash flows and healthy balance sheets. Defensive names like **Procter & Gamble** PG have held up nicely for the fund in 2016. ■■

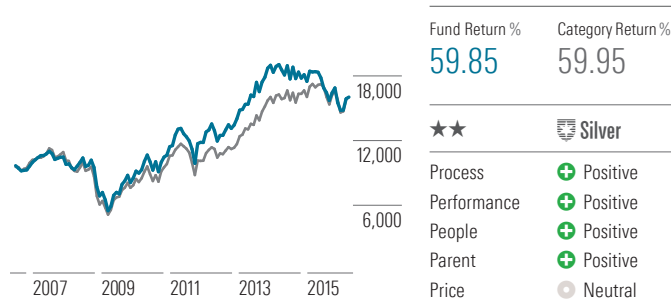
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	80.37	44.23	83.00	45.19	77.40	43.01
Taxable Bond	76.20	42.50	68.20	37.16	40.95	15.32
International Stock	71.46	44.39	70.14	42.78	57.08	46.67
Municipal Bond	62.84	39.06	37.28	16.67	55.88	23.91
Balanced	88.39	48.89	86.04	49.15	81.35	53.85

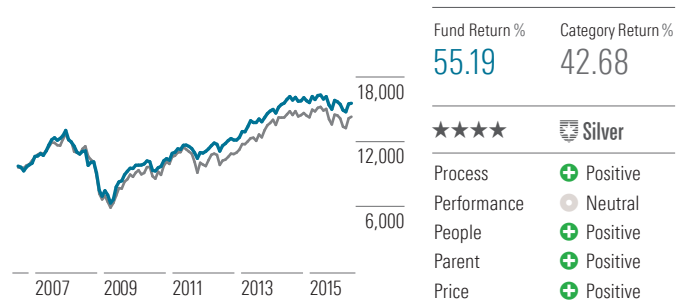
Data through April 30, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

Small Medalists

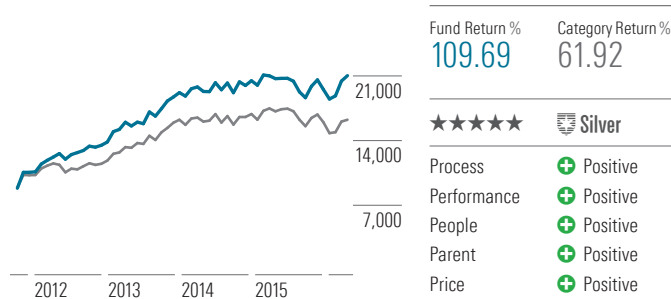
Berwyn Fund BERWX



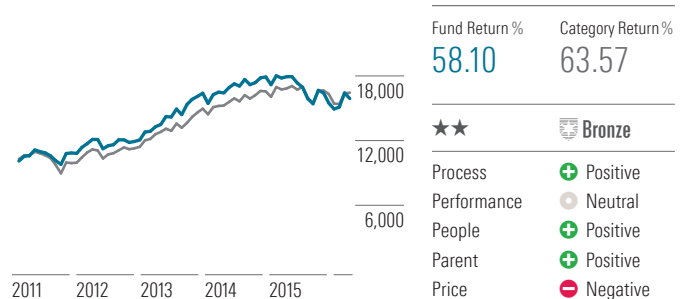
Perkins Global Value T JGVAX



Mairs & Power Small Cap MSCFX



Royce Special Equity Multi-Cap Service RSEMXX



The New Bond-Fund Rules

Income Strategist | Eric Jacobson

The SEC issued two important proposals in late 2015, the first of which was released in September and designed to “enhance effective liquidity risk management” for mutual funds and exchange-traded funds. Among other things, the proposed regulations would shine a light on the liquidity characteristics of fund holdings, while also mandating that a portion of each portfolio be easily liquidated within three days without triggering big price losses.

The second proposal was released a couple of months later and meant to “enhance the regulation of the use of derivatives” in funds. This proposal would require compliance with one of two rules designed to limit the amount of leverage that funds can develop with derivatives. The first rule would cap a fund’s exposure to certain kinds of transactions (including derivatives) at 150% of net assets. The second would allow exposure up to 300% but would require the use of a so-called value-at-risk test to ensure funds were taking on less market risk than if they hadn’t used derivatives at all.

A Surprising Feature of Derivatives

The SEC’s motivation is sound. There is too much opacity in mutual funds in terms of both liquidity and derivatives exposure. But, while the first proposal is designed to ensure portfolios maintain plenty of liquidity, the second has the potential to discourage fund managers from using tools that can help in that effort. That’s because for all of the negative connotations associated with derivatives, they can often be much more liquid than bonds themselves. Take credit default swaps, for example. In recent trading for those linked to the U.S. corporate-bond market, the volume of credit default swaps traded regularly exceeded the volume of all U.S. corporate bonds. In part, that’s because derivatives are more popular with many investors who don’t have to find actual bonds to buy or sell—a difficult and time-

consuming task, especially amid times of scarcity among particular names. Moreover, using derivative contracts typically requires investors to come up with much less cash than would be necessary to purchase bonds.

Ironically, it was the financial crisis itself that highlighted the better liquidity characteristics of many derivatives, including credit default swaps. As the crisis threatened the banks at the foundation of the capital markets, bond trading became extremely difficult and in some cases froze entirely. Outside of the super-high-quality and liquid U.S. Treasury market, most bond prices plummeted. Derivatives tracking those bonds or their markets sold off, too, but because they could be much more easily traded, many of them maintained higher valuations than the bonds to which they were linked.

Definitely Worthy of SEC Attention

There are excellent reasons for the SEC to take on these issues. Most observers in the industry agree that banking regulations implemented since the 2008 financial crisis have inadvertently hurt liquidity in the bond market. And though high-profile liquidity troubles among mutual funds are extremely rare, it makes perfect sense to provide a framework for fund companies to manage portfolio liquidity and provide information that investors can use to evaluate risks in their portfolios.

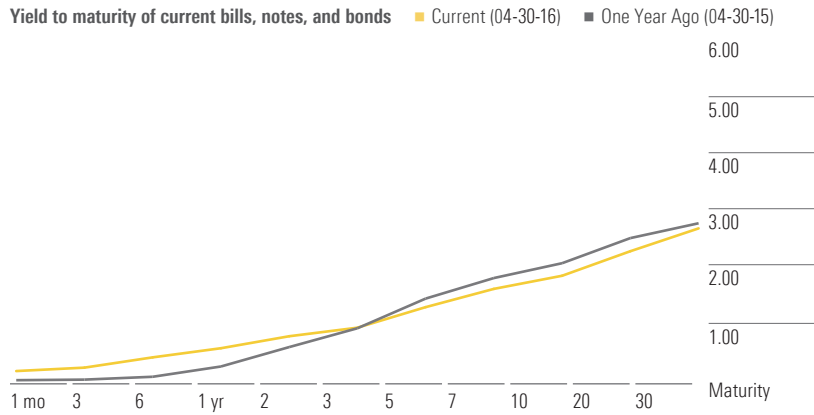
Derivatives are valuable and important portfolio tools, but their use and disclosure deserve a lot more scrutiny. As the SEC’s proposal notes, there have been very few limits on gaining leverage with derivatives, or effective rules for disclosing those exposures to help investors.

Both proposals are first drafts, and, if implemented, the final versions could look quite different. But if the end result is that new rules make it significantly more difficult for funds to use derivatives in ways that improve liquidity, it would be an unfortunate consequence of well-meaning efforts. ■■

Contact Eric Jacobson at eric.jacobson@morningstar.com

Bond-Market Snapshot

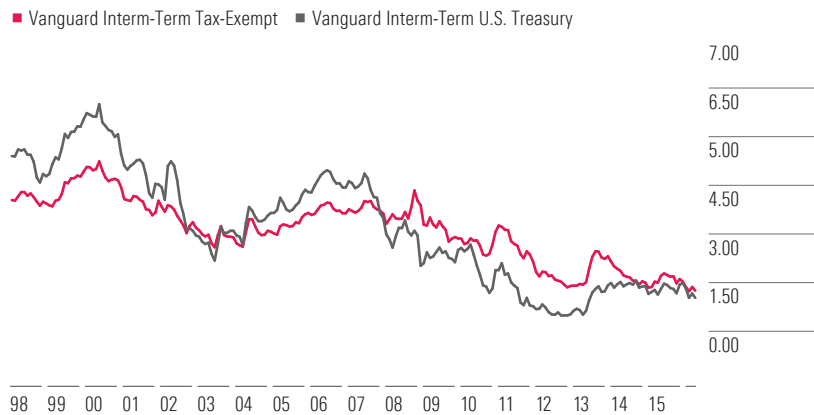
Treasury Yield Curve (%)



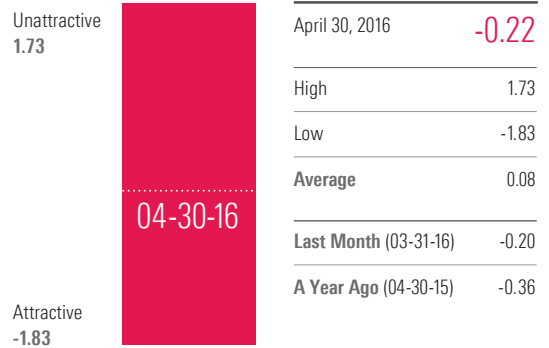
Interest-Rate Review

Bonds continued their slow-paced rally in April. The Barclays U.S. Aggregate Index has gone up each month in 2016 including a 0.4% gain in April. High-yield and corporate bonds had a great month. The Barclays Investment Grade Corporates Index surged 1.4%, while the Barclays U.S. Corporate High Yield Index gained 3.9%. It was a strong month for munis, too, as the Barclays Municipal Index is up 2.4%. Loose monetary policies from Central Banks in Europe and Asia propelled the Barclays Global Aggregate Index to a 7.3% year-to-date return.

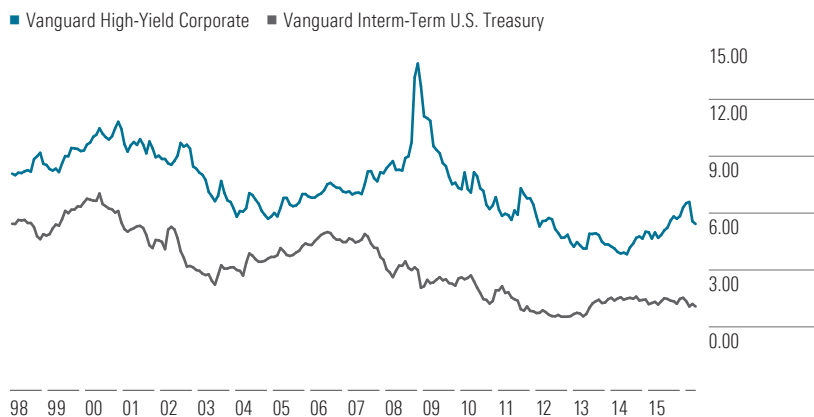
Treasury and Municipal-Bond Yields



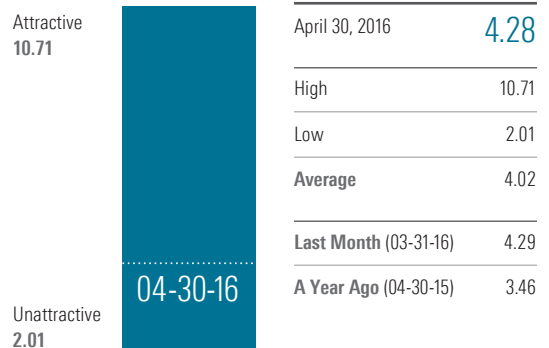
Municipal-Bond Spread Snapshot



High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Data as of April 30, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

New Additions From Fidelity and American Century

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds.

Use the list to get new investment ideas and track the funds you already own.

FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

I am adding two foreign funds and one domestic to the Morningstar 500.

American Century International Growth TWIEX has done a fine job applying the firm's core growth strategy overseas. Management screens for companies with accelerating earnings and then does fundamental analysis to unearth sustainable growth models. When it finds both, it invests. The combination of momentum and sustainable growth leads to fairly high turnover, in the 100% range most years.

Rajesh Gandhi has comanaged the fund since February 2008, and he was joined by James Gendelman in February 2015. Gandhi has outperformed peers and benchmark by modest margins over his tenure. Some good pharmaceutical picks powered returns in 2012 and 2013, but performance has been middling since.

Gendelman ran some of Marsico's foreign-equity funds before joining American Century. In nearly 14 years at Marsico, Gendelman guided **Marsico International Opportunities** MIOFX to performance that beat peers and benchmark. However, most of that outperformance came in the early years, and the fund was in a slump when he left. See the facing page for more details.

I'm also adding **Fidelity International Growth** FIGFX, which we began with a Morningstar Analyst Rating of Bronze.

Summary of Changes

Category Changes	From	To
American Funds Income Fund of Amer	Moderate Allocation	Allocation—70% to 85% Equity
Franklin Mutual Shares	Large Value	Allocation—85%+ Equity
Vanguard LifeStrategy Income	Conservative Allocation	Allocation—15% to 30% Equity
PIMCO Emerging Local Bond	Emerging Markets Bond	Emerging-Mrkt Local-Currency Bnd
Gateway	Long/Short Equity	Option Writing
Fidelity Strategic Real Return	Conservative Allocation	Allocation—15% to 30% Equity
Vanguard Managed Payout	Aggressive Allocation	Allocation—85%+ Equity

Manager Jed Weiss focuses on companies with multi-year structural growth potential in industries with high barriers to entry. He also looks for out-of-favor cyclical plays with pricing power, or companies that can keep prices steady or even raise them in bad economic times. While his process focuses on stock-picking, he will use macroeconomic-driven market shocks to spot price dislocations that can lead to good buying opportunities, such as Japan's Fukushima earthquake in 2011 or heightening tensions in Russia.

I'm also adding **DFA US Small Cap Value** DFSVX. The Gold-rated fund targets the cheapest 35% of the U.S. small-cap market based on price/book. The fund's 0.52% expense ratio makes it pricier than some passive small-cap funds, but DFA's trading strategy has generally been able to make up that ground.

To make room, I'm dropping Neutral-rated **Mainstay ICAP International** ICEUX. We lowered the fund to Neutral when manager Jerry Senser announced he would retire in September 2016.

I'm also dropping the Neutral-rated **Thornburg International Value** TGVAX. The fund is in the process of losing two thirds of its management team. Wendy Trevisani left in 2014, and Bill Fries is set to leave at the end of 2016.

Finally, I'm dropping **CGM Focus** CGMFX. The Neutral-rated fund has suffered a dismal performance slump. In addition, manager Ken Heebner is 72 but does not appear to have a clear replacement. ■■■

Summary of Changes

Add	Drop
American Century International Gr	CGM Focus
Columbia Dividend Income A	Columbia Dividend Income Z
DFA US Small Cap Value	Mainstay ICAP Intl
Fidelity International Growth	Thornburg International Value

Rating Change (Upgrades)	From	To
Janus Triton	Neutral	Bronze
Janus Venture	Neutral	Bronze
Neuberger Berman International Eq	Bronze	Silver

Rating Change (Downgrades)	From	To
Fidelity Capital Appreciation	Bronze	Neutral
T. Rowe Price Small-Cap Stock	Silver	Neutral

Data through April 30, 2016 FINRA members: For internal or institutional use only.

Fidelity® International Growth

Ticker FIGFX **Yield** 0.7% **Total Assets** \$1,659 mil **Mstar Category** Foreign Large Growth

Benchmark 1: MSCI ACWI Ex USA Growth NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 04-11-16

Bronze

Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Bronze** Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 04-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	13.06	-4.30	6.04	4.40	19.77
2013	6.38	-1.93	9.33	7.12	22.18
2014	-1.16	3.15	-4.45	-0.56	-3.13
2015	6.48	0.70	-7.43	4.71	3.93
2016	-2.15	—	—	—	—

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	4.85	-2.98	-4.86	56	10,485
6 Mo	-2.34	-1.09	-0.59	39	9,766
1 Yr	-5.41	3.27	5.87	22	9,459
3 Yr Avg	3.57	2.16	3.59	23	11,110
5 Yr Avg	4.12	3.23	4.25	11	12,237
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	3.42	13	0.15	19
5 Yr (estimated)	3.91	6	0.20	25
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 3% of assets

Morningstar's Take by Katie Rushkewicz Reichart, CFA 04-11-16

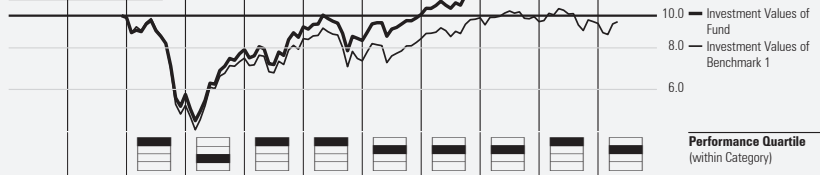
Fidelity International Growth has done well under manager Jed Weiss, who has run the fund since its late-2007 inception. His focus on multiyear structural growth stories has coincided with the fund's relatively low turnover and a tame risk profile. A consistent strategy and below-average fees also contribute to the fund's Morningstar Analyst Rating of Bronze.

After joining Fidelity in 1997, Weiss made the rounds as an analyst before taking over this fund. It has less than \$2 billion in assets, but Weiss is running considerably more money in the Fidelity Series version of the fund (used exclusively in the firm's target-date funds), so the strategy's assets are closer to \$14 billion.

Weiss also has a strong record dating back to 2008 at Fidelity International Small Cap Opportunities FSCOX, an interesting complement given this fund's large-cap focus. His assignments across the market-cap spectrum could demand more time than the average manager, but they also give him more market perspective. This fund recently had slightly higher small- and mid-cap exposure than its MSCI EAFE Growth benchmark, and those picks have added to performance overall. Still, this fund's asset

Historical Profile

Return High
Risk Below Avg
Rating ★★★★★
Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	04-16	History
NAV	—	9.56	5.54	7.48	8.67	7.81	9.25	11.24	10.80	11.14	11.03	NAV
Total Return %	—	—	-41.29	36.50	16.94	-8.95	19.77	22.18	-3.13	3.93	-0.99	Total Return %
+/- Bmark 1	—	—	4.32	-2.17	2.49	5.25	3.10	6.69	-0.48	5.19	-2.16	+/- Bmark 1
+/- Bmark 2	—	—	4.23	-4.95	5.79	4.76	2.94	6.89	0.74	9.60	-3.23	+/- Bmark 2
Income Return %	—	—	0.67	1.03	0.87	0.91	1.24	0.54	0.81	0.72	0.00	Income Return %
Capital Return %	—	—	-41.96	35.47	16.07	-9.86	18.53	21.63	-3.94	3.21	-0.99	Capital Return %
Total Rtn % Rank Cat	—	—	10	55	24	23	29	26	37	17	43	Total Rtn % Rank Cat
Income \$	—	0.01	0.06	0.06	0.07	0.08	0.10	0.05	0.09	0.08	0.00	Income \$
Capital Gains \$	—	—	0.00	0.03	0.01	0.01	0.01	0.01	0.00	0.01	0.00	Capital Gains \$
Expense Ratio %	—	—	2.35	2.19	1.89	1.52	1.28	1.13	1.04	0.97	—	Expense Ratio %
Income Ratio %	—	—	1.05	1.09	0.99	1.17	1.24	1.11	1.14	0.94	—	Income Ratio %
Turnover Rate %	—	—	115	116	87	68	32	32	27	26	—	Turnover Rate %
Net Assets \$mil	—	14	15	22	37	52	168	472	628	948	989	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-5.41	—	—	—
3 Yr	3.57	+ Avg	- Avg	★★★★
5 Yr	4.12	High	- Avg	★★★★★
10 Yr	—	—	—	—
Incept	2.07	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	3.5	0.8
Beta	0.82	0.90
R-Squared	87	95
Standard Deviation	11.79	—
Mean	3.57	—
Sharpe Ratio	0.35	—

Portfolio Analysis 03-31-16

Total Stocks: 94
Share change since 02-29-16

Stock	Sector	Country	% Assets
⊕ Nestle SA	Cnsmr Def	Switzerland	5.05
⊕ Roche Holding AG Dividend	Hlth Care	Switzerland	3.54
⊕ Anheuser-Busch Inbev SA	Cnsmr Def	Belgium	3.48
⊕ Reckitt Benckiser Group P	Cnsmr Def	United Kingdom	3.25
⊕ CSL Ltd	Hlth Care	Australia	2.94
Novartis AG	Hlth Care	Switzerland	2.78
⊕ Industria De Diseno Texti	Cnsmr Cyc	Spain	2.72
⊕ Novo Nordisk A/S ADR	Hlth Care	Denmark	2.67
⊕ Assa Abloy AB B	Basic Mat	Sweden	2.45
⊕ InterContinental Hotels G	Cnsmr Cyc	United Kingdom	2.39
⊕ Astellas Pharma Inc	Hlth Care	Japan	2.04
⊕ Visa Inc Class A	Finan Svcs	United States	2.01
⊕ MasterCard Inc A	Finan Svcs	United States	1.98
⊕ AIA Group Ltd	Finan Svcs	Hong Kong	1.89
⊕ SAP SE	Technology	Germany	1.83
⊕ Denso Corp	Cnsmr Cyc	Japan	1.74
⊕ Alphabet Inc A	Technology	United States	1.65
⊕ CRH PLC ADR	Basic Mat	United States	1.53
⊕ Prudential PLC	Finan Svcs	United Kingdom	1.42
⊕ Autoliv Inc	Cnsmr Cyc	Sweden	1.41

Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large	Giant	60.3	Cyclical	39.02	1.10
Large	Large	21.0	BasicMat	7.49	1.09
Mid	Mid	16.0	CnsmrCyc	14.79	1.05
Small	Small	2.7	FinanSvcs	14.16	1.26
Micro	Micro	0.0	Real Est	2.58	0.78
Avg \$mil:		37,380	Sensitive	21.88	0.68
			CommSvcs	0.30	0.06
			Energy	0.39	0.17
			Industrl	9.70	0.84
			Technly	11.49	0.83
			Defensive	39.09	1.22
			CnsmrDef	20.68	1.09
			Hlthcare	18.41	1.56
			Utilities	0.00	0.00

Value Measures

Value Measure	Rel Category
Price/Earnings	20.04 1.09
Price/Book	2.93 1.11
Price/Sales	2.53 1.43
Price/Cash Flow	10.28 1.08
Dividend Yield %	2.29 1.02
Long-Term Emrgs	9.47 0.85
Book Value	8.40 1.41
Sales	3.83 1.74
Cash Flow	7.57 1.05
Historical Emrgs	13.37 1.58

Composition - Net

Composition	%	Country Exposure	% Stock
Cash	2.3	United States	20
Stocks	97.7	UK/W. Europe	53
		Japan	14
		Latn America	1
		Asia X Japan	10
		Other	2
Foreign (% of Stock)	80.0		

Address: Fidelity Investment Trust
Boston, MA 02109
800-544-8544
Web Address: www.fidelity.com
Inception: 11-01-07
Advisor: Fidelity Management & Research Company
Subadvisor: FMR Investment Management (U.K.) Limited

Minimum Purchase: \$2500 Add: — IRA: \$2500
Min Auto Inv Plan: — Add: —
Sales Fees: No-load, 1.00%R
Management Fee: 0.45%
Actual Fees: Mgt:0.71% Dist:—
Expense Projections: 3Yr:\$309 5Yr:\$536 10Yr:\$1190
Income Distribution: Annually

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 04-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Growth		—	-2.7	-2.5	10.6	9.2	6.6	—	—	—	—	—	—	12.75 (86)	—
Amana Growth Investor AMAGX	Bronze	★★★	1.0	-0.7	9.6	7.7	7.0	9	30	71	82	43	0.5	11.61 (92)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★	-1.9	0.2	10.4	9.0	7.6	37	20	58	60	25	0.3	11.8 (93)	-Avg
American Century Ultra Inv TWCUX	Bronze	★★★★	-1.7	-0.2	13.0	10.8	7.1	34	24	13	19	39	0.2	12.97 (89)	+Avg
American Funds AMCAP A AMCPX	Gold	★★★	1.7	-1.3	11.9	11.0	7.4	6	37	29	16	30	0.0	11.35 (91)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	-0.9	-0.6	11.4	10.1	6.4	26	28	39	34	57	0.6	11.96 (90)	-Avg
American Funds New Economy A ANEFX	Gold	★★★	-3.9	-4.7	9.5	10.0	7.3	65	78	73	36	33	0.4	12.72 (77)	Avg
ASTON/Montag & Caldwell Growth N MCGFX	Bronze	★★★	-2.6	2.2	7.9	9.0	7.0	50	7	90	61	42	0.3	10.51 (83)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	★★	-2.3	-10.0	9.4	10.7	6.1	44	96	74	21	65	0.0	12.79 (82)	Avg
Fidelity FFIDX	—	★★★★	-1.5	-1.2	10.0	8.7	6.2	32	37	64	66	64	0.7	11.79 (93)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	★★★★	-4.9	-3.4	13.5	11.1	8.6	81	64	8	13	7	0.0	13.28 (83)	+Avg
Fidelity Capital Appreciation FDCAX	Neutral	★★★	-1.9	-3.3	10.1	10.7	6.6	37	64	63	22	53	0.7	12.85 (84)	Avg
Fidelity Contrafund FCNTX	Silver	★★★★★	-1.3	1.8	11.6	10.7	7.8	31	9	35	21	21	0.3	11.3 (88)	Low
Fidelity Focused Stock FTQGX	—	★★★★	1.2	0.7	9.9	9.2	7.8	8	16	66	55	20	0.2	13.18 (73)	+Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	-5.9	-3.4	12.9	11.1	9.0	90	65	14	14	4	0.0	14.49 (79)	High
Fidelity Growth Discovery FDSVX	—	↑★★★★	-4.2	-0.7	12.4	10.0	7.7	72	29	21	37	23	0.1	12.38 (72)	Avg
Fidelity Independence FDFFX	—	★	-6.1	-9.5	9.5	7.5	6.4	91	96	73	84	58	0.1	15.37 (72)	High
Fidelity Magellan FMAGX	Neutral	★★	-1.1	-0.1	13.0	8.9	4.6	28	22	13	62	91	0.6	12.44 (94)	Avg
Fidelity New Millennium FMILX	Bronze	★★★	3.2	-3.0	9.2	9.4	7.2	2	60	76	49	36	0.9	12.12 (87)	-Avg
Fidelity OTC FOCPX	Bronze	★★★★	-8.8	-4.2	15.9	11.0	10.3	98	74	1	15	1	0.0	16.5 (68)	High
Harbor Capital Appreciation Instl HACAX	Gold	★★★★	-6.1	-2.5	12.9	11.0	7.6	91	53	13	17	25	0.1	13.88 (79)	+Avg
Janus Research T JAMRX	—	★★★★	-2.5	-1.6	12.7	10.4	8.3	49	41	16	28	11	0.4	12.15 (92)	Avg
Janus T JANSX	Neutral	★★★	-2.3	-2.7	11.5	9.3	6.3	44	56	37	54	60	0.6	12.32 (90)	Avg
Janus Twenty T JAVLX	Neutral	↓★★★★	-2.9	0.8	11.2	9.6	8.0	53	15	43	46	16	0.5	12.63 (91)	Avg
Jensen Quality Growth J JENSX	Silver	★★★★★	5.4	6.4	12.0	10.4	7.9	1	1	26	26	17	1.2	11.1 (90)	Low
Lateef A LIMAX	—	★★	-3.3	-2.3	7.7	8.6	—	59	50	91	69	—	0.1	14.24 (83)	+Avg
Laudus US Large Cap Growth LGILX	Bronze	★★★★	-5.7	-4.4	11.3	10.3	9.0	87	75	42	29	4	0.0	13.69 (82)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	2.5	-1.1	11.6	8.3	5.1	4	36	35	73	86	0.3	12.96 (91)	Avg
LKCM Equity Instl LKEQX	Silver	★★★	3.5	-1.4	7.5	8.7	7.3	2	39	92	67	32	0.9	12.3 (94)	Avg
Manning & Napier Equity Series EXEYX	—	★★	5.3	-1.8	9.1	7.6	5.8	1	44	77	83	72	0.0	12.84 (89)	Avg
Marsico Focus MFOCX	Neutral	↓★★	-5.8	-5.3	8.4	8.3	5.6	89	82	84	73	77	0.0	12.66 (76)	Avg
Marsico Growth MGRIX	Neutral	★★	-6.1	-5.7	7.2	7.3	4.9	91	85	94	86	88	0.0	12.71 (79)	Avg
MFS Growth A MFEGX	Silver	★★★★	-2.0	2.1	12.1	11.0	8.1	40	8	24	16	14	0.0	12.04 (86)	-Avg
Morgan Stanley Inst Growth A MSEGX	Gold	★★★	-5.9	-2.9	15.0	10.5	8.6	89	59	2	24	8	0.0	15.32 (63)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	0.7	-1.3	9.8	8.2	<i>6.3</i>	10	38	67	75	<i>62</i>	1.0	11.51 (94)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	★★★★	-5.3	-1.6	10.3	10.2	8.1	83	41	59	30	15	0.4	13.05 (76)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	★★★	-1.6	-9.6	7.3	9.3	—	34	96	93	54	—	0.1	12.07 (87)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	↑★★	-10.2	-8.9	11.9	6.8	—	99	95	30	90	—	0.0	18.22 (32)	High
Sequoia SEQUX	Bronze	★★	-10.8	-24.5	2.5	6.7	6.2	99	100	99	91	64	0.0	13.46 (14)	+Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	★★★★★	-5.6	-0.6	14.0	12.5	8.4	87	28	6	3	10	0.0	13.85 (80)	+Avg
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★	-5.7	-1.7	13.1	11.6	8.1	87	42	12	7	15	0.0	13.59 (79)	+Avg
T. Rowe Price New America Growth PRWAX	Neutral	★★★★	-5.2	-2.5	12.5	10.1	8.7	83	53	18	34	5	0.0	14.28 (83)	High
T. Rowe Price Spectrum Growth PRSGX	—	★★	0.5	-3.9	7.9	7.5	5.8	11	71	89	84	72	1.1	11.85 (92)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★	-0.7	-0.8	11.3	10.8	8.4	23	31	42	19	9	1.2	12.23 (96)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	★★★	-9.5	-10.0	8.1	10.0	8.0	99	97	87	37	17	0.0	16.4 (72)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★	-4.1	-4.2	11.9	11.3	8.1	69	73	29	10	14	0.6	12.55 (76)	Avg
Vanguard Growth Index Adm VIGAX	Silver	↓★★★★	-0.4	-0.5	11.7	11.3	8.0	18	27	32	12	15	1.3	12.38 (95)	Avg
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★	-3.0	-0.8	11.8	9.7	6.7	54	32	30	45	49	0.7	12.38 (90)	Avg
Vanguard PRIMECAP Core Inv VPCCX	Gold	★★★★★	-0.8	-1.1	12.1	11.1	8.4	24	36	26	14	9	1.1	11.33 (93)	-Avg
Russell 1000 Growth Index			-0.3	0.8	12.3	11.2	8.0								
S&P 500 Index			1.8	1.2	11.2	10.9	6.9								

Legend
Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

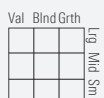
Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)		
							Cash	Stock	Bond	Other	Foreign							
AMAGX	21.0	4.2	43,505	26	19	18	62	2	98	0	0	6	1.14	—	2,528	—		
TWCGX	20.7	3.2	71,572	26	20	16	89	49	1	98	0	1	0.97	27.55	7,375	Brown/Woodhams (0.2/18.6)		
TWCUX	20.3	4.8	72,219	27	23	17	85	16	0	99	0	0	0.98	34.43	8,081	Management Team		
AMCPX	20.9	3.2	29,923	26	23	11	248	31	13	86	1	0	5.75	0.67	26.39	47,489	Management Team	
AGTHX	21.8	3.0	55,709	23	19	18	395	29	8	90	1	1	5.75	0.65	40.91	140,615	Management Team	
ANEFX	20.1	2.6	20,239	28	27	13	202	34	6	89	1	4	5.75	0.78	34.55	14,675	Management Team	
MCGFX	21.9	3.4	89,904	30	22	18	41	12	4	96	0	0	NL	1.06	19.46	1,614	Canakaris/Jung (21.5/1.2)	
SHRAX	22.3	2.4	29,542	34	23	12	76	3	6	94	0	0	5.75	1.13	182.83	12,402	Bauman/Freeman (7.0/32.5)	
FFIDX	21.8	2.7	72,541	20	15	14	98	59	2	98	0	0	NL	0.52	41.4	4,542	John Avery (14.2)	
FBGRX	23.4	3.7	55,676	33	25	17	359	51	0	99	0	1	NL	0.89	65.56	19,769	Sonu Kalra (6.8)	
FDCAX	17.4	3.8	37,529	34	32	11	120	126	7	93	0	0	NL	0.83	31.79	7,635	J. Shiel (10.5)	
FCNTX	22.2	3.4	78,265	27	20	18	332	35	5	94	0	1	NL	0.71	96.9	107,008	William Danoff (25.6)	
FTQGX	24.2	3.8	45,536	25	18	13	48	189	0	100	0	0	NL	0.73	18.19	1,730	Stephen DuFour (9.1)	
FDGRX	23.2	4.0	38,301	36	20	18	393	18	0	99	0	1	Clsd	0.88	128.43	37,831	Steven Wymer (19.3)	
FDSVX	25.1	4.0	49,625	40	17	14	127	51	4	96	0	0	NL	0.77	24.2	1,207	Jason Weiner (9.2)	
FDFFX	16.7	3.0	36,459	26	23	22	120	48	0	100	0	0	NL	0.86	33.78	3,865	Robert Bertelson (9.4)	
FMAGX	19.8	2.6	59,324	21	17	16	135	71	1	99	0	0	NL	0.7	88.47	15,202	Jeffrey Feingold (4.6)	
FMILX	18.0	1.9	22,424	17	16	15	165	57	4	96	0	0	NL	0.74	34.37	2,989	John Roth (9.8)	
FOCPX	25.4	3.5	29,652	58	16	14	188	66	0	99	0	1	NL	0.83	76.09	12,437	Gavin Baker (6.8)	
HACAX	27.3	5.2	82,548	31	31	16	63	37	1	99	0	0	NL	0.65	57.08	25,416	McCarragher/Segalas (3.2/26.0)	
JAMRX	21.9	4.0	39,609	29	18	16	104	45	1	99	0	1	NL	1.0	40.59	4,497	Carmel Wellso (1.3)	
JANSX	23.7	3.9	42,771	30	20	15	92	53	4	96	0	1	NL	0.87	34.26	7,627	Barnard/Wilson (0.2/4.9)	
JAVLX	19.7	3.9	78,725	23	19	15	29	68	0	100	0	0	Clsd	0.82	53.24	8,787	Marc Pinto (2.9)	
JENSX	20.0	5.4	79,547	24	21	16	26	14	4	96	0	0	NL	0.87	38.4	5,071	Management Team	
LIMAX	25.8	3.8	29,984	33	21	18	19	29	0	100	0	0	5.00	1.24	10.77	451	Management Team	
LGILX	26.2	3.7	87,917	34	13	12	50	102	0	100	0	0	NL	0.77	15.64	1,976	Lawrence Kemp (2.6)	
MSEFX	18.6	2.3	27,244	25	25	17	81	33	5	95	0	0	10	1.17	16.49	319	Management Team	
LKEQX	20.1	2.8	34,990	19	18	15	68	13	2	98	0	0	0	0.8	22.15	268	Management Team	
EXEYX	19.9	3.3	28,174	27	18	14	48	62	2	98	0	0	2	1.06	11.83	113	Management Team	
MFOCX	29.0	5.4	78,431	31	28	15	24	48	0	97	3	0	7	1.19	15.27	672	Marsico/Witter (18.3/5.5)	
MGRIX	25.5	4.8	69,225	30	26	18	33	81	1	99	0	0	3	1.27	14.72	321	Marsico/Witter (18.3/5.5)	
MFEGX	26.4	4.2	61,977	25	17	16	92	35	2	98	0	0	2	5.75	0.97	68.89	11,731	Fischman/Sabel (14.1/2.0)
MSEGX	32.3	6.5	60,280	40	21	14	40	34	4	92	0	5	4	5.25	0.96	37.0	3,398	Management Team
NRAAX	18.1	2.6	29,350	21	18	14	39	28	3	97	0	0	9	5.75	1.05	19.06	2,271	Management Team
POGRX	18.3	2.7	21,297	32	31	14	127	5	6	94	0	0	13	NL	0.64	25.88	6,310	Management Team
RWGFY	21.4	2.7	60,614	26	20	12	19	24	3	97	0	0	0	1.16	16.13	1,687	David Rolfe (5.6)	
DWUGX	40.6	5.7	23,692	41	40	11	24	297	3	97	0	0	0	0.84	23.16	65	Noah Blackstein (7.1)	
SEQUX	19.9	3.3	35,531	30	22	20	41	10	5	94	1	0	29	Clsd	1.03	184.97	5,244	David Poppe (10.0)
TRBCX	23.1	3.9	69,086	26	23	22	136	33	0	100	0	0	6	NL	0.72	68.3	30,711	Larry Puglia (22.8)
PRGFY	23.0	3.6	65,873	25	25	21	101	37	2	96	0	2	5	NL	0.68	50.62	43,665	Joseph Fath (2.2)
PRWAX	23.0	3.4	56,872	27	20	18	92	81	1	98	0	1	5	NL	0.79	39.78	3,994	Justin White (0.1)
PRSGX	17.3	2.0	28,249	17	15	15	13	14	3	96	0	1	35	NL	0.78	21.02	3,452	Charles Shriver (5.0)
TIGRX	17.9	2.5	51,623	23	15	14	171	90	1	99	0	0	7	NL	0.43	11.36	4,786	Susan Kempler (11.2)
PTSGX	39.7	4.4	51,832	41	19	18	31	29	1	99	0	0	8	Clsd	1.08	14.85	3,650	Management Team
VHCOX	18.5	2.2	32,856	35	30	17	137	7	6	94	0	0	11	Clsd	0.45	49.29	12,918	Management Team
VIGAX	22.1	4.0	60,992	26	19	15	339	9	0	100	0	0	0	NL	0.08	54.38	48,278	Nejman/O'Reilly (0.0/21.3)
VMRGX	20.9	4.0	49,911	27	21	19	354	41	4	96	0	0	4	NL	0.4	24.17	11,373	Management Team
VPCCX	17.2	2.4	55,091	29	28	18	147	10	6	94	0	0	13	Clsd	0.47	20.65	7,976	Management Team
	19.6	4.8	58,748															
	18.2	2.5	72,453															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 04-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)	
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity			—	-2.7	-2.5	10.6	9.2	6.6	—	—	—	—	—	12.75 (86)	—
Vanguard PRIMECAP Inv VPMCX	Gold	★★★★★	-2.4	-1.8	12.4	11.5	8.3	46	44	20	8	11	1.1	11.45 (90)	-Avg
Large Blend			—	0.8	-2.0	9.3	9.1	5.9	—	—	—	—	—	11.67 (94)	—
Amana Income Investor AMANX	Bronze	★★★★	4.7	1.1	8.5	8.2	7.7	5	17	73	74	6	1.4	11.25 (93)	-Avg
American Funds Fundamental Invs A ANCFX	Gold	★★★★	2.1	1.7	10.7	9.6	6.9	21	11	23	47	18	1.4	11.77 (97)	Avg
American Funds Invmt Co of Amer A AIVSX	Silver	★★★★	5.4	1.1	11.0	10.3	6.4	4	18	17	30	35	1.7	11.29 (95)	-Avg
AMG Yacktman Focused Service YAFFX	Silver	★★★★	4.8	1.6	6.9	8.8	10.2	5	12	86	65	1	0.9	10.35 (85)	Low
AMG Yacktman Service YACKX	Gold	★★★★	4.6	1.3	7.1	8.9	9.8	5	15	85	63	1	1.4	9.4 (88)	Low
BBH Core Select N BBTEX	Silver	★★★★	2.6	-0.6	6.8	9.5	8.6	16	42	87	52	2	0.5	9.66 (92)	Low
Bridgeway Blue Chip 35 Index BRLIX	Silver	★★★★★	2.7	2.7	10.5	11.5	7.3	15	7	32	4	10	2.5	11.46 (96)	Avg
Clipper CFIMX	Bronze	↑★★★★	0.8	3.4	10.9	10.3	4.8	54	4	19	29	84	0.5	12.6 (90)	+Avg
Davis NY Venture A NYVTX	Bronze	↑★★	-0.7	-2.1	8.9	7.9	4.9	80	58	67	77	84	0.5	13.13 (90)	High
Dreyfus Appreciation Investor DGAGX	Bronze	★★★★	2.7	-1.7	6.2	7.2	5.8	15	54	91	85	58	1.6	11.79 (93)	Avg
Fidelity Dividend Growth FDGFX	Neutral	★★	-0.3	-3.0	9.6	7.7	6.3	75	66	55	80	39	1.4	11.39 (98)	Avg
Fidelity Growth & Income FGRIX	Bronze	★★	1.6	-3.7	8.7	10.3	2.6	37	71	70	30	98	2.1	12.36 (95)	+Avg
Fidelity Large Cap Stock FLCSX	Silver	★★★★	1.9	-4.8	10.2	10.6	7.3	25	81	39	18	9	1.1	13.15 (92)	High
Fidelity Spartan 500 Index Inv FUSEX	Gold	★★★★★	1.7	1.1	11.2	10.9	6.8	29	17	11	10	19	2.1	11.35 (100)	Avg
Fidelity Spartan Total Market Idx Inv FSTMX	Gold	★★★★★	1.5	-0.3	10.6	10.4	6.9	39	38	29	26	17	1.9	11.55 (99)	Avg
First Eagle US Value A FEVAX	Neutral	↑★★★★	7.2	1.4	6.5	6.9	6.7	1	13	89	89	25	0.2	8.98 (81)	Low
FMI Large Cap FMIHX	Gold	★★★★★	5.1	-0.6	9.7	10.1	8.0	4	42	53	35	5	1.0	10.5 (93)	-Avg
FPA US Value FPPFX	Neutral	★★	-2.2	-6.8	8.1	7.6	6.4	90	90	77	81	35	0.0	14.23 (70)	High
Gabelli Asset AAA GABAX	—	★★★★	4.4	-3.1	6.6	7.5	7.0	6	67	88	83	13	0.3	12.24 (93)	+Avg
Janus Growth & Income T JAGIX	Neutral	★★★★	1.9	1.3	9.9	9.6	5.1	25	15	47	48	78	1.8	11.23 (96)	-Avg
Longleaf Partners LLPFX	Neutral	★	9.1	-13.2	3.7	4.7	3.0	1	98	98	98	98	1.1	15.84 (78)	High
MainStay ICAP Equity I ICAEX	Neutral	★★	-1.2	-3.7	7.5	8.0	5.6	85	72	82	76	63	1.0	12.32 (94)	+Avg
MainStay ICAP Select Equity I ICSLX	Neutral	↓★	-3.0	-8.2	5.4	6.5	5.2	95	93	94	92	76	1.0	12.83 (94)	+Avg
MainStay MAP I MUBFX	Bronze	★★	-0.8	-6.1	6.9	7.5	5.4	80	87	86	82	70	1.2	12.37 (98)	+Avg
Mairs & Power Growth Inv MPGFX	Silver	★★★★★	9.0	6.5	11.3	11.9	7.9	1	1	9	2	5	1.4	12.09 (89)	+Avg
MFS Research A MFRFX	Bronze	★★★★	1.1	-0.2	10.0	9.9	7.0	49	37	44	39	15	0.7	11.17 (97)	-Avg
Oakmark I OAKMX	Gold	★★★★★	1.2	-3.9	10.1	10.8	8.0	47	73	43	11	4	0.9	13.1 (95)	High
Oakmark Select I OAKLX	Gold	★★★★	-3.1	-8.0	10.3	10.4	6.5	95	92	37	27	31	0.3	14.22 (88)	High
Parnassus Core Equity Investor PRBLX	Silver	★★★★★	1.4	2.1	10.7	11.1	9.3	43	9	26	7	1	2.1	10.56 (92)	-Avg
PRIMECAP Odyssey Stock POSKX	Gold	↓★★★★	-0.8	-1.7	10.7	10.6	7.5	80	54	24	18	8	1.0	11.23 (95)	-Avg
Royce Special Equity Multi-Cap Service RSEMXX	Bronze	↓★★	2.7	-11.4	5.7	7.4	—	15	97	93	83	—	2.3	13.54 (82)	High
Schwab S&P 500 Index SWPPX	Silver	★★★★★	1.7	1.1	11.1	10.9	6.9	30	17	12	10	18	2.1	11.33 (100)	Avg
Schwab Total Stock Market Index SWTSX	Silver	★★★★★	1.5	-0.3	10.6	10.5	7.0	40	38	28	23	14	1.9	11.54 (99)	Avg
Selected American Shares D SLADX	Bronze	★★	-0.6	-1.3	9.1	8.1	5.2	79	49	63	75	75	0.8	12.97 (90)	High
T. Rowe Price Dividend Growth PRDGX	Silver	★★★★★	3.4	4.1	11.3	11.1	7.5	9	3	9	7	8	1.3	10.66 (97)	-Avg
T. Rowe Price Growth & Income PRGIX	—	★★★★	0.5	3.7	12.1	10.7	7.0	59	4	4	15	15	1.0	11.08 (96)	-Avg
Thornburg Value A TVAFX	—	★	-2.2	-4.4	11.6	6.6	5.2	90	77	7	91	76	0.0	11.48 (88)	Avg
TIAA-CREF Social Choice Eq Retail TICRX	Bronze	★★★★	2.6	-0.8	9.1	9.2	6.3	17	44	63	58	40	1.7	11.6 (98)	Avg
Vanguard 500 Index Admiral VFIAX	Gold	★★★★★	1.7	1.2	11.2	11.0	6.9	28	16	10	8	16	2.1	11.34 (100)	Avg
Vanguard Dividend Appreciation Idx Inv VDAIX	Gold	↑★★★★	4.7	3.2	8.9	9.4	7.0	5	5	68	53	14	2.1	10.94 (93)	-Avg
Vanguard Dividend Growth Inv VDIGX	Gold	★★★★★	3.4	5.3	10.9	11.6	8.6	9	2	18	3	2	1.9	10.16 (94)	Low
Vanguard FTSE Social Index Inv VFTSX	Bronze	★★★★	-0.4	-1.3	11.7	11.7	5.8	76	49	6	3	58	1.9	11.85 (98)	+Avg
Vanguard Growth & Income Inv VQNPX	Neutral	★★★★	1.6	1.9	11.7	11.4	6.2	33	10	6	5	44	1.7	11.2 (99)	-Avg
Vanguard Tax-Managed Capital App Adm VTCLX	Gold	★★★★	1.4	0.4	11.3	10.8	7.0	44	30	10	13	14	2.1	11.57 (99)	Avg
Vanguard Total Stock Mkt Idx Adm VTSAX	Gold	★★★★★	1.6	-0.2	10.7	10.5	7.0	35	37	24	22	15	1.9	11.53 (99)	Avg
Weitz Partners Value Investor WPVLX	Silver	★★	2.9	-9.0	5.4	7.9	5.8	13	94	94	78	58	0.0	10.0 (82)	Low
Russell 1000 Value Index			3.7	-0.5	9.4	9.9	5.5								
S&P 500 Index			1.8	1.2	11.2	10.9	6.9								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
—	24.0	3.3	83,010	26	19	18	—	62	2	98	0	0	6	—	1.14	—	2,528	—
VPMCX	18.4	2.8	66,854	34	30	15	129	9	3	97	0	0	12	Clsd	0.4	97.34	45,408	Management Team
—	18.0	2.5	99,076	17	15	15	—	61	2	97	0	0	4	—	0.99	—	4,164	—
AMANX	19.8	4.7	49,979	27	20	19	46	0	2	98	0	0	10	NL	1.13	44.38	1,285	Kaiser/Klimo (26.3/3.6)
ANCFX	19.2	2.7	78,512	19	14	14	229	27	5	95	0	0	10	5.75	0.6	51.63	74,280	Management Team
AIVSX	17.4	2.7	71,056	16	16	13	251	30	8	92	0	0	8	5.75	0.58	35.02	75,060	Management Team
YAFFX	17.3	2.5	109,370	38	29	18	25	6	15	84	2	0	13	NL	1.25	20.71	5,065	Subotky/Yackman (6.3/13.3)
YACKX	17.8	3.0	92,407	37	23	14	44	3	17	82	1	0	5	NL	0.74	21.84	8,862	Subotky/Yackman (6.3/13.3)
BBTEX	18.4	2.5	72,967	25	19	14	34	8	8	92	0	0	12	NL	1.0	20.94	4,082	Hartch/Keller (10.6/7.5)
BRLIX	17.0	2.6	180,811	23	14	14	38	19	0	100	0	0	0	NL	0.15	12.01	607	Management Team
CFIMX	21.0	2.0	69,974	43	13	11	25	31	6	94	0	0	8	NL	0.72	105.26	1,076	Davis/Goei (10.3/2.3)
NYVTX	16.9	1.7	56,773	31	17	14	65	23	0	99	0	1	14	4.75	0.86	30.68	12,482	Davis/Goei (20.6/2.3)
DGAGX	19.1	3.1	127,729	27	18	15	55	5	2	98	0	0	17	NL	0.92	37.47	2,409	Management Team
FDGFX	17.2	2.3	78,680	22	15	14	102	64	3	97	0	0	10	NL	0.69	30.19	7,498	Ramona Persaud (2.3)
FGRIX	16.1	1.9	66,281	22	18	14	194	35	0	98	0	1	9	NL	0.67	29.2	6,168	Matthew Fruhan (5.2)
FLCSX	16.0	1.8	57,794	22	19	14	194	36	0	100	0	0	7	NL	0.88	26.62	2,536	Matthew Fruhan (11.0)
FUSEX	18.1	2.5	73,358	19	15	14	511	5	1	99	0	0	2	NL	0.09	72.66	93,557	Management Team
FSTMX	18.3	2.4	41,827	18	14	14	3460	3	1	99	0	0	2	NL	0.1	59.29	31,732	Management Team
FEVAX	16.6	2.1	24,921	24	20	18	86	15	12	78	0	10	4	5.00	1.09	19.69	2,240	Management Team
FMIHX	17.7	2.8	47,692	19	17	15	30	18	5	95	0	0	13	Clsd	0.87	19.56	7,644	Management Team
FPPFX	13.0	2.4	26,351	38	33	11	28	109	10	88	0	2	7	Clsd	0.97	9.15	160	Gregory Nathan (0.7)
GABAX	18.1	2.2	15,491	22	21	19	495	3	0	100	0	0	17	NL	1.35	56.47	2,747	Management Team
JAGIX	17.2	3.6	64,432	18	16	15	66	30	0	97	0	3	1	NL	0.87	44.74	4,121	Buckley/Pinto (1.7/8.4)
LLPFX	17.9	1.3	21,080	40	15	12	23	46	19	77	2	2	28	NL	0.93	23.41	3,604	Cates/Hawkins (22.1/29.0)
ICAEX	14.7	1.7	44,844	21	17	14	44	76	2	98	0	0	9	NL	0.88	41.27	878	Management Team
ICSLX	14.8	1.7	50,583	22	19	17	31	86	0	99	0	1	9	NL	0.9	34.63	2,341	Management Team
MUBFX	15.3	1.7	50,765	19	17	16	149	51	1	99	0	0	15	NL	0.86	35.75	1,469	Management Team
MPGFX	19.1	3.3	23,044	33	21	12	51	9	1	99	0	0	2	NL	0.65	113.8	4,105	Adams/Henneman (1.3/10.3)
MFRFX	19.9	2.7	51,743	18	15	15	128	44	1	99	0	0	3	5.75	0.82	36.45	4,838	Joseph MacDougall (7.9)
OAKMX	14.4	1.7	58,641	36	21	14	55	33	4	96	0	0	7	NL	0.85	63.62	15,579	Grant/Nygren (16.1/16.1)
OAKLX	14.6	1.5	53,289	40	26	9	24	46	7	91	2	0	1	NL	0.95	37.98	5,341	Management Team
PRBLX	20.3	2.8	33,558	23	18	15	41	26	5	95	0	0	4	NL	0.87	37.37	12,520	Ahlsten/Allen (15.0/4.0)
POSKX	16.9	2.5	39,492	29	22	16	125	7	9	91	0	0	10	NL	0.65	23.43	5,482	Management Team
RSEMX	14.9	3.7	21,919	42	33	19	27	31	8	92	0	0	0	NL	1.24	12.72	129	Dreifus/McBoyle (5.3/1.6)
SWPPX	18.1	2.5	73,275	19	15	14	507	2	1	99	0	1	1	NL	0.09	32.09	21,774	Management Team
SWTSX	18.4	2.4	42,071	18	14	14	2472	2	1	99	0	0	2	NL	0.09	36.66	4,587	Hong/Juwono (4.2/3.2)
SLADX	19.1	2.0	62,582	32	17	14	64	27	2	97	0	1	15	NL	0.61	36.73	2,763	Davis/Goei (21.4/2.3)
PRDGX	19.4	2.9	54,011	19	16	16	104	24	6	94	0	0	3	NL	0.65	35.4	4,916	Thomas Huber (16.1)
PRGIX	19.2	2.4	75,138	23	16	13	51	76	5	95	0	0	0	NL	0.67	28.54	1,556	Jeffrey Rottinghaus (0.9)
TVAFX	16.8	1.9	20,367	18	18	17	50	59	8	92	0	0	11	4.50	1.37	50.71	903	Browne/MacDonald (10.2/1.2)
TICRX	16.9	2.4	33,961	18	16	14	849	17	0	100	0	0	1	NL	0.44	14.44	2,669	Campagna/Liao (10.3/1.9)
VFIAX	18.1	2.5	73,254	19	15	14	511	3	0	99	0	0	1	NL	0.05	190.72	216,268	Butler/Geiger (0.0/0.0)
VDAIX	19.9	4.0	47,941	24	22	15	191	22	0	100	0	0	1	NL	0.2	32.42	24,204	Ryan Ludt (10.0)
VDIGX	18.7	3.2	87,235	20	19	14	50	26	3	97	0	0	10	NL	0.32	23.1	28,399	Donald Kilbride (10.2)
VFTSX	17.5	2.5	63,816	24	20	19	423	20	0	100	0	0	1	NL	0.25	13.1	2,057	Coleman/OReilly (0.3/0.3)
VQNPX	16.3	2.4	57,874	17	16	15	847	116	3	97	0	0	1	NL	0.34	40.19	6,260	Management Team
VTCLX	18.5	2.5	50,732	18	14	14	653	10	0	100	0	0	0	NL	0.11	104.69	6,655	Butler/Coleman (0.0/0.0)
VTSAX	18.3	2.4	41,891	18	14	14	3691	3	0	99	0	0	1	NL	0.05	51.36	415,345	Nejman/OReilly (0.0/21.3)
WPVLX	19.7	1.8	17,501	27	19	13	39	26	14	82	0	4	6	NL	1.18	27.99	830	Hinton/Weitz (9.7/32.9)
	17.0	1.7	52,089															
	18.2	2.5	72,453															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 04-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr			
Large Blend (cont'd)		—	0.8	-2.0	9.3	9.1	5.9	—	—	—	—	—	—	11.67 (94)	—
Weitz Value Investor WVALX	Silver	★★	1.4	-7.3	7.1	9.2	4.8	44	91	86	59	85	0.0	9.7 (79)	Low
Large Value		—	2.8	-2.5	8.1	8.5	5.2	—	—	—	—	—	—	11.7 (91)	—
AllianzGI NFJ Large-Cap Value A PNBAX	—	★★	0.8	-4.9	6.8	8.2	3.6	83	76	80	60	83	1.9	11.78 (95)	Avg
American Beacon Lg Cap Value Inv AAGPX	Bronze	★★★★	2.0	-7.0	7.4	8.6	5.0	61	88	70	49	54	1.5	12.63 (93)	+Avg
American Century Equity Income Inv TWEIX	Silver	★★★★★	7.9	7.9	9.5	9.6	7.0	4	2	23	28	12	2.2	8.08 (85)	Low
American Century Value Inv TWVLX	Silver	★★★★	5.6	0.3	9.6	9.9	6.2	11	22	20	20	24	1.8	11.02 (92)	-Avg
American Funds American Mutual A AMRMX	Gold	★★★★	5.1	0.9	9.0	9.9	6.9	15	18	31	21	13	2.1	10.03 (95)	Low
American Funds Washington Mutual A AWSHX	Gold	★★★★	2.9	1.6	10.1	10.6	6.6	43	14	13	9	19	2.0	10.76 (98)	-Avg
Artisan Value Investor ARTLX	Bronze	↑★★★★	14.8	-1.0	7.2	8.1	5.9	1	31	73	61	32	0.5	14.57 (63)	High
Auxier Focus Inv AUXFX	—	★★★	1.1	-0.8	5.8	6.7	6.1	78	29	89	85	26	1.0	10.03 (95)	Low
Becker Value Equity Retail BVEFX	Bronze	★★★★	4.2	-6.0	9.1	9.1	6.4	26	83	30	38	22	1.2	11.96 (92)	Avg
★ Columbia Dividend Income A LSBAX	Silver	★★★★	3.5	3.5	9.2	10.4	7.5	37	7	27	13	6	2.6	10.42 (96)	-Avg
Diamond Hill Large Cap A DHLAX	Gold	★★★★	2.1	-0.6	10.1	10.0	6.5	61	27	13	20	21	0.8	12.47 (95)	+Avg
Dodge & Cox Stock DODGX	Gold	★★★	1.1	-4.8	9.6	9.8	5.0	77	75	21	23	52	1.7	12.72 (92)	+Avg
Fairholme FAIRX	Silver	★	0.6	-12.0	1.5	2.1	4.8	85	98	99	99	59	1.9	17.71 (47)	High
Fidelity Equity Dividend Income FEQTZ	—	★★★★	4.0	0.4	8.6	8.4	4.5	29	21	41	56	68	2.3	10.76 (96)	-Avg
Fidelity Equity-Income FEQIX	Neutral	★★	3.9	-2.2	7.1	7.3	4.3	32	44	75	77	72	3.0	10.65 (94)	-Avg
Franklin Mutual Beacon A TEBIX	Bronze	★★	3.9	-6.7	7.1	7.5	4.2	31	86	75	74	73	2.0	11.11 (86)	-Avg
Invesco Comstock A ACSTX	Silver	↑★★★★	1.3	-6.9	7.2	8.4	5.4	74	87	72	56	43	1.5	12.93 (91)	+Avg
Invesco Diversified Dividend A LCEAX	Silver	★★★★★	6.5	6.1	11.0	11.2	7.7	8	3	5	5	4	1.6	9.02 (87)	Low
Invesco Growth and Income A ACGIX	Bronze	★★★	1.1	-3.4	8.0	8.3	5.6	77	62	56	58	38	1.6	12.12 (91)	Avg
JPMorgan Value Advantage A JVAAX	Silver	★★★	2.0	-3.9	8.6	9.9	7.7	61	67	42	21	4	0.6	10.88 (94)	-Avg
Perkins Large Cap Value T JPLTX	—	★★★	3.7	-0.1	7.9	7.9	—	35	25	58	67	—	1.4	10.28 (96)	-Avg
Schwab Fundamental US Large Company Idx SFLNX	Bronze	★★★★	4.9	0.8	10.2	10.3	—	17	19	11	14	—	2.2	11.24 (97)	Avg
Sound Shore Investor SSSHX	Silver	↓★★★★	2.2	-4.4	10.0	9.7	6.0	58	72	15	26	31	0.8	13.33 (94)	High
T. Rowe Price Equity Income PRFDX	Bronze	★★★	5.2	-2.6	6.6	8.1	5.4	15	53	82	63	42	2.0	11.62 (93)	Avg
T. Rowe Price Value TRVLX	Bronze	★★★★	0.7	-2.9	10.3	10.4	6.8	83	57	11	12	15	1.9	11.71 (96)	Avg
TCW Relative Value Dividend Apprec N TGIGX	Neutral	★★★	1.7	-3.8	7.5	8.9	5.3	66	66	68	44	47	1.5	12.52 (97)	+Avg
Torray TORYX	—	★★★★	4.4	2.2	10.7	9.8	5.0	22	11	7	22	52	1.0	11.11 (91)	Avg
Vanguard Equity-Income Inv VEIPX	Silver	★★★★★	4.6	3.6	10.1	11.6	7.6	21	7	13	3	5	2.8	10.61 (95)	-Avg
Vanguard High Dividend Yield Index Inv VHDYX	Silver	★★★★★	4.8	3.4	10.4	11.8	—	19	7	9	2	—	3.1	10.65 (93)	-Avg
Vanguard US Value Inv VUVLX	Bronze	★★★★	1.2	-1.1	10.0	11.0	5.7	76	32	15	7	37	2.1	11.3 (93)	Avg
Vanguard Value Index Adm VVIAX	Silver	★★★★	3.2	1.3	10.3	10.2	6.0	40	16	10	15	30	2.6	10.94 (97)	-Avg
Vanguard Windsor II Inv VWNFX	Bronze	★★★★	2.8	-2.0	8.6	9.5	5.8	46	43	41	29	34	2.2	11.51 (96)	Avg
Vanguard Windsor Inv VWNDX	Bronze	★★★	0.2	-5.8	9.2	9.5	5.2	90	82	27	30	48	1.8	13.08 (92)	+Avg
Mid-Cap Growth		—	-1.3	-6.4	8.4	7.0	6.0	—	—	—	—	—	—	13.49 (75)	—
Akre Focus Retail AKREX	Silver	★★★★★	2.3	2.4	11.7	14.7	—	11	3	10	1	—	0.0	11.96 (84)	-Avg
American Century Heritage Inv TWHIX	Bronze	★★★★	-1.7	-5.9	8.7	6.9	8.2	56	46	49	50	12	0.0	13.11 (76)	Avg
Artisan Mid Cap Investor ARTMX	Silver	★★★★	-4.2	-5.4	8.4	8.4	8.5	86	39	53	29	10	0.0	15.06 (64)	+Avg
Baron Asset Retail BARAX	—	↓★★★★	-1.6	-3.2	9.4	8.7	6.2	52	26	38	25	46	0.0	12.75 (80)	Avg
Baron Growth Retail BGRFX	Bronze	★★★	1.2	-5.1	7.1	8.1	6.2	20	37	70	34	45	0.0	12.35 (72)	-Avg
Baron Opportunity Retail BIOPX	—	★★★★	-7.0	-9.5	5.5	4.1	6.3	96	79	87	91	42	0.0	17.02 (59)	High
Buffalo Mid Cap BUFMX	Neutral	★★★	-2.7	-9.6	7.5	5.9	5.7	68	80	67	71	60	0.0	12.94 (70)	Avg
Champlain Mid Cap Adv CIPMX	Silver	★★★★	6.4	2.6	12.0	10.1	—	1	2	9	10	—	0.0	12.45 (83)	-Avg
Columbia Acorn Select Z ACTWX	—	★★	-1.7	-4.2	6.8	4.6	5.1	55	32	75	88	71	0.0	12.85 (76)	Avg
Columbia Acorn Z ACRNX	Neutral	↑★★★★	-1.7	-5.7	5.1	5.4	5.6	54	43	89	80	62	0.0	13.7 (73)	Avg
Eventide Gilead N ETGLX	Neutral	★★★★	-6.7	-13.9	12.0	11.4	—	95	92	9	4	—	0.0	17.46 (57)	High
FAM Value Investor FAMVX	—	★★★★	4.1	0.9	10.7	9.7	6.0	4	6	21	13	52	0.0	11.29 (84)	Low
Russell MidCap Growth Index			0.5	-4.3	10.2	9.0	7.2								

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

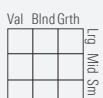
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
WVALX	—	18.0	2.5	99,076	17	15	15	—	61	2	97	0	0	4	—	0.99	—	4,164	—
		20.3	2.2	34,601	23	17	14	35	36	17	82	0	2	7	NL	1.15	39.07	933	Hinton/Perkins (9.7/4.3)
PNBAX	—	16.5	2.0	78,671	20	13	11	—	60	2	97	0	1	5	—	1.07	—	2,295	—
		12.8	1.7	64,971	25	14	13	64	26	0	100	0	0	5	5.50	1.11	20.25	517	Management Team
AAGPX		12.1	1.3	43,482	25	13	13	210	32	3	97	0	0	15	NL	0.94	23.41	8,954	Management Team
TWEIX		17.5	2.0	45,666	18	17	15	90	56	2	77	4	17	4	NL	0.93	8.56	9,758	Management Team
TWVLX		16.5	1.6	50,887	23	20	13	127	45	2	98	0	0	4	NL	0.97	7.98	2,936	Management Team
AMRMX		17.2	3.0	69,664	18	15	12	218	27	5	91	1	3	8	5.75	0.58	35.39	36,725	Management Team
AWSHX		18.4	3.0	90,084	15	14	13	180	24	3	96	0	1	6	5.75	0.58	39.38	78,463	Management Team
ARTLX		13.6	1.3	27,257	24	18	16	38	74	8	92	0	0	17	NL	1.0	12.41	956	Management Team
AUXFX		17.7	2.3	57,830	30	24	20	110	4	13	87	0	0	10	NL	1.14	19.41	250	J. Jeffrey Auxier (16.7)
BVEFX		14.4	1.9	49,244	18	16	16	56	32	0	100	0	0	3	NL	0.79	16.81	357	Management Team
LSBAX		18.2	2.9	95,553	16	14	14	81	27	4	96	0	0	2	NL	1.02	18.12	8,676	Management Team
DHLAX		15.3	2.0	57,138	26	15	14	51	20	1	99	0	0	0	5.00	0.99	21.88	3,667	Management Team
DODGX		15.4	1.7	56,602	26	24	16	66	15	1	99	0	0	9	NL	0.52	160.49	53,767	Management Team
FAIRX		8.4	1.4	4,131	37	22	19	52	40	25	54	8	14	11	NL	1.04	18.62	2,967	Bruce Berkowitz (16.3)
FEQTX		16.6	1.8	67,950	22	16	14	101	49	1	99	0	0	10	NL	0.66	25.43	5,028	Scott Offen (4.5)
FEQIX		15.1	1.8	54,677	21	13	13	176	46	2	98	0	0	9	NL	0.71	52.15	7,773	Management Team
TEBIX		15.7	1.4	40,352	23	19	16	95	35	3	94	3	0	35	5.75	1.09	14.75	3,676	Management Team
ACSTX		13.8	1.4	52,381	29	16	14	82	17	5	95	0	0	11	5.50	0.83	21.86	12,074	Management Team
LCEAX		17.4	2.3	34,267	32	14	14	79	11	13	87	0	0	11	5.50	0.83	18.66	14,729	Management Team
ACGIX		14.8	1.5	54,239	31	13	13	88	23	3	97	0	0	11	5.50	0.84	23.75	7,744	Management Team
JVAAX		14.1	1.5	26,887	30	17	10	120	17	0	100	0	0	1	5.25	1.25	28.36	10,331	Management Team
JPLTX		16.3	2.1	73,032	25	16	15	66	39	6	94	0	0	6	NL	0.87	15.47	157	Perkins/Preloger (7.3/7.3)
SFLNX		16.9	2.1	57,490	14	14	12	623	12	1	99	0	0	2	NL	0.35	14.72	4,682	Management Team
SSHFX		15.5	1.6	43,365	27	23	13	37	39	2	98	0	0	17	NL	0.93	42.21	1,884	Management Team
PRFDX		15.4	1.8	47,912	21	14	12	116	27	2	96	1	1	7	NL	0.66	29.83	21,907	John Linehan (0.5)
TRVLX		14.5	1.7	43,929	21	19	12	100	68	2	97	0	1	4	NL	0.82	31.48	22,397	Mark Finn (6.3)
TGIGX		16.6	1.8	41,535	21	16	15	55	17	0	98	2	0	9	NL	1.14	16.56	1,057	Diane Jaffee (14.4)
TORYX		14.2	1.8	39,738	24	20	20	33	10	15	85	0	0	2	NL	1.08	47.41	404	Fialco/Torrey (8.0/25.3)
VEIPX		15.8	2.2	81,645	17	14	13	193	32	1	98	0	2	8	NL	0.26	30.7	20,197	Management Team
VHDYX		16.9	2.4	76,835	16	14	13	482	11	0	100	0	0	1	NL	0.16	27.53	15,657	Coleman/O'Reilly (0.2/0.2)
VUVLX		13.5	1.6	29,220	25	13	12	242	66	1	99	0	0	1	NL	0.26	16.5	1,328	Management Team
VVIAX		15.8	1.9	72,942	21	15	12	323	8	0	100	0	0	1	NL	0.08	32.62	37,844	Nejman/O'Reilly (0.0/21.3)
VWNFX		14.3	1.7	64,916	22	19	13	284	26	3	97	0	0	9	NL	0.34	34.44	44,475	Management Team
VWNDX		14.7	1.6	34,729	28	18	15	145	28	2	97	0	1	12	NL	0.39	19.18	16,475	Management Team
AKREX	—	22.1	3.4	9,464	20	19	18	—	60	3	97	0	0	4	—	1.23	—	1,218	—
		23.6	2.6	18,139	30	26	18	36	16	4	94	0	2	2	NL	1.34	23.65	4,848	Management Team
TWHIX		23.1	4.2	12,178	23	19	18	98	62	0	99	0	1	7	NL	1.0	20.86	5,061	Management Team
ARTMX		24.7	4.1	12,666	23	23	22	75	51	4	96	0	0	4	Clsd	1.19	38.29	8,164	Management Team
BARAX		28.8	3.8	9,351	23	22	18	59	13	2	98	0	0	2	NL	1.31	56.25	2,490	Andrew Peck (12.7)
BGRFX		26.5	3.5	4,385	26	17	16	65	6	3	96	0	0	3	NL	1.29	64.0	6,082	Ronald Baron (21.3)
BIOPX		50.6	4.4	17,867	49	17	9	44	41	0	100	0	0	6	NL	1.38	15.48	268	Management Team
BUFMX		23.7	3.8	6,698	24	22	19	61	12	7	93	0	0	2	NL	1.01	14.91	444	Carlsen/Male (1.2/14.3)
CIPMX		19.1	2.5	6,231	20	18	16	60	46	2	98	0	0	0	NL	1.28	14.1	799	Management Team
ACTWX		23.2	3.7	5,062	29	21	12	35	55	0	100	0	0	5	NL	0.84	14.98	352	Frank/Szafrański (0.4/1.0)
ACRNX		22.5	3.4	4,312	25	19	19	136	21	0	99	0	1	2	NL	0.79	19.02	6,175	Management Team
ETGLX		22.0	3.2	6,618	37	21	16	74	21	12	87	0	1	10	NL	1.38	23.84	1,569	Barksdale/Kuruville (5.5/7.8)
FAMVX		18.2	2.5	11,237	31	24	17	40	8	9	91	0	0	4	NL	1.18	62.55	994	Fox/Putnam (16.0/29.3)
		20.5	4.2	11,215															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 04-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst						(R ²)	
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity			—	-1.3	-6.4	8.4	7.0	6.0	—	—	—	—	—	13.49 (75)	—
Mid-Cap Growth (cont'd)															
Fidelity Mid-Cap Stock FMCSX	🥉 Bronze	★★★★	4.1	-3.4	9.4	8.9	6.3	4	28	37	22	44	0.6	12.0 (78)	-Avg
Hennessy Focus Investor HFCSX	🥉 Bronze	★★★★★	2.1	0.9	11.2	12.9	9.0	12	6	15	1	6	0.0	12.25 (82)	-Avg
Janus Enterprise T JAENX	🥉 Bronze	★★★★★	3.1	0.9	12.5	10.3	8.9	8	6	5	9	7	0.3	10.99 (81)	Low
Meridian Contrarian Legacy MVALX	🥉 Bronze	★★★	1.4	-6.6	8.4	8.6	6.0	18	53	54	26	50	0.1	13.67 (81)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	🏆 Gold	★★★★★	-4.4	-4.8	15.3	13.8	11.2	87	36	1	1	1	0.0	15.44 (62)	High
T. Rowe Price Mid-Cap Growth RPMGX	🏆 Gold	★★★★★	0.0	0.5	13.7	10.7	9.4	35	8	1	7	3	0.0	12.17 (79)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	🥉 Bronze	★★★★	-3.1	-7.6	9.1	8.4	7.1	74	61	43	29	26	0.3	13.18 (81)	Avg
Westport R WPPFRX	—	★★★	4.1	-3.2	8.2	7.6	7.7	4	26	55	42	19	0.0	12.77 (89)	Avg
Mid-Cap Blend			2.1	-5.1	7.9	7.4	5.9	—	—	—	—	—	—	12.56 (80)	—
Ariel Appreciation Investor CAAPX	—	★★★	4.7	-6.1	9.7	9.5	7.8	19	68	19	12	11	1.0	15.0 (88)	High
Ariel Fund Investor ARGFX	🥉 Bronze	↑★★★★	0.6	-8.4	10.1	8.5	5.9	73	80	13	35	57	0.6	16.06 (87)	High
ASTON/Fairpointe Mid Cap N CHTTX	🥈 Silver	★★★★	4.5	-10.1	8.9	8.5	9.3	23	85	41	35	1	0.3	15.54 (76)	High
Fidelity Spartan Extended Mkt Index Inv FSEMXX	🥈 Silver	★★★	0.8	-6.0	8.4	8.2	7.0	70	67	54	46	30	1.3	13.8 (77)	+Avg
First Eagle Fund of America Y FEAFX	🥉 Bronze	★★★★	-4.7	-9.7	6.6	7.6	7.6	95	83	74	58	16	0.0	12.61 (80)	Avg
FMI Common Stock FMIMX	🏆 Gold	★★★★	6.7	-2.1	8.4	8.0	8.2	5	30	55	49	6	0.0	11.95 (79)	-Avg
Janus Contrarian T JSVAX	Neutral	★★	-5.0	-14.2	6.0	5.9	4.1	97	92	79	79	86	0.3	12.97 (62)	+Avg
Longleaf Partners Small-Cap LLSCX	🥈 Silver	↑★★★★★	11.6	-3.4	10.9	11.4	8.8	1	45	6	2	2	0.1	12.43 (60)	Avg
Osterweis OSTFX	Neutral	★★★	-0.8	-11.6	4.4	5.5	5.4	84	89	92	82	66	0.5	11.23 (83)	-Avg
Vanguard Capital Value Inv VCVLX	Neutral	★	-0.6	-17.5	5.4	5.2	4.9	83	98	85	83	74	1.2	16.41 (77)	High
Vanguard Extended Market Idx Adm VEXAX	🏆 Gold	★★★	0.8	-5.9	8.5	8.3	6.8	70	66	52	43	36	1.7	13.85 (77)	+Avg
Vanguard Mid Cap Index Adm VIMAX	🏆 Gold	★★★★	1.7	-3.4	10.3	9.6	7.2	63	44	10	10	24	1.6	12.06 (89)	-Avg
Vanguard Strategic Equity Inv VSEQX	🥉 Bronze	★★★★	0.2	-4.8	11.5	10.8	6.1	75	55	2	4	56	1.6	12.8 (84)	+Avg
Weitz Hickory WEHIX	🥈 Silver	★★★	4.0	-6.9	4.8	6.6	5.5	28	73	91	74	64	0.0	11.32 (72)	-Avg
Westport Select Cap R WPSRX	—	★★	3.7	-6.3	7.1	4.4	5.6	34	70	70	89	61	0.0	16.34 (67)	High
Westwood SMidCap Institutional WHGMX	—	★★★★	-1.9	-10.0	5.7	5.8	8.1	90	85	82	81	7	0.1	13.42 (80)	+Avg
Mid-Cap Value			4.1	-3.7	8.2	7.9	6.1	—	—	—	—	—	—	12.6 (82)	—
American Century Mid Cap Value Inv ACMVX	🥈 Silver	★★★★★	7.3	4.6	12.3	11.5	9.0	10	2	3	1	3	1.1	10.59 (87)	Low
Artisan Mid Cap Value Investor ARTQX	🥈 Silver	★★★	9.5	-3.9	5.5	7.3	7.3	4	55	92	66	18	0.4	12.35 (78)	Avg
Delafield Fund DEFIX	—	★★	6.4	-13.3	0.5	1.9	5.3	12	96	98	98	75	0.0	17.72 (69)	High
Diamond Hill Small-Mid Cap A DHMAX	🏆 Gold	★★★★	5.1	0.9	11.3	10.3	8.2	24	15	8	7	10	0.1	11.63 (75)	-Avg
Fidelity Leveraged Company Stock FLVXX	🥉 Bronze	★★	0.9	-10.3	6.2	7.0	5.7	94	91	87	73	63	0.9	14.15 (81)	+Avg
Fidelity Low-Priced Stock FLPSX	🥈 Silver	★★★★	0.7	-3.7	8.4	9.1	7.3	95	52	55	32	19	1.2	10.04 (87)	Low
Fidelity Value FVDLX	Neutral	★★★	4.7	-5.4	9.5	9.1	5.8	32	72	29	33	60	1.0	12.69 (86)	Avg
FPA Capital FPPTX	🥉 Bronze	★	3.8	-14.0	-0.7	0.2	3.5	57	98	99	99	95	0.3	13.63 (52)	+Avg
GoodHaven GOODX	Neutral	★	14.1	-7.5	-3.0	3.8	—	1	83	99	96	—	0.0	13.1 (35)	Avg
Harbor Mid Cap Value Investor HIMVX	🥉 Bronze	★★★★	2.2	-5.1	10.5	10.0	6.5	79	70	16	12	37	1.0	12.84 (86)	Avg
Perkins Mid Cap Value T JMCVX	🥉 Bronze	★★★	4.0	0.1	7.2	6.2	6.5	51	19	73	84	38	1.3	10.4 (89)	Low
T. Rowe Price Mid-Cap Value TRMCX	🏆 Gold	★★★★★	9.9	2.6	11.1	10.2	8.2	2	8	9	9	9	1.1	11.6 (82)	-Avg
Vanguard Selected Value Inv VASVX	🏆 Gold	★★★★	4.4	-2.0	9.9	9.9	7.7	40	38	22	15	13	1.6	12.72 (83)	Avg
Small Growth			-3.0	-8.2	7.3	6.0	5.5	—	—	—	—	—	—	15.82 (59)	—
Artisan Small Cap Investor ARTSX	🥈 Silver	★★★	-5.1	-8.6	6.8	7.7	5.2	69	55	60	21	63	0.0	17.18 (38)	+Avg
Baron Small Cap Retail BSCFX	🥉 Bronze	★★★	-0.7	-8.9	5.4	6.2	5.6	26	57	77	47	50	0.0	14.03 (74)	-Avg
Brown Capital Mgmt Small Co Inv BCSIX	🏆 Gold	★★★★★	-5.7	-1.1	12.2	10.3	11.1	73	10	2	4	1	0.0	16.02 (58)	Avg
Buffalo Small Cap BUFSX	Neutral	↓★★	-5.7	-11.5	3.1	5.0	4.8	73	75	94	67	72	0.0	15.94 (60)	Avg
Century Small Cap Select Inv CSMVX	—	★★★	-5.5	-11.4	5.4	4.5	4.4	71	74	78	75	79	0.0	16.57 (59)	Avg
Champlain Small Company Adv CIPXX	🥈 Silver	★★★★	0.9	-1.3	8.2	7.6	8.1	18	10	38	23	2	0.0	14.55 (62)	-Avg
Russell MidCap Growth Index			0.5	-4.3	10.2	9.0	7.2								
S&P MidCap 400 Index			5.1	-0.9	9.7	9.2	7.8								
Russell MidCap Value Index			6.1	-0.4	10.0	10.2	7.2								
Russell 2000 Growth Index			-3.5	-8.1	8.7	7.3	6.2								

Legend
Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Fund	Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign					
FMCSX	—	22.1	3.4	9,464	20 19 18	—	60	3	97	0	0	4	—	1.23	—	1,218	—
HFCSX		18.4	2.0	6,493	18 17 17	165	29	7	93	0	0	9	NL	0.76	34.07	7,042	John Roth (5.2)
JAENX		20.8	2.6	13,462	30 26 13	25	4	16	84	0	0	7	NL	1.47	70.62	2,328	Management Team
MVALX		23.8	4.1	8,544	31 26 16	84	17	6	93	0	1	11	NL	0.92	88.36	7,366	Brian Demain (8.5)
POAGX		20.9	2.1	6,760	31 19 12	59	76	10	90	0	0	7	Clsd	1.11	32.51	554	Cordisco/England (2.6/14.3)
RPMGX		18.5	2.3	6,145	34 29 17	151	15	5	95	0	0	13	Clsd	0.62	30.96	6,362	Management Team
VMGRX		22.8	3.4	10,004	26 18 17	136	27	5	93	0	1	2	Clsd	0.77	73.29	24,240	Brian Berghuis (23.8)
WPMFRX		19.1	1.9	9,076	25 23 16	101	93	4	96	0	0	4	NL	0.43	21.76	4,200	Management Team
WPFXX		19.8	3.5	16,785	28 25 17	30	3	1	99	0	0	9	NL	1.23	29.86	442	Edmund Nicklin, Jr. (18.3)
CAAPX	—	17.8	2.1	6,667	17 16 15	—	65	3	97	0	0	3	—	1.13	—	1,554	—
ARGFX		15.0	2.1	10,354	31 24 17	41	22	2	98	0	0	0	NL	1.12	47.2	1,793	Fidler/Rogers, Jr. (6.4/13.6)
CHTTX		15.6	1.9	3,813	28 21 20	40	25	1	99	0	0	0	NL	1.02	59.78	2,012	Management Team
FSEMX		17.0	1.5	4,588	30 23 13	45	31	0	100	0	0	3	NL	1.11	35.87	3,789	Management Team
FEAFX		19.4	1.9	3,264	16 15 14	3266	12	1	99	0	0	2	NL	0.1	50.15	15,510	Management Team
FMIMX		14.5	2.4	14,183	23 22 21	38	32	2	97	0	0	11	Clsd	1.31	33.94	3,251	Management Team
JSVAX		17.0	2.1	3,214	49 15 12	42	29	5	95	0	0	4	Clsd	1.07	24.34	1,028	Management Team
LLSCX		15.5	1.8	7,281	26 16 13	40	70	4	95	0	1	2	NL	1.04	17.67	2,972	Daniel Kozlowski (4.8)
OSTFX		22.4	1.4	4,045	36 17 11	20	46	21	76	3	0	8	Clsd	0.91	30.1	4,142	Management Team
VCLVX		19.4	2.5	22,321	25 20 11	32	29	23	77	0	0	14	NL	0.99	25.27	714	Management Team
VEVAX		16.6	1.6	13,115	18 17 13	149	90	0	98	0	2	13	NL	0.5	10.85	955	Higgins/Palmer (7.8/6.3)
VIMAX		19.4	1.9	3,239	16 15 14	3300	6	0	99	0	0	2	NL	0.09	63.87	43,484	Butler/Geiger (18.3/0.0)
VSEQX		19.4	2.3	10,968	19 15 14	368	15	0	100	0	0	2	NL	0.08	150.91	65,933	Butler/Johnson (17.9/0.0)
WEHIX		13.9	2.0	3,801	19 16 13	404	70	0	99	0	0	0	NL	0.21	28.37	5,820	Management Team
WPSRX		21.6	2.0	4,572	44 16 11	35	26	19	80	0	1	6	NL	1.23	48.12	302	Weitz/Weitz (4.3/13.3)
WHGMX		18.3	2.3	4,343	43 16 13	21	0	1	98	0	1	0	NL	1.4	13.68	198	Knuth/Nicklin, Jr. (18.3/18.3)
ACMVX	—	16.1	1.6	9,108	20 15 13	—	60	3	97	0	0	4	—	1.17	—	1,416	—
ARTQX		17.5	1.8	11,567	22 12 12	110	66	3	97	0	0	5	Clsd	1.01	15.63	7,027	Management Team
DEFIX		14.8	1.5	8,264	21 19 18	55	31	10	90	0	0	3	Clsd	1.19	20.53	4,847	Management Team
DHMAX		15.0	1.7	2,684	38 20 20	44	19	6	94	0	0	5	NL	1.26	25.48	447	Delafield/Sellecchia (22.4/22.4)
FLVCX		17.0	1.8	5,242	26 20 15	59	21	8	92	0	0	2	Clsd	1.25	19.23	1,773	Management Team
FLPSX		11.4	1.6	15,272	24 15 13	112	4	2	97	0	0	5	NL	0.79	40.15	3,635	Thomas Soviero (12.8)
FPPTX		12.8	1.5	5,576	29 17 13	880	9	11	89	0	0	37	NL	0.79	48.07	40,061	Management Team
GOODX		16.2	1.5	8,242	20 12 12	274	80	3	96	0	0	10	NL	0.84	100.29	7,975	Management Team
HIMVX		13.3	1.1	3,189	32 31 13	30	38	28	71	2	0	0	Clsd	0.73	33.58	759	Ahitov/Bryan (2.8/8.4)
JMCVX		17.0	0.8	5,451	23 17 17	29	18	1	69	0	30	17	NL	1.1	22.1	277	Pitkowsky/Trauner (5.0/5.0)
TRMCX		12.7	1.4	5,920	20 13 13	209	12	1	99	0	0	1	NL	1.25	19.3	776	Management Team
VASVX		17.7	2.0	7,337	19 17 12	81	49	5	95	0	0	2	NL	0.69	15.99	4,065	Management Team
ARTSX		17.6	1.6	8,641	22 12 12	95	45	8	92	0	0	9	Clsd	0.8	27.42	11,541	David Wallack (15.3)
BSCFX		13.3	1.4	9,908	29 19 16	126	24	6	94	0	0	10	NL	0.39	26.98	9,326	Management Team
BCSIX	—	25.0	3.1	2,672	24 18 16	—	76	3	97	0	0	3	—	1.32	—	827	—
BUFSX		36.2	4.3	3,099	47 17 16	69	45	5	95	0	0	4	Clsd	1.23	25.44	1,155	Management Team
CSMVX		29.4	3.3	3,701	23 20 18	75	14	1	98	0	1	3	NL	1.3	28.0	3,570	Clifford Greenberg (18.6)
CIPSX		40.8	3.5	2,410	62 27 7	38	11	6	94	0	0	0	Clsd	1.26	67.36	2,644	Management Team
FMCSX		30.2	4.1	2,149	33 17 15	61	17	0	100	0	0	6	NL	1.0	16.64	930	Cuellar/Male (1.2/18.0)
POAGX		20.9	3.0	1,893	25 20 18	63	69	3	97	0	0	5	NL	1.42	20.51	182	Alexander Thorndike (16.3)
WPFXX		19.0	2.0	1,716	23 19 17	79	37	4	96	0	0	1	Clsd	1.38	15.99	1,048	Management Team
		20.5	4.2	11,215													
		18.3	1.6	9,615													
		21.2	3.0	1,614													

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate

- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 04-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)	
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity															
Small Growth (cont'd)			—	-3.0	-8.2	7.3	6.0	5.5	—	—	—	—	—	15.82 (59)	—
Columbia Acorn USA Z AUSAX	—	★★★★	-3.3	-6.7	6.2	5.6	5.1	49	40	69	58	64	0.0	15.14 (63)	Avg
Conestoga Small Cap Investors CCASX	Silver	★★★★	-4.2	-0.4	8.8	7.9	6.9	59	9	26	18	15	0.0	16.66 (53)	+Avg
Janus Triton T JATXX	Bronze	★★★★★	0.9	-2.3	11.4	10.0	9.8	18	12	4	4	1	0.1	13.6 (73)	-Avg
Janus Venture T JAVTX	Bronze	↓★★★★	-2.4	-4.6	10.1	9.6	7.8	43	24	12	7	4	0.0	15.19 (67)	Avg
Kalmar Growth-with-Value Sm Cp Inv KGSCX	—	★★★★	1.3	-8.0	4.7	5.0	5.3	15	50	83	68	61	0.0	16.51 (62)	Avg
LKCM Small Cap Equity Instl LKSCX	Silver	★★	-2.9	-10.1	4.4	3.5	3.7	47	61	87	89	88	0.0	15.46 (59)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	Silver	★★★★	-4.4	-6.5	8.2	6.7	7.3	62	38	38	38	6	0.0	16.76 (50)	+Avg
Meridian Growth Legacy MERDX	Bronze	★★★★	4.3	-1.8	8.3	7.7	7.9	6	11	36	21	3	0.0	13.06 (68)	Low
Meridian Small Cap Growth Investor MISGX	Bronze	NR	1.8	-5.8	—	—	—	10	34	—	—	—	0.0	— (—)	
Neuberger Berman Genesis Inv NBGNX	Bronze	★★★★	2.1	0.2	8.3	7.4	7.3	9	7	34	26	8	0.4	12.85 (73)	Low
Royce Premier Invmt RYPRX	Bronze	★★★	6.7	-4.7	5.4	3.6	6.1	2	25	77	86	37	0.7	14.98 (73)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	★★	-3.5	-8.3	6.6	4.3	3.6	52	52	64	79	89	0.0	16.67 (63)	+Avg
T. Rowe Price New Horizons PRNHX	Silver	★★★★★	-3.0	-3.2	11.8	11.7	9.2	48	17	2	1	1	0.0	14.61 (63)	-Avg
T. Rowe Price QM US Small-Cap Gr Eq PRDSX	Silver	★★★★★	-1.6	-4.7	11.1	9.5	8.3	30	25	5	7	2	0.0	14.14 (71)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	Neutral	★★★★	1.5	-2.4	8.9	8.7	7.6	13	13	23	9	5	0.1	14.04 (68)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	★★★★	0.2	-8.3	8.3	7.5	5.6	20	53	35	24	49	0.3	14.86 (73)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	Silver	★★★	-0.7	-6.9	7.6	<i>7.1</i>	<i>6.9</i>	26	41	49	<i>37</i>	<i>16</i>	1.1	14.23 (69)	-Avg
Wasatch Core Growth WGROX	Gold	★★★★	-2.0	-2.8	9.4	9.7	6.5	37	14	17	6	24	0.0	13.38 (64)	Low
Wasatch Small Cap Growth Investor WAAEX	Gold	★★★★	-3.8	-7.8	5.7	6.7	6.2	54	48	73	39	33	0.0	14.48 (57)	-Avg
William Blair Small Cap Growth N WBSNX	—	★★★	0.8	-6.1	9.2	8.2	4.8	19	35	20	16	72	0.0	15.01 (58)	Avg
Small Blend			—	1.8	-5.3	7.0	6.5	5.2	—	—	—	—	—	14.58 (68)	—
AMG Managers Skyline Special Equities SKSEX	Bronze	★★★★	2.5	-4.6	9.8	10.2	6.7	38	45	12	2	18	0.0	15.29 (65)	+Avg
ASTON/River Road Select Value N ARSMX	—	↓★★★★	7.7	1.5	5.7	7.8	—	4	4	77	36	—	0.0	12.99 (71)	Low
ASTON/River Road Small Cap Value N ARSVX	—	★★★★	5.0	1.0	6.2	7.4	4.9	13	5	72	42	58	0.0	12.55 (68)	Low
Berwyn BERWX	Silver	★★	3.4	-12.9	1.4	4.1	4.8	28	96	96	87	61	0.0	14.93 (55)	Avg
Bogle Small Cap Growth Inv BOGLX	—	★★★★	3.7	-9.2	8.4	8.4	4.3	24	86	36	23	71	0.0	17.25 (73)	High
Bridgeway Ultra-Small Company Market BRSIX	—	★★★★	1.7	-7.1	8.9	8.5	3.7	46	72	27	21	86	0.9	15.02 (52)	+Avg
Broadview Opportunity BVAOX	Silver	↑★★★★	1.0	-9.3	6.8	6.2	7.3	55	86	64	63	7	0.0	14.05 (65)	-Avg
DFA US Micro Cap I DFSCX	Gold	★★★★	2.0	-2.8	9.7	8.8	5.6	44	30	14	15	37	0.9	15.03 (63)	+Avg
DFA US Small Cap I DFSTX	Gold	★★★★	2.8	-2.1	9.8	8.7	6.7	34	22	12	16	17	1.1	14.58 (69)	Avg
Dreyfus Opportunistic Small Cap DSCVX	—	★★★	-1.5	-6.4	8.6	6.4	8.8	92	62	32	61	3	0.3	18.5 (60)	High
Fidelity Small Cap Discovery FSCRX	Gold	★★★★★	5.3	-2.9	8.6	10.3	9.8	11	30	33	2	1	0.5	13.65 (69)	-Avg
Fidelity Small Cap Stock FSLCX	Bronze	↓★★	0.6	-2.8	9.5	4.3	5.1	60	30	17	86	52	0.6	13.02 (77)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★	-0.5	-4.4	7.8	6.3	4.6	81	42	44	62	65	0.4	14.03 (69)	Avg
Mairs & Power Small Cap MSCFX	Silver	↑★★★★★	7.8	1.6	10.6	—	—	4	4	4	—	—	0.4	13.71 (69)	-Avg
Perritt MicroCap Opportunities Investor PRCGX	—	★★	-1.1	-6.8	7.1	5.3	3.9	88	69	58	78	82	0.0	13.06 (57)	Low
Royce Micro-Cap Invmt RYOTX	—	★	0.8	-11.8	0.7	-2.6	2.5	57	94	96	97	96	0.0	14.7 (59)	Avg
Royce Pennsylvania Mutual Invmt PENNX	Neutral	★★★	6.6	-5.5	5.3	4.5	4.8	5	53	79	85	60	0.8	14.68 (71)	Avg
Royce Total Return Invmt RYTRX	—	★★★	6.9	-1.8	6.3	6.7	5.6	5	19	71	55	38	0.7	12.77 (75)	Low
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	2.6	-2.4	7.5	7.8	5.4	37	24	52	37	45	0.1	13.53 (70)	-Avg
T. Rowe Price Small-Cap Value PRSVX	Bronze	★★★★	4.4	0.4	6.3	7.2	5.9	17	5	71	47	33	0.7	13.47 (68)	-Avg
Vanguard Explorer Value Inv VEVFX	—	★★★★	3.4	-2.7	8.3	8.9	—	28	29	38	14	—	0.8	13.85 (76)	-Avg
Vanguard Small Cap Index Adm VSMAX	Gold	★★★★	2.8	-3.9	9.1	8.5	7.0	35	37	25	20	11	1.7	13.77 (77)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	Gold	★★★★★	3.6	0.1	11.0	10.1	7.1	26	7	2	3	9	1.5	14.08 (69)	Avg
Small Value			—	4.1	-4.2	6.9	6.6	5.2	—	—	—	—	—	14.31 (67)	—
AllianzGI NFJ Small-Cap Value A PCVAX	Silver	★★★	3.9	-6.2	4.6	5.3	6.4	47	72	85	79	19	1.4	12.76 (76)	-Avg
American Beacon Small Cp Val Inv AVPAX	Bronze	★★★	3.2	-3.4	8.4	7.5	5.8	56	42	28	27	31	0.5	14.44 (71)	Avg
American Century Small Cap Value Inv ASVIX	—	★★★★	2.5	-1.8	8.3	7.5	7.0	63	26	31	27	11	0.4	14.83 (72)	+Avg
Russell 2000 Index			0.2	-5.8	7.6	7.0	5.4								
Russell 2000 Value Index			4.0	-3.8	6.4	6.7	4.5								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

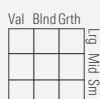
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	25.0	3.1	2,672	24	18	16	—	76	3	97	0	0	3	—	1.32	—	827	—
AUSAX		24.0	3.1	2,432	21	21	20	98	35	0	100	0	0	3	NL	1.08	21.46	686	Doyle/Litfin (2.3/0.3)
CCASX		33.8	3.9	1,456	36	26	18	46	11	7	93	0	0	0	NL	1.1	34.25	681	Mitchell/Monahan (13.6/2.2)
JATX		24.8	3.6	3,254	29	24	17	118	27	4	94	0	1	3	Clsd	0.92	22.17	6,631	Jonathan Coleman (2.9)
JAVTX		24.7	3.4	2,386	27	24	18	114	40	5	94	0	1	8	Clsd	0.92	60.11	2,580	Jonathan Coleman (2.9)
KGSCX		23.7	2.5	1,661	27	25	19	76	50	-4	104	0	0	2	NL	1.36	14.76	182	Draper/Walker (19.0/19.0)
LKSCX		24.4	2.6	2,319	24	16	14	79	62	2	98	0	0	3	NL	0.97	19.28	499	Management Team
LCGRX		27.0	3.4	2,092	26	22	19	98	78	3	97	0	0	4	Clsd	1.19	19.1	1,094	Burns/Slavik (11.2/11.1)
MERDX		25.4	3.0	2,359	32	23	20	85	46	7	93	0	0	4	Clsd	0.84	32.02	1,248	Meade/Schaub (2.6/2.6)
MISGX		24.3	2.3	952	35	21	19	107	45	6	93	0	1	5	NL	1.39	11.45	292	Meade/Schaub (2.3/2.3)
NBGNX		21.5	3.5	3,061	21	19	17	142	13	3	97	0	0	5	NL	1.01	31.44	10,092	Management Team
RYPRX		19.4	2.5	2,832	41	17	15	61	13	0	93	0	7	6	NL	1.1	15.23	2,361	Management Team
RYVPX		23.9	2.4	1,351	30	18	16	87	45	4	90	0	6	11	NL	1.45	10.81	518	Brown/Skinner III (3.0/12.3)
PRNHX		28.4	3.5	4,197	23	22	19	268	34	6	89	0	6	6	Clsd	0.79	41.17	14,880	Henry Ellenbogen (6.2)
PRDSX		23.0	3.4	3,277	23	19	18	292	9	3	97	0	0	1	NL	0.85	25.3	2,296	Sudhir Nanda (9.6)
OTCFX		20.9	2.0	1,994	18	17	16	326	20	5	94	0	1	4	Clsd	0.91	39.2	8,281	Gregory McCrickard (23.7)
VEXPX		19.9	2.5	2,877	21	21	19	721	62	2	98	0	1	3	NL	0.49	80.61	10,791	Management Team
VSGAX		25.2	2.5	2,922	21	17	16	710	23	0	100	0	0	0	NL	0.08	42.39	15,231	Coleman/O'Reilly (0.0/11.3)
WGROX		21.4	3.5	2,384	23	19	18	69	39	6	92	0	1	7	NL	1.17	51.86	1,217	Lambert/Taylor (11.2/15.3)
WAAEX		24.4	3.1	1,960	27	20	19	109	31	1	96	0	3	16	Clsd	1.22	39.71	1,863	Cardon/Taylor (29.3/3.2)
WBSNX		23.2	2.7	1,306	21	18	17	81	91	3	97	0	0	7	NL	1.5	22.66	364	Balkin/Brewer (7.8/16.3)
	—	17.8	2.1	2,721	17	17	16	—	61	2	97	0	1	2	—	1.2	—	829	—
SKSEX		16.1	1.7	1,664	33	20	19	72	31	5	95	0	0	6	Clsd	1.33	36.61	1,405	Management Team
ARSMX		17.7	1.5	2,019	29	25	16	66	58	2	98	0	0	2	NL	1.52	6.72	46	Management Team
ARSVX		16.4	1.5	1,299	26	25	18	61	60	6	94	0	0	3	NL	1.39	11.59	257	Management Team
BERWX		15.8	1.2	530	30	24	13	42	11	9	91	0	0	3	NL	1.23	27.53	129	Management Team
BOGLX		13.9	1.2	1,307	19	18	18	193	196	2	98	0	1	6	NL	1.35	25.04	136	John Bogle (16.6)
BRSEX		13.3	1.1	168	22	19	17	643	32	0	100	0	0	1	NL	0.78	13.12	349	Management Team
BVAOX		18.5	1.9	2,283	23	23	16	75	41	12	88	0	0	5	NL	1.23	31.62	657	Management Team
DFSCX		17.2	1.7	808	20	20	17	1615	12	1	99	0	0	1	NL	0.52	17.82	4,942	Management Team
DFSTX		18.1	1.9	1,603	19	18	18	2020	11	1	99	0	0	2	NL	0.37	29.08	11,881	Management Team
DSCVX		16.6	1.7	1,568	25	23	18	73	74	3	97	0	0	12	Clsd	1.09	28.25	795	Management Team
FSCRX		14.3	1.4	2,113	23	20	16	66	13	2	98	0	0	1	Clsd	1.06	27.81	5,279	Janssen/Myers (0.1/10.1)
FSLCX		16.0	1.8	2,180	21	21	15	140	64	3	97	0	0	16	NL	0.66	17.48	1,966	Lionel Harris (4.4)
FDSCX		17.8	2.0	2,345	18	17	15	212	48	5	95	0	0	6	NL	0.77	22.94	1,406	Management Team
MSCFX		20.0	2.0	1,616	27	20	16	48	23	2	98	0	0	2	NL	1.06	20.99	209	Adams/Steinkopf (4.7/1.3)
PRCGX		14.9	1.3	268	21	19	17	91	20	0	100	0	0	3	NL	1.22	31.31	273	Corbett/Metrou (19.3/2.2)
RYOTX		18.7	1.5	391	26	20	18	179	41	6	92	0	2	8	NL	1.48	11.18	249	Management Team
PENNX		18.5	1.9	1,571	27	21	18	314	21	0	97	0	3	7	NL	0.92	9.95	2,762	Management Team
RYTRX		16.8	1.8	1,958	25	24	17	290	11	2	93	0	5	7	NL	1.19	12.7	2,865	Management Team
STSCX		17.3	2.0	3,193	26	15	14	62	6	2	98	0	0	0	NL	1.11	71.68	1,162	Management Team
PRSVX		19.6	1.6	1,458	24	15	13	305	32	3	96	0	1	2	NL	0.96	37.92	7,270	J. Wagner (1.8)
VEVFX		16.7	1.4	2,268	29	15	14	178	35	6	93	0	0	3	NL	0.65	29.42	299	Management Team
VSMAX		19.2	1.9	2,862	16	15	15	1509	11	1	99	0	0	1	NL	0.08	54.36	55,134	Coleman/O'Reilly (0.0/0.0)
VTMSX		19.5	1.9	1,494	17	17	15	606	33	0	100	0	0	0	NL	0.11	45.82	3,831	Butler/Coleman (0.0/0.0)
	—	17.1	1.5	2,399	24	17	13	—	80	3	97	0	0	2	—	1.3	—	868	—
PCVAX		14.4	1.7	2,189	22	21	11	130	42	5	92	0	2	3	Clsd	1.19	20.81	4,301	Management Team
AVPAX		14.3	1.3	1,819	26	18	17	596	47	5	95	0	0	6	NL	1.16	22.44	5,731	Management Team
ASVIX		16.4	1.6	1,333	24	18	17	138	78	0	99	0	1	4	Clsd	1.25	7.78	1,412	John/Lewis (3.9/1.5)
		18.7	1.8	1,466															
		17.2	1.3	1,372															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 04-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst								
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity																
Small Value (cont'd)																
Dean Small Cap Value DASCX	—	★★★★	4.1	-4.2	6.9	6.6	5.2	—	—	—	—	—	—	14.31 (67)	—	
★ DFA US Small Cap Value I DFSVX	★ Gold	↑★★★★	4.0	-5.2	7.9	7.6	5.1	46	62	40	25	53	1.4	15.54 (67)	+Avg	
DFA US Targeted Value I DFFVX	★ Gold	★★★★	4.7	-4.1	8.8	8.1	5.9	36	51	21	18	26	1.3	14.84 (74)	Avg	
Diamond Hill Small Cap A DHSCX	★ Gold	★★★★	0.8	-5.1	6.7	6.7	5.3	81	61	61	52	45	0.3	10.72 (72)	Low	
Fidelity Small Cap Value FCPVX	★ Bronze	★★★★★	5.1	2.4	9.5	10.3	8.0	33	5	13	2	4	0.8	12.83 (68)	-Avg	
Perkins Small Cap Value T JSCVX	★ Silver	★★★★★	4.2	-0.4	8.9	6.5	7.4	41	17	20	56	7	0.6	11.89 (76)	Low	
Royce Opportunity Invmt RYPNX	★ Bronze	★★	4.6	-9.4	4.8	5.0	4.8	37	89	82	86	63	0.0	16.46 (63)	+Avg	
Royce Small-Cap Value Service RYVFX	—	★★	6.2	-8.5	4.9	1.7	4.4	16	83	81	97	75	0.5	14.0 (60)	-Avg	
Royce Special Equity Invmt RYSEX	★ Gold	★★★★	5.9	-6.1	4.0	5.5	6.5	21	70	90	78	17	1.1	14.0 (62)	-Avg	
Third Avenue Small Cap Value Instl TASCX	—	★★★	5.8	-4.4	6.8	6.5	4.2	22	56	60	56	80	0.0	13.79 (71)	-Avg	
Vanguard Small Cap Value Index Admiral VSIAX	★ Silver	★★★★★	5.6	-1.4	10.3	9.6	6.7	26	23	8	4	15	2.2	13.79 (79)	Avg	
Allocation																
American Funds 2020 Trgt Date Retire A AACTX	★ Silver	TE	★★★★	3.2	0.1	6.3	6.6	—	23	8	2	2	—	1.1	6.94 (96)	Avg
American Funds American Balanced A ABALX	★ Silver	MA	★★★★	3.0	2.9	8.3	9.0	6.8	23	3	3	2	7	1.6	7.88 (89)	Avg
American Funds Income Fund of Amer A AMECX	★ Silver	AL	↑★★★★	3.8	-0.1	6.1	7.4	6.0	10	8	26	8	4	3.1	8.22 (94)	Low
Arbitrage R ARBFX	★ Bronze	NE	★★★★	1.4	0.6	1.7	1.6	2.9	31	39	37	37	19	0.0	1.81 (1)	Low
ASTON/Montag & Caldwell Balanced N MOBAX	—	MA	★★★★	-0.1	2.9	5.6	6.5	6.0	93	3	38	31	16	0.6	6.51 (68)	Low
Berwyn Income BERIX	★ Silver	CA	★★★★★	3.9	0.1	4.4	5.3	6.9	21	12	12	14	1	2.2	4.53 (78)	-Avg
Calamos Market Neutral Income A CVSIX	★ Neutral	NE	★★★★	1.0	0.5	2.5	3.0	3.2	39	40	25	11	10	1.0	3.56 (0)	Avg
Dodge & Cox Balanced DODBX	★ Gold	MA	★★★★	2.2	-2.3	7.9	8.3	5.4	37	56	5	4	32	2.3	8.94 (87)	High
Fidelity Balanced FBALX	★ Bronze	MA	★★★★★	1.3	-0.8	8.1	7.8	5.9	71	25	5	8	17	1.6	8.31 (92)	+Avg
Fidelity Four-in-One Index FFXOX	★ Silver	AL	★★★★	1.4	-2.3	7.0	7.2	5.4	51	24	10	11	17	2.1	9.89 (96)	+Avg
Fidelity Puritan FPURX	★ Bronze	MA	★★★★	-0.1	-0.6	8.2	7.6	6.3	93	23	4	10	13	2.3	8.36 (87)	+Avg
Fidelity Strategic Real Return FSRRX	★ Bronze	XY	★	5.0	-4.0	-2.1	-0.0	2.4	8	94	91	91	85	1.8	—	—
FPA Crescent FPACX	★ Gold	MA	★★★★★	1.7	-1.8	6.0	6.6	6.6	54	42	31	28	10	0.9	7.52 (86)	Avg
Franklin Income A FKINX	★ Bronze	CA	↓★★	5.4	-6.0	2.3	4.6	5.4	6	93	76	31	10	5.5	9.36 (87)	High
Franklin Mutual Shares A TESIX	★ Bronze	XM	★★★★	2.4	-5.7	6.5	7.1	4.3	8	77	44	12	40	1.8	—	—
Gateway A GATEX	★ Silver	XR	★★	-0.3	0.4	3.1	3.4	3.0	55	25	65	72	1	2.0	—	—
Greenspring GRSPX	—	MA	★★	5.0	-1.8	2.4	3.6	4.3	5	43	95	91	72	2.2	8.47 (70)	+Avg
Invesco Equity and Income A ACEIX	★ Bronze	MA	★★★★	1.6	-2.1	6.6	7.0	5.8	60	52	20	18	21	2.2	8.77 (86)	+Avg
Janus Balanced T JABAX	★ Neutral	MA	★★★★★	-1.0	-2.5	6.0	6.6	7.0	96	59	31	27	5	1.6	7.16 (89)	-Avg
JPMorgan Income Builder A JNBAX	★ Bronze	CA	★★★★	2.7	-1.6	2.7	4.8	—	47	55	61	25	—	4.1	6.87 (90)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	★★★★	0.9	-1.1	6.3	4.0	4.8	60	10	2	21	7	0.0	7.0 (67)	-Avg
Mairs & Power Balanced Inv MAPOX	★ Silver	MA	★★★★★	6.1	3.0	6.9	8.5	6.8	2	2	14	4	6	2.5	7.88 (91)	Avg
Manning & Napier Pro-Blend Cnsvr Term S EXDAX	★ Bronze	CA	★★★★	3.1	-1.6	2.2	3.8	5.0	34	55	78	64	26	1.4	4.97 (93)	-Avg
Manning & Napier Pro-Blend Extd Term S MNBAX	★ Bronze	MA	★★★★	3.2	-4.1	3.8	4.6	5.1	20	84	79	72	44	0.6	8.15 (94)	+Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	★ Bronze	CA	★★★★	3.0	-3.3	2.8	3.9	4.6	38	77	59	62	35	0.8	6.47 (95)	+Avg
Merger Investor MERFX	★ Silver	NE	★★★	0.1	-2.1	1.2	1.3	2.8	55	60	44	40	22	0.8	2.95 (0)	Avg
MFS Total Return A MSFRX	★ Bronze	MA	★★★★	3.8	1.8	6.9	7.3	5.6	14	6	15	15	28	2.4	6.82 (93)	-Avg
Natixis ASG Global Alternatives A GAFAX	★ Bronze	GY	★	-9.1	-16.7	-0.4	-0.0	—	97	96	67	79	—	0	—	—
Oakmark Equity & Income I OAKBX	★ Silver	MA	★★★★	2.1	-4.3	6.9	5.8	6.5	39	85	16	43	11	1.1	8.86 (89)	High
Pax Balanced Individual Investor PAXWX	—	MA	★★★	1.5	-0.2	6.3	5.1	4.1	65	17	26	61	77	0.8	7.67 (92)	Avg
Permanent Portfolio Permanent N PRPFX	—	CA	↓★★	10.9	2.5	0.7	0.3	5.2	1	3	91	96	19	1.0	7.74 (42)	High
S&P 500 Index			1.8	1.2	11.2	10.9	6.9									
BarCap US Agg Bond TR USD			3.3	2.6	2.2	3.5	4.8									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- CA Allocation—30% to 50% Equity
- GY Multi-Alternative
- LO Long-Short
- MA Allocation—50% to 70% Equity
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- TD Target Date 2011–2015
- TE Target Date 2016–2020
- TG Target Date 2021–2025
- TH Target Date 2026–2030
- TI Target Date 2031–2035
- TJ Target Date 2036–2040
- TK Target Date 2041–2045
- TL Target Date 2050+
- TV Tactical Allocation
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity
- XR Option Writing

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	17.1	1.5	2,399	24	17	13	—	80	3	97	0	0	2	—	1.3	—	868	—
DASCX		15.5	1.6	1,636	24	23	15	63	128	3	97	0	0	0	NL	1.25	14.54	208	Steven Roth (7.8)
DFSVX		15.5	1.1	1,377	26	21	15	1196	9	3	97	0	0	4	NL	0.52	31.63	12,460	Management Team
DFVFX		15.6	1.3	2,146	26	21	14	1505	15	1	99	0	0	2	NL	0.37	20.62	7,714	Management Team
DHSCX		16.0	1.6	2,782	30	27	11	75	17	20	80	0	0	4	Clsd	1.31	31.15	1,709	Management Team
FCPVX		14.5	1.4	2,106	31	17	15	59	34	0	98	0	2	4	Clsd	1.19	17.59	3,040	Derek Janssen (3.2)
JSCVX		18.3	2.0	2,164	22	21	16	89	86	5	95	0	0	2	NL	0.81	18.96	1,397	Management Team
RYPNX		17.5	1.2	641	33	19	18	253	27	5	94	0	1	3	NL	1.15	11.06	1,472	Hench/Zaino (12.0/18.1)
RYVFX		14.2	1.6	1,252	34	20	19	64	60	5	95	0	0	5	NL	1.45	9.24	506	Jay Kaplan (12.3)
RYSEX		15.7	1.7	1,371	46	18	15	45	15	8	92	0	0	0	NL	1.12	18.99	1,459	Dreifus/McBoyle (18.0/1.6)
TASCX		15.2	1.5	1,742	35	19	15	59	29	6	92	0	1	4	NL	1.14	19.84	307	Bui/Rewey, III (3.3/1.8)
VSIAX		16.4	1.5	2,816	18	17	13	865	16	0	100	0	0	1	NL	0.08	44.69	17,282	Coleman/O'Reilly (0.0/0.0)
	—	2.1	0.2	4,770	—	—	—	—	34	17	49	31	4	15	—	1.16	—	1,933	—
AACTX		17.6	2.5	59,700	15	15	13	21	8	6	53	39	2	21	5.75	0.71	11.4	6,538	Management Team
ABALX		18.7	2.5	101,600	16	15	14	1495	82	10	56	33	0	7	5.75	0.58	24.45	90,397	Management Team
AMECX		18.6	2.9	67,333	15	15	13	1684	45	4	70	22	3	18	5.75	0.55	20.84	97,062	Management Team
ARBFX		22.0	2.2	5,899	22	15	14	90	514	46	53	0	1	9	NL	1.45	12.71	1,983	Management Team
MOBAX		21.8	3.5	89,480	29	21	18	75	35	9	57	34	0	0	NL	1.36	22.64	41	Canakaris/Donahue (21.5/3.2)
BERIX		16.6	1.8	5,361	38	15	12	93	45	40	22	26	13	7	NL	0.67	13.3	1,695	Management Team
CVSIX		16.1	2.3	92,816	19	16	15	500	37	7	35	10	48	0	4.75	1.11	12.86	3,743	Management Team
DODBX		15.4	1.7	56,692	26	24	16	382	20	1	69	30	1	10	NL	0.53	94.58	13,900	Management Team
FBALX		19.6	2.4	41,653	19	15	13	1148	128	3	66	29	3	7	NL	0.56	21.41	27,545	Management Team
FFNOX		16.3	1.9	34,292	16	14	14	4	9	2	85	14	0	28	NL	0.22	36.52	4,275	Dierdorf/Sharpe (7.2/6.8)
FPURX		20.6	2.6	62,412	22	18	16	1167	106	6	70	24	0	8	NL	0.56	20.22	25,278	Management Team
FSRRX		33.5	2.2	8,076	—	—	—	345	23	—	—	—	—	—	0.79	8.62	—	Management Team	
FPACX		15.9	1.4	46,208	34	29	14	122	48	36	55	5	4	9	NL	1.09	31.58	17,059	Management Team
FKINX		15.6	2.0	80,089	16	16	15	484	44	3	54	32	11	25	4.25	0.61	2.17	75,794	Management Team
TESIX		15.0	1.5	38,119	—	—	—	150	20	—	—	—	—	—	5.75	1.07	26.4	—	Management Team
GATEX		18.0	2.5	74,497	—	—	—	274	10	—	—	—	—	—	5.75	0.9	29.5	—	Management Team
GRSPX		17.3	1.8	3,014	32	18	15	102	25	9	67	20	4	2	NL	0.9	23.28	295	Charles Carlson (32.8)
ACEIX		14.8	1.5	54,481	32	13	12	417	69	9	64	20	7	8	5.50	0.8	9.73	13,317	Management Team
JABAX		18.0	3.3	68,790	20	18	17	487	75	1	58	39	2	6	NL	0.83	28.53	13,347	Management Team
JNBAX		15.4	1.7	30,284	21	20	9	2438	48	2	37	57	4	33	4.50	0.75	9.82	11,953	Management Team
LCORX		13.7	2.1	14,346	24	23	15	309	78	43	41	15	1	10	NL	1.21	17.76	951	Management Team
MAPOX		18.0	2.9	49,114	24	21	17	310	14	4	66	30	0	3	NL	0.73	85.55	725	Earley/Kaliebe (1.3/10.3)
EXDAX		19.2	2.9	41,196	21	17	10	711	51	9	34	57	0	12	NL	0.9	13.14	1,273	Management Team
MNBAX		20.0	3.2	28,813	25	22	10	633	66	5	55	40	0	17	NL	1.08	16.18	1,311	Management Team
EXBAX		20.1	3.2	28,416	25	22	10	674	56	7	42	51	0	15	NL	1.07	13.1	1,390	Management Team
MERFX		17.7	1.7	19,951	22	16	13	169	157	35	57	4	4	-5	NL	1.37	15.32	4,108	Behren/Shannon (9.2/9.2)
MSFRX		15.6	2.0	58,488	22	15	13	819	45	6	60	33	1	9	5.75	0.74	17.7	7,136	Management Team
GAFAX		—	—	—	—	—	—	49	—	—	—	—	—	—	5.75	1.52	9.53	—	Management Team
OAKBX		13.7	1.7	34,739	30	18	16	285	25	10	63	17	10	7	NL	0.75	29.17	16,963	Management Team
PAXWX		17.6	2.4	53,990	20	19	17	310	61	4	65	31	0	10	NL	0.93	22.08	1,863	Management Team
PRPFX		26.0	2.2	20,110	32	14	13	118	5	6	35	29	29	12	NL	0.76	38.33	2,936	Michael Cuggino (13.0)
		18.2	2.5	72,453															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 04-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
						3 Yr	5 Yr	10 Yr								
Allocation (cont'd)			—	2.0	-2.5	3.2	4.0	3.8	—	—	—	—	—	—	6.88 (79)	—
PIMCO All Asset All Authority D PAUDX	Bronze	TV	★★	9.4	-6.4	-4.5	0.0	3.8	2	55	93	80	42	4.7	8.73 (63)	Avg
PIMCO All Asset D PASDX	Gold	TV	★★★	8.4	-4.2	-1.2	1.9	4.4	5	38	70	59	19	3.4	8.32 (77)	Avg
PIMCO Inflation Response MultiAsst Instl PIRMX	—	CA	★	8.1	-2.7	-2.5	—	—	1	73	97	—	—	2.9	7.98 (46)	High
PIMCO RAE Fundamental Advantage PLUS D PFSDX	—	NE	★★	2.7	-4.2	-2.3	0.6	—	12	73	84	55	—	6.0	3.54 (6)	Avg
T. Rowe Price Balanced RPBX	Silver	MA	★★★★	1.3	-2.0	6.3	6.7	5.9	72	49	26	24	17	1.9	8.06 (95)	+Avg
T. Rowe Price Capital Appreciation PRWCX	Gold	MA	★★★★★	3.2	5.8	11.0	10.5	8.4	20	1	1	1	1	1.4	7.43 (87)	Avg
T. Rowe Price Personal Strat Gr TRSGX	Silver	AL	★★★★	0.7	-3.5	7.2	7.3	5.9	75	43	8	10	7	1.6	10.11 (95)	+Avg
T. Rowe Price Personal Strat Inc PRSIX	Silver	CA	★★★★	2.5	-0.6	4.5	5.2	5.6	54	26	10	14	5	1.9	5.97 (97)	Avg
T. Rowe Price Retirement 2015 TRRGX	Silver	TD	★★★★	3.0	-0.9	5.3	5.7	5.4	27	36	5	7	1	1.9	7.26 (98)	High
Vanguard Balanced Index Adm VBIAX	Gold	MA	★★★★★	2.5	1.2	7.4	7.9	6.5	31	8	9	7	11	2.0	6.96 (94)	-Avg
Vanguard LifeStrategy Income Inv VASIX	Gold	XY	★★★★★	3.2	1.5	3.5	4.1	4.6	33	2	7	21	22	2.1	—	—
Vanguard Managed Payout Investor VPGDX	—	XM	★★★	2.9	-1.4	5.1	5.4	—	5	3	82	72	—	8.3	—	—
Vanguard STAR Inv VGSTX	Silver	MA	★★★★	1.8	-1.8	6.2	6.7	5.8	50	43	27	26	23	2.0	7.88 (97)	Avg
Vanguard Target Retirement 2025 Inv VTTVX	Gold	TG	★★★★★	2.5	-1.7	6.0	6.3	5.4	37	33	7	10	8	2.1	7.96 (98)	Avg
Vanguard Tax-Managed Balanced Adm VTMFX	—	CA	★★★★★	2.1	2.8	7.2	7.7	6.2	67	2	1	1	2	2.0	5.63 (92)	Avg
Vanguard Wellesley Income Inv VWINX	Gold	CA	★★★★★	4.7	4.2	5.7	7.5	7.2	11	1	3	3	1	2.9	4.8 (80)	-Avg
Vanguard Wellington Inv VWELX	Gold	MA	★★★★★	3.4	1.5	7.5	8.2	7.1	17	7	8	5	3	2.5	7.58 (93)	Avg
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★	2.8	-0.8	4.1	6.4	6.7	27	24	73	32	8	1.5	6.32 (86)	Low
U.S. Specialty Funds																
AllianzGI Technology Institutional DRGTX	Bronze	ST	★★★	-6.0	-4.1	14.8	7.6	8.3	70	62	30	61	33	0.0	15.57 (63)	Avg
Cohen & Steers Realty Shares CSRSX	Bronze	SR	★★★★	1.3	6.7	7.6	9.2	6.8	90	49	15	49	20	2.4	15.35 (21)	Avg
Davis Financial A RPFGX	—	SF	★★★★	-0.3	0.2	9.8	8.8	4.5	22	22	23	27	23	0.5	12.6 (78)	-Avg
Fidelity Real Estate Investment Port FRESX	Bronze	SR	★★★★	2.9	10.5	7.9	10.4	6.5	25	1	11	9	35	1.5	15.54 (18)	+Avg
Fidelity Select Energy FSENX	—	EE	★★★★	15.5	-15.7	-3.2	-3.5	1.1	22	12	9	8	25	1.0	21.22 (44)	-Avg
Fidelity Select Health Care FSPHX	—	SH	★★★★	-8.6	-10.8	19.4	18.0	12.7	46	58	6	19	16	0.0	16.91 (39)	Avg
Fidelity Select Technology FSPTX	—	ST	★★★	-3.1	-2.4	13.6	8.0	8.7	25	50	43	52	22	0.1	14.53 (70)	-Avg
Franklin Utilities A FKUTX	Gold	SU	★★★★	12.9	8.6	8.1	11.7	9.1	22	22	14	4	4	2.8	12.83 (11)	Avg
Harbor Commodity Real Return ST Instl HACMX	—	BB	★★★	10.1	-19.0	-16.4	-13.4	—	27	73	78	50	—	2.1	15.8 (86)	+Avg
PIMCO Commodity Real Ret Strat D PCRDY	Silver	BB	★★★	10.5	-18.8	-16.5	-13.5	-4.6	19	69	80	55	28	5.4	15.73 (85)	+Avg
T. Rowe Price Global Technology PRGTX	Bronze	ST	★★★★★	-1.8	8.6	25.8	16.1	13.3	9	1	1	1	1	0.0	16.11 (76)	+Avg
T. Rowe Price Health Sciences PRHSX	Neutral	SH	★★★★★	-10.7	-9.0	19.3	20.0	15.3	74	45	8	5	1	0.0	17.16 (35)	+Avg
T. Rowe Price Media & Telecomms PRMTX	—	SC	★★★★★	-0.2	5.5	13.6	12.3	12.3	94	25	1	1	1	0.2	14.17 (78)	High
T. Rowe Price New Era PRNEX	—	SN	★★★★	16.1	-10.6	-1.2	-4.2	1.2	38	19	27	30	18	1.3	17.52 (56)	Avg
T. Rowe Price Real Estate TRREX	Gold	SR	★★★★	1.8	7.2	8.3	9.9	6.3	77	33	7	20	40	2.3	14.65 (23)	Avg
T. Rowe Price Science & Tech PRSCX	—	ST	★★★	-2.3	-0.7	16.2	9.3	8.6	19	29	17	27	24	0.0	15.43 (75)	+Avg
Third Avenue Real Estate Value Instl TAREX	Silver	GR	★★★★★	0.9	-6.1	5.6	7.5	4.2	96	87	2	6	17	0.7	11.71 (75)	Low
Vanguard Energy Inv VGENX	Neutral	EE	★★★★	18.7	-14.3	-3.6	-4.1	1.6	15	5	21	17	12	2.2	20.43 (52)	-Avg
Vanguard Health Care Inv VGHCX	Gold	SH	★★★★	-6.4	-3.3	18.0	17.1	11.4	22	16	17	31	39	0.8	12.37 (52)	Low
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★	69.4	13.4	-3.7	-14.9	-3.7	93	100	77	51	77	1.5	31.99 (10)	Low
Vanguard REIT Index Adm VGSLX	Gold	SR	★★★	3.7	7.8	7.1	10.0	6.9	7	18	34	16	18	4.3	15.5 (17)	+Avg
Dow Jones Moderate Portfolio Index				3.6	-0.8	5.0	5.4	5.3								
S&P 500 Index				1.8	1.2	11.2	10.9	6.9								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- BB Commodities Broad Basket
- CA Allocation—30% to 50% Equity
- EE Equity Energy
- GR Global Real Estate
- IH World Allocation
- LO Long-Short
- MA Allocation—50% to 70% Equity
- NE Market Neutral
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- SU Utilities
- TA Target-Date 2000-2010
- TD Target Date 2011-2015
- TE Target Date 2016-2020
- TG Target Date 2021-2025
- TH Target Date 2026-2030
- TJ Target Date 2031-2035
- TJ Target Date 2036-2040
- TK Target Date 2041-2045
- TL Target Date 2050+
- TV Tactical Allocation
- RI Retirement Income
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity

Current Portfolio Style

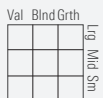
Costs

Operations

Current Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
—	2.1	0.2	4,770	—	—	—	—	34	17	49	31	4	15	—	1.16	—	1,933	—
PAUDX	19.8	2.6	—	—	—	—	45	75	58	28	15	-2	-34	NL	1.64	8.32	8,541	Robert Arnott (12.5)
PASDX	19.5	1.5	—	—	—	—	43	86	36	21	28	15	-7	NL	1.26	11.01	19,403	Robert Arnott (13.7)
PIRMX	20.0	1.6	15,325	🏠 77	🚗 11	⚙️ 3	378	383	22	7	44	27	-15	NL	0.7	8.44	973	Johnson/Worah (1.3/4.7)
PFSDX	—	—	—	—	—	—	444	413	161	0	-64	4	-130	NL	1.29	9.62	600	Management Team
RPBAX	16.7	1.9	45,098	🏠 17	🚗 17	📄 15	1489	65	3	65	32	0	28	NL	0.64	21.64	3,880	Charles Shriver (5.0)
PRWCX	20.6	3.1	45,110	🏠 27	🚗 21	📄 19	241	67	19	59	18	4	6	Clsd	0.7	25.85	24,957	David Giroux (9.8)
TRSGX	16.6	1.9	35,420	🏠 18	🚗 17	📄 15	1554	52	3	78	18	0	35	NL	0.78	28.02	1,642	Charles Shriver (5.0)
PRSIX	16.7	1.9	35,688	🏠 18	🚗 17	📄 15	1643	73	15	39	45	1	31	NL	0.58	17.7	1,565	Charles Shriver (5.0)
TRRGX	17.0	2.0	33,621	🏠 17	📄 15	🚗 13	19	14	6	51	42	1	29	NL	0.62	14.09	9,527	Clark/Lee (12.2/0.7)
VBIAX	18.3	2.4	41,853	📄 18	🚗 14	🏠 14	11832	61	2	59	39	0	5	NL	0.08	29.81	27,244	Management Team
VASIX	15.6	1.8	28,183	—	—	—	5	14	—	—	—	—	—	—	0.0	14.98	—	Management Team
VPGDY	16.2	1.9	6,551	—	—	—	10	29	—	—	—	—	—	—	0.02	17.58	—	Management Team
VGSTX	16.3	1.9	36,031	📄 19	🏠 18	🚗 17	12	8	4	60	35	1	25	NL	0.34	23.7	18,404	Coleman/Nejman (3.2/3.2)
VTTVX	15.6	1.8	28,254	🏠 16	📄 14	🚗 13	5	24	1	66	32	0	38	NL	0.15	16.01	30,177	Coleman/Nejman (3.2/3.2)
VTMFY	18.3	2.5	53,008	📄 18	🚗 14	🏠 14	2225	9	1	48	51	0	0	NL	0.11	27.28	2,666	Management Team
VWINX	16.8	2.2	99,275	🏠 15	🚗 15	📄 14	1389	59	2	38	59	0	18	NL	0.23	25.51	43,736	Keogh/Reckmeyer (8.2/9.3)
VWELX	15.6	2.0	101,002	🏠 23	🚗 20	📄 14	1420	39	1	65	34	0	14	Clsd	0.26	37.8	87,954	Bousa/Keogh (13.3/10.1)
WHGIX	17.8	2.4	49,080	🏠 19	🚗 16	⚙️ 16	65	24	19	52	15	14	2	NL	0.9	14.42	2,307	Freeman/Williams (10.3/10.3)
DRGTX	21.7	3.9	76,743	📄 75	🏠 8	🚗 7	148	165	12	88	0	0	2	NL	1.26	51.02	1,235	Chen/Price, Jr. (20.3/20.3)
CSRSX	44.2	2.7	11,868	🏠 97	🚗 1	📄 1	46	58	0	100	0	0	0	NL	0.96	71.02	5,813	Management Team
RPFGX	14.5	1.4	49,225	🏠 89	⚙️ 4	📄 4	30	5	12	88	0	0	13	4.75	0.86	39.26	906	Christopher Davis (2.3)
FRESX	42.9	2.4	11,996	🏠 100	🚗 0	📄 0	50	34	1	98	0	1	0	NL	0.78	41.72	4,822	Steve Buller (18.3)
FSENX	26.6	1.4	15,363	🚗 97	🏠 1	💡 1	79	79	0	100	0	0	3	NL	0.8	40.51	2,174	John Dowd (9.7)
FSPHX	22.0	2.6	20,642	🚗 96	📄 3	⚙️ 1	115	76	1	99	0	0	13	NL	0.73	189.24	7,394	Edward Yoon (7.6)
FSPTX	26.4	3.0	26,545	📄 86	🚗 7	🏠 3	236	130	4	96	0	0	22	NL	0.78	114.47	2,998	Charlie Chai (9.3)
FKUTX	18.1	1.8	17,322	💡 94	🚗 5	🏠 1	56	9	2	98	1	0	5	4.25	0.73	17.28	6,056	Kohli/Schmicker (17.3/6.3)
HACMX	—	—	—	—	—	—	194	784	15	0	68	17	17	NL	0.94	3.69	81	Management Team
PCRDY	—	—	—	—	—	—	459	123	2	0	73	26	-4	NL	1.19	6.84	5,520	Management Team
PRGTX	31.2	5.0	28,261	📄 73	🏠 18	📄 9	66	219	4	95	0	1	33	NL	0.91	13.31	2,659	Joshua Spencer (3.9)
PRHSX	21.4	2.5	23,563	🚗 95	📄 3	📄 1	138	31	1	98	0	1	4	Clsd	0.77	61.49	11,778	Bakri/Tamaddon (0.1/3.2)
PRMTX	32.4	3.8	56,755	📄 44	📄 29	🚗 25	78	13	4	94	0	3	23	NL	0.8	70.44	3,521	Paul Greene II (2.9)
PRNEX	21.1	1.8	13,229	💡 50	🏠 29	💡 8	129	76	2	97	1	0	34	NL	0.65	31.67	3,024	Shawn Driscoll (2.6)
TRREX	41.5	2.6	12,365	🏠 97	🚗 2	🏠 1	39	6	6	93	0	1	0	NL	0.76	27.86	6,121	David Lee (18.5)
PRSCX	25.5	2.2	26,593	📄 67	🚗 22	📄 7	70	82	11	87	1	2	29	NL	0.84	33.45	3,422	Kennard Allen (7.3)
TAREX	16.0	1.1	6,703	🏠 73	🚗 10	🚗 10	54	17	5	92	0	3	45	NL	1.1	29.0	2,205	Management Team
VGEXX	22.1	1.1	32,172	💡 97	💡 2	🚗 1	149	23	5	94	0	1	30	NL	0.37	48.73	8,963	Management Team
VGHCX	22.9	3.4	46,460	🚗 94	📄 4	🚗 1	99	18	2	96	0	2	20	NL	0.34	201.13	46,906	Jean Hynes (7.9)
VGPMX	27.3	0.8	2,119	🚗 98	⚙️ 2	🚗 0	62	8	2	98	0	0	92	NL	0.29	10.57	2,024	Jamie Horvat (2.2)
VGSLX	38.6	2.4	10,528	🏠 99	⚙️ 1	🚗 0	153	11	0	99	0	0	0	NL	0.12	115.88	50,715	Gerard O'Reilly (19.9)

18.2 2.5 72,453

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 04-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
						3 Yr	5 Yr	10 Yr									
Foreign Stock				—	-0.1	-7.2	2.5	2.2	2.2	—	—	—	—	—	—	12.63 (86)	—
American Beacon Intl Equity Inv AAPIX	—	FV	★★★★	-0.5	-11.3	1.7	1.3	1.6	59	55	33	27	16	1.2	13.36 (92)	Avg	
★ American Century International Gr Inv TWIEX	🥉 Bronze	FG	↑★★★★	-2.6	-8.8	1.5	2.0	2.7	74	57	61	44	45	0.5	12.58 (86)	Avg	
American Funds Europacific Growth A AEPGX	🥇 Gold	FG	★★	-1.1	-9.9	2.6	1.7	3.2	47	70	40	54	30	1.7	11.89 (91)	Low	
American Funds Intl Gr and Inc A IGAAX	🥇 Gold	FB	★★	1.7	-11.6	-0.3	1.3	—	19	70	76	39	—	3.0	11.82 (94)	Low	
Ariel International Investor AINTX	—	FV	★★★★★	2.3	-3.3	6.4	—	—	24	1	1	—	—	0.2	10.9 (90)	Low	
Artisan International Investor ARTIX	🥈 Silver	FG	★★★	-2.9	-11.5	1.9	3.8	3.2	79	91	52	16	29	0.5	13.11 (82)	+Avg	
Artisan International Small Cap Investor ARTJX	🥇 Gold	FR	★★★	-4.7	-8.8	3.0	4.8	5.1	96	96	71	35	18	0.1	14.12 (63)	+Avg	
Artisan International Value Investor ARTKX	🥇 Gold	FB	★★★★★	1.9	-4.6	5.9	6.5	6.2	15	6	3	3	1	0.8	11.47 (85)	Low	
Causeway International Value Inv CIVVX	🥇 Gold	FB	★★★	-2.1	-13.1	1.4	1.5	2.2	81	87	40	33	26	1.7	12.58 (88)	Avg	
Columbia Acorn International Z ACINX	🥈 Silver	FR	★★★	0.6	-7.9	1.7	2.6	4.5	22	89	88	75	34	1.3	11.43 (91)	-Avg	
DFA International Small Company I DFISX	🥈 Silver	FQ	↑★★★★	2.7	-0.8	6.0	3.7	3.9	30	4	26	59	15	2.5	12.81 (86)	Avg	
Dodge & Cox International Stock DODFX	🥇 Gold	FB	↑★★★★	-0.3	-17.9	1.2	0.9	2.2	45	98	46	49	26	2.3	15.56 (92)	High	
Fidelity Diversified International FDIVX	🥉 Bronze	FG	★★★	-2.3	-7.4	3.7	2.9	2.1	67	44	22	27	63	1.0	12.49 (88)	Avg	
Fidelity International Discovery FIGRX	🥉 Bronze	FG	↓★★★★	-3.6	-7.4	2.6	2.6	2.5	87	43	39	30	49	1.1	12.52 (87)	Avg	
★ Fidelity International Growth FIGFX	🥉 Bronze	FG	↑★★★★★	-1.0	-5.4	3.6	4.1	—	43	22	23	11	—	0.7	11.79 (87)	-Avg	
Fidelity Overseas FOSFX	🥉 Bronze	FB	★★★★★	-0.7	-3.4	6.0	4.7	2.3	53	4	3	4	23	1.0	12.15 (89)	Avg	
Fidelity Spartan International Idx Inv FSIIX	🥈 Silver	FB	★★★	-0.5	-9.9	1.2	1.5	1.6	50	48	45	31	36	2.8	13.03 (95)	Avg	
First Eagle Overseas A SGOVX	🥉 Bronze	FB	★★★★★	6.8	0.7	4.3	4.2	5.5	1	1	5	5	2	0.2	9.24 (85)	Low	
FMI International FMIJX	🥈 Silver	FB	★★★★★	2.2	-3.1	7.3	8.8	—	11	4	1	1	—	1.8	8.11 (66)	Low	
Harbor International Institutional HAINX	🥇 Gold	FB	★★★	2.6	-11.0	0.6	0.7	3.3	8	63	61	54	11	1.7	13.92 (94)	High	
Harding Loevner International Eq Inv HLMNX	🥈 Silver	FG	★★★★	2.0	-8.6	2.0	1.9	3.9	11	55	51	47	12	0.7	13.9 (92)	+Avg	
IVA International A IVIOX	🥈 Silver	FQ	★★★	1.5	-3.9	3.6	4.0	—	43	43	71	54	—	2.5	6.53 (91)	Low	
JOHCM International Select II JOHAX	—	FG	★★★★★	3.3	-11.6	7.1	5.7	—	3	93	2	2	—	0.1	12.62 (65)	+Avg	
Litman Gregory Masters Intl Instl MSILX	—	FB	★★★★	-4.4	-17.1	-0.8	-0.5	2.1	94	97	85	83	27	1.8	13.17 (88)	+Avg	
Longleaf Partners International LLINX	Neutral	FB	★	5.5	-6.2	-1.2	-0.5	0.9	1	12	91	83	61	1.7	17.27 (82)	High	
Manning & Napier World Opportunities A EXWAX	🥉 Bronze	FB	★★★	4.1	-8.5	-0.4	-1.3	2.2	4	31	80	92	25	1.8	13.88 (89)	+Avg	
Neuberger Berman International Eq Inv NIQVX	🥈 Silver	FB	↑★★★★★	0.5	-5.1	3.6	2.1	1.6	31	7	7	20	35	0.4	11.87 (88)	-Avg	
Oakmark International I OAKIX	🥇 Gold	FB	★★★★	-0.9	-12.2	1.6	3.8	4.4	60	78	37	6	5	2.3	15.22 (87)	High	
Oakmark International Small Cap I OAKEX	🥉 Bronze	FQ	↓★★★★	2.0	-10.3	3.5	2.6	3.3	35	98	74	77	41	2.4	14.38 (86)	High	
Oppenheimer International Growth A OIGAX	🥈 Silver	FG	★★★★	1.5	-3.5	3.8	4.3	4.8	16	10	19	9	1	0.9	12.84 (86)	Avg	
T. Rowe Price International Discovery PRIDX	🥈 Silver	FR	★★★★	-1.1	-1.3	7.2	6.1	5.4	49	28	12	18	13	0.7	10.87 (85)	Low	
T. Rowe Price International Gr & Inc TRIGX	Neutral	FV	↓★★★★	0.3	-10.6	1.3	0.9	1.4	42	47	37	34	20	2.1	12.39 (94)	-Avg	
T. Rowe Price International Stock PRITX	Neutral	FG	★★★	1.0	-8.8	2.7	1.9	2.7	26	57	37	49	46	1.1	13.14 (94)	+Avg	
T. Rowe Price Overseas Stock TROX	🥉 Bronze	FB	★★★★	0.0	-10.9	1.7	1.8	—	37	61	34	25	—	2.1	12.22 (95)	-Avg	
Tweedy, Browne Global Value TBGVX	🥈 Silver	FV	★★★★★	-0.1	-6.6	2.8	5.1	4.4	50	11	12	1	1	0.8	8.47 (83)	Low	
USAA International USIFX	🥉 Bronze	FG	★★★★	-1.2	-10.0	1.9	2.0	3.4	49	72	53	41	26	1.3	12.81 (91)	Avg	
Vanguard Developed Markets Idx Admiral VTMGX	🥇 Gold	FB	★★★	0.4	-8.8	1.6	1.8	1.8	33	34	35	26	31	2.8	13.04 (96)	Avg	
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	🥇 Gold	FB	★★	1.9	-11.2	0.2	0.0	—	16	65	69	75	—	2.9	13.24 (98)	+Avg	
Vanguard FTSE All-Wld ex-US SmCp Idx Inv VFSVX	🥈 Silver	FQ	★★	3.6	-5.8	2.5	0.6	—	18	75	87	93	—	2.4	13.04 (89)	Avg	
Vanguard International Explorer Inv VINEX	Neutral	FQ	★★★	-1.4	-3.5	7.0	3.6	3.5	88	36	9	64	26	1.5	11.71 (85)	-Avg	
Vanguard International Growth Inv VWIGX	🥈 Silver	FG	★★★	-0.1	-9.7	2.8	1.7	3.2	34	68	33	52	34	1.4	14.77 (94)	High	
Vanguard International Value Inv VTRIX	🥉 Bronze	FV	★★★	2.0	-12.7	0.5	0.8	1.4	26	68	50	36	21	2.1	13.94 (96)	+Avg	
Vanguard Total Intl Stock Index Admiral VTIAX	🥇 Gold	FB	★★	2.1	-10.6	0.4	0.1	1.6	12	58	65	72	35	2.8	13.15 (98)	+Avg	
Virtus Foreign Opportunities A JVIAX	🥉 Bronze	FG	★★★★	1.4	-0.4	1.4	4.5	3.9	17	1	63	6	11	0.9	11.81 (79)	Low	
World Stock				—	0.7	-5.4	5.3	4.7	3.9	—	—	—	—	—	12.23 (80)	—	
American Funds Capital World Gr&Inc A CWGIX	🥇 Gold	★★★★	★★★	1.7	-5.2	5.4	5.4	4.9	35	42	50	37	24	2.4	11.37 (91)	-Avg	
American Funds New Perspective A ANWPX	🥇 Gold	★★★★	★★★★	-1.5	-3.2	7.6	6.9	6.3	77	26	12	12	5	0.7	11.86 (85)	Avg	
American Funds SMALLCAP World A SMCWX	🥉 Bronze	★★★★	★★★	-1.1	-5.4	6.3	5.4	5.3	72	45	30	39	17	0.0	12.86 (64)	+Avg	
Artisan Global Equity Investor ARTHX	—	★★★★	★★★★	-3.4	-9.3	4.2	8.2	—	91	82	70	4	—	0.0	12.71 (74)	+Avg	
MSCI World Index				1.2	-4.2	6.3	6.0	4.1									
MSCI EAFE Index				-0.5	-9.9	1.0	1.4	1.3									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- FA Foreign-Small/Mid Value
- FV Foreign-Large Value
- SP Equity Precious Metals
- FB Foreign-Large Blend
- SC Communications
- SU Real Estate
- FG Foreign-Large Growth
- SF Financial
- ST Technology
- FQ Foreign Small/Mid Blend
- SH Health
- SN Natural Resources
- FR Foreign-Small/Mid Growth

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
			UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
						Japan	Other													
—	0.9	5,801	55	6	1	17	14	1	—	14	4	96	-1	0	—	1.32	—	1,682	—	
AAIPX	4.3	30,036	58	4	0	13	8	1	184	33	8	92	0	0	NL	1.07	17.43	2,482	Management Team	
TWIEX	11.4	26,449	71	3	0	18	6	0	103	62	2	98	0	0	NL	1.17	11.08	1,616	Gandhi/Gendelman (8.2/1.2)	
AEPGX	7.0	33,556	41	4	2	12	26	2	481	28	8	86	1	5	5.75	0.83	44.86	123,018	Management Team	
IGAAX	5.3	26,793	45	7	3	8	22	2	180	25	1	88	2	8	5.75	0.91	28.71	10,418	Management Team	
AINTX	9.1	29,290	54	7	0	13	10	1	86	34	11	89	0	0	NL	1.26	12.85	139	Rupal Bhansali (4.3)	
ARTIX	9.2	40,002	59	14	1	11	7	0	74	45	4	94	0	2	Clsd	1.17	27.86	17,056	Management Team	
ARTJX	6.1	2,242	79	3	0	7	4	0	41	43	6	94	0	0	Clsd	1.52	22.99	926	Hamker/Yockey (4.2/14.3)	
ARTKX	7.4	24,513	56	15	3	5	12	0	53	23	10	90	0	0	Clsd	1.2	32.31	11,064	O'Keefe/Samra (9.5/13.6)	
CIVVX	4.4	39,724	69	1	0	13	12	0	60	28	4	96	0	0	NL	1.15	13.7	5,630	Management Team	
ACINX	9.8	4,374	46	6	1	22	23	1	141	50	0	99	0	1	NL	0.93	39.36	6,200	Egan/Mendes (13.0/13.0)	
DFISX	4.6	1,515	55	7	0	23	12	1	4116	0	1	98	0	1	NL	0.54	17.6	9,631	Management Team	
DODFX	4.6	35,591	40	11	7	12	12	7	84	18	0	97	0	3	Clsd	0.64	36.36	53,802	Management Team	
FDIVX	6.3	27,870	53	15	1	14	11	3	221	31	2	98	0	0	NL	1.0	34.24	21,140	William Bower (15.1)	
FIGRX	6.4	15,878	58	5	0	17	11	3	208	60	3	96	0	0	NL	0.99	37.99	10,150	William Kennedy (11.5)	
FIGFX	10.3	37,380	52	20	1	14	10	2	95	26	2	98	0	0	NL	0.97	11.03	1,618	Jed Weiss (8.5)	
FOSEFX	7.0	15,131	63	9	0	17	6	2	173	28	2	98	0	0	NL	1.04	40.59	5,113	Vincent Montemaggiore (4.2)	
FSIIX	5.1	30,403	63	1	0	22	12	1	957	1	0	100	0	0	NL	0.2	35.69	14,332	Management Team	
SGOVX	6.1	12,274	29	7	3	21	13	1	161	12	15	73	1	11	Clsd	1.16	23.47	14,350	Brooker, Jr./McLennan (6.2/7.6)	
FMIJX	12.0	20,022	40	20	0	11	10	0	47	9	16	81	0	3	NL	0.98	28.82	3,651	Management Team	
HAINX	5.9	44,884	71	11	2	8	3	0	80	25	2	96	0	2	NL	0.76	60.96	40,758	Management Team	
HLMNX	10.5	38,370	52	6	1	17	15	5	55	12	4	96	0	0	NL	1.16	17.42	5,723	Management Team	
IVIOX	7.5	5,869	18	3	0	13	17	1	106	27	37	52	6	5	Clsd	1.25	15.82	3,909	de Lardemelle/de Vaulx (7.6/7.6)	
JOHAX	6.7	24,175	58	5	0	17	13	0	37	50	5	93	0	0	Clsd	1.3	18.42	3,551	Lees/Richyal (6.7/6.7)	
MSILX	3.9	29,508	68	7	2	9	7	0	53	51	5	93	0	2	NL	0.99	15.42	1,099	Management Team	
LLINX	3.7	9,607	42	1	5	4	49	0	22	52	-5	100	0	5	NL	1.28	13.03	1,039	Management Team	
EXWAX	11.6	34,543	49	19	10	3	17	0	47	71	2	98	0	0	NL	1.09	7.05	1,447	Management Team	
NIQVX	6.9	12,304	63	7	0	12	7	5	94	25	3	95	0	1	NL	1.25	20.39	1,452	Benjamin Segal (10.8)	
OAKIX	2.8	26,425	65	2	1	17	10	0	70	48	3	96	0	1	Clsd	0.95	21.17	26,392	Herro/Taylor (23.6/7.3)	
OAKEX	3.5	2,120	58	6	2	8	22	0	65	46	3	95	0	2	Clsd	1.35	14.46	2,626	Herro/Manelli (20.5/4.9)	
OIGAX	8.6	15,749	75	8	1	6	6	1	107	10	2	97	0	1	5.75	1.14	36.62	22,757	Dunphy/Evans (4.1/20.1)	
PRIDX	5.0	1,894	40	1	3	21	24	1	219	39	8	91	0	1	NL	1.2	53.33	4,445	Justin Thomson (17.3)	
TRIGX	5.6	19,491	56	2	1	16	15	3	122	25	8	92	0	0	NL	0.84	13.11	11,629	Jonathan Matthews (5.8)	
PRITX	6.6	28,636	46	7	3	14	24	2	126	32	5	95	0	0	NL	0.83	15.44	14,200	Richard Clattenburg (1.1)	
TROX	5.1	31,354	59	2	1	18	13	0	163	12	6	93	0	0	NL	0.84	8.99	11,348	Raymond Mills (9.3)	
TBGVX	5.9	28,940	59	11	1	1	8	0	193	8	19	81	0	0	NL	1.37	24.43	8,909	Management Team	
USIFX	7.4	18,765	63	5	0	20	9	1	535	17	1	99	0	1	NL	1.12	26.4	3,414	Management Team	
VTMGX	5.0	21,924	56	6	0	21	15	1	3772	3	1	98	0	1	NL	0.09	11.81	53,154	Franquin/Louie (3.2/0.0)	
VFWAX	4.8	24,354	45	6	3	17	22	4	2532	3	1	97	0	3	NL	0.13	27.42	24,683	Franquin/Hales (0.2/0.2)	
VFSVX	5.0	1,336	38	13	2	15	28	2	3465	9	0	99	0	1	NL	0.31	36.66	3,324	Miller/Perre (0.7/0.2)	
VINEX	8.7	1,751	54	1	0	23	15	0	335	42	5	92	0	3	NL	0.42	16.72	2,977	Dobbs/Thomas (16.3/5.8)	
VWIGX	5.8	31,868	48	7	1	11	20	2	174	29	2	95	0	3	NL	0.47	21.08	21,069	Management Team	
VTRIX	4.4	30,348	49	3	1	22	12	4	162	36	5	91	0	4	NL	0.46	31.71	7,551	Management Team	
VTIAX	4.8	17,942	44	7	3	17	23	3	6038	3	0	99	0	1	NL	0.12	24.66	197,576	Louie/Perre (0.2/7.7)	
JVIAX	12.8	53,965	58	19	0	5	16	2	45	32	0	98	0	2	5.75	1.41	28.78	1,559	Matthew Benkendorf (0.1)	
—	6.2	39,414	28	52	1	6	8	1	—	54	3	96	1	0	—	1.3	—	1,562	—	
CWGIX	8.1	45,479	30	44	1	3	14	1	421	35	2	93	1	5	5.75	0.77	43.9	82,186	Management Team	
ANWPX	11.1	55,125	28	48	0	5	7	2	337	27	9	90	0	1	5.75	0.75	35.48	58,675	Management Team	
SMCWX	7.2	2,763	18	44	2	6	16	2	609	33	2	88	1	9	5.75	1.07	43.13	27,308	Management Team	
ARTHX	10.9	31,538	27	64	0	3	5	0	58	78	1	99	0	0	NL	1.37	15.5	271	Management Team	

Equity Style Box

Val	Blnd	Grth

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	Total Return % 04-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr				10 Yr
World Stock (cont'd)			—	0.7	-5.4	5.3	4.7	3.9	—	—	—	—	—	—	12.23 (80)	—
Artisan Global Opportunities Inv ARTRX	Silver	★★★★★	—	-0.3	-1.0	7.8	8.4	—	62	14	10	4	—	0.1	13.43 (77)	+Avg
Artisan Global Value Investor ARTGX	Silver	★★★★★	—	2.9	-2.3	7.0	9.1	—	25	22	18	2	—	0.3	11.55 (81)	Avg
BBH Global Core Select N BBGNX	—	★★★	—	4.3	-1.6	4.6	—	—	12	17	65	—	—	0.6	10.29 (82)	Low
Dodge & Cox Global Stock DODWX	Gold	★★★	—	2.3	-10.0	6.5	5.7	—	31	87	28	33	—	1.7	14.19 (87)	High
Fidelity Worldwide FWWFX	—	★★★★	—	-1.8	-3.6	6.6	6.2	5.5	80	29	26	22	13	0.6	12.31 (73)	Avg
Franklin Mutual Global Discovery A TEDIX	Silver	★★★★	—	0.1	-8.4	4.9	5.4	5.4	54	74	61	38	14	1.5	10.53 (81)	-Avg
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★	—	1.4	-2.4	6.9	5.5	5.5	39	22	20	36	12	0.1	12.32 (85)	Avg
Janus Global Research T JAWWX	Bronze	★★★	—	-1.4	-9.6	6.2	5.0	6.0	76	85	33	49	7	0.8	12.66 (83)	+Avg
MFS Global Equity A MWEFX	Gold	★★★★	—	4.2	-1.8	7.1	7.8	6.6	13	18	18	7	3	0.7	12.16 (83)	Avg
Oakmark Global I OAKGX	Gold	★★★	—	-4.6	-11.7	3.9	4.9	4.9	95	94	76	53	26	1.2	14.74 (78)	High
Oakmark Global Select I OAKWX	Silver	★★★★	—	-2.7	-6.7	6.8	7.6	—	87	63	22	8	—	0.8	14.22 (78)	High
Old Westbury Small & Mid Cap OWSMX	—	★★★★	—	1.7	-1.9	6.3	5.3	7.0	35	18	32	42	2	0.7	10.98 (81)	-Avg
Oppenheimer Global A OPPAX	Silver	★★★	—	-4.9	-8.6	4.9	4.8	4.3	96	76	59	56	42	0.7	13.69 (81)	+Avg
Oppenheimer Global Opportunities A OPGIX	—	★★★	—	-0.5	13.5	12.3	7.1	5.8	64	1	1	11	9	0.1	16.53 (36)	High
Perkins Global Value T JGVAX	Bronze	★★★★	—	0.6	-4.4	3.7	6.0	4.5	48	35	78	27	36	2.0	8.42 (85)	Low
Tweedy, Browne Value TWEBX	Silver	★★★★	—	1.6	-6.5	3.2	5.5	4.9	37	61	83	35	25	1.0	10.07 (81)	Low
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★★	—	0.9	-10.4	0.4	2.9	—	45	90	96	80	—	2.7	11.57 (91)	-Avg
USAA World Growth USAWX	Silver	★★★★★	—	4.2	-1.8	7.1	7.8	6.7	12	18	16	6	3	0.7	12.18 (83)	Avg
Vanguard Global Equity Inv VHGX	Bronze	★★★★	—	0.5	-4.5	6.4	5.8	3.9	50	36	30	30	54	1.7	11.66 (86)	Avg
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR	—	1.3	2.2	—	—	—	40	6	—	—	—	1.8	— (—)	—
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★★	—	1.8	-5.5	5.3	4.8	—	34	46	53	55	—	2.1	11.81 (93)	Avg
Regional Stock			—	5.0	-15.4	-4.5	-4.3	1.9	—	—	—	—	—	—	15.48 (77)	—
Matthews Asia Dividend Investor MAPIX	Silver	DP	↑★★★★	3.0	-6.2	1.6	4.9	—	3	31	15	14	—	1.6	12.07 (84)	Low
Matthews Asian Growth & Inc Investor MACSX	Silver	PJ	↑★★★★★	4.4	-8.1	-1.4	2.6	6.0	10	5	62	14	60	2.4	11.36 (82)	Low
Matthews China Investor MCHFX	Bronze	CH	★★★	-11.9	-26.9	-1.8	-4.2	7.1	100	71	82	95	26	1.1	20.79 (54)	+Avg
Matthews Emerging Asia Investor MEASX	—	PJ	↑★★★★★	2.4	-0.9	5.2	—	—	23	2	2	—	—	0.0	10.47 (53)	Low
Matthews India Investor MINDX	—	EI	★★★	-1.7	-5.0	14.1	6.1	8.9	70	47	7	14	1	0.1	22.41 (24)	+Avg
Matthews Pacific Tiger Investor MAPTX	Silver	PJ	↓★★★★	1.1	-10.2	2.8	3.6	8.0	43	15	5	2	1	1.6	14.82 (69)	Avg
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	-0.8	-13.6	-0.2	0.9	7.2	53	32	39	29	20	1.3	14.31 (75)	Avg
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★	0.4	-9.1	2.6	1.4	2.1	28	47	62	64	60	3.2	13.94 (88)	+Avg
Diversified Emerg. Mkts.			—	5.0	-15.4	-4.5	-4.3	1.9	—	—	—	—	—	—	15.48 (77)	—
American Funds New World A NEWFX	Gold	★★★★★	—	1.5	-9.3	-0.9	-0.2	4.2	83	9	8	5	8	0.6	12.38 (93)	Low
Causeway Emerging Markets Investor CEMVX	Bronze	★★★	—	4.2	-21.5	-5.4	-3.7	—	50	94	62	37	—	1.4	16.72 (79)	+Avg
DFA Emerging Markets Value I DFEVX	Bronze	★★	—	11.8	-17.2	-5.8	-6.6	2.7	5	65	71	86	35	2.5	18.42 (77)	High
Harding Loevner Emerging Markets Advisor HLEMX	Silver	★★★★	—	7.7	-12.4	-2.1	-1.1	3.1	22	23	15	10	29	0.5	15.66 (84)	Avg
Lazard Emerging Markets Equity Open LZOEK	Silver	★★★	—	11.9	-15.0	-5.5	-3.9	2.9	5	46	65	43	31	1.2	18.25 (75)	High
Oppenheimer Developing Markets A ODMAX	Silver	★★★★	—	2.7	-14.1	-3.5	-2.6	4.5	68	38	30	19	4	0.4	16.22 (84)	Avg
Parametric Emerging Markets Investor EAEMX	Bronze	★★★	—	10.3	-12.9	-4.1	-4.0	—	10	28	38	44	—	0.1	14.61 (82)	-Avg
Seafarer Overseas Gr and Income Investor SFGIX	—	★★★★★	—	10.5	-8.4	1.7	—	—	9	6	2	—	—	1.0	14.51 (77)	-Avg
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	★★★	—	6.6	-13.2	-2.7	-3.2	2.1	32	30	20	28	43	0.5	16.62 (77)	+Avg
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	★★★	—	6.2	-18.4	-4.5	-4.7	2.2	36	72	46	57	42	3.0	16.89 (79)	+Avg
Virtus Emerging Markets Opportunities A HEMZX	Bronze	★★★★★	—	3.2	-8.3	-3.9	0.6	5.1	63	5	36	2	2	0.7	14.29 (64)	-Avg
World Allocation			—	2.6	-5.2	1.8	2.6	4.1	—	—	—	—	—	—	8.6 (86)	—
American Funds Capital Income Bldr A CAIBX	Silver	↓★★★★	—	4.8	-1.6	4.4	6.0	5.1	19	16	13	4	21	3.5	8.92 (85)	Avg
BlackRock Global Allocation Inv A MDLOX	Gold	★★★	—	0.6	-4.8	2.9	2.9	4.9	80	49	42	54	32	1.1	7.21 (93)	-Avg
First Eagle Global A SGENX	Bronze	★★★★★	—	7.0	1.7	5.6	5.7	6.8	7	1	2	6	3	0.1	8.56 (89)	Avg
Franklin Mutual Quest A TEQIX	Silver	↓★★★★	—	3.6	-6.1	4.7	5.4	5.0	33	67	8	10	29	4.3	8.67 (85)	Avg
IVA Worldwide A IWVAX	Silver	★★★	—	2.0	-3.3	3.6	3.3	—	55	32	27	47	—	1.3	5.86 (91)	Low
PIMCO Global Multi-Asset D PGMDX	Neutral	★	—	-0.5	-6.9	-2.1	-0.8	—	90	77	93	92	—	0.0	9.6 (72)	+Avg
T. Rowe Price Global Allocation RPGAX	—	NR	—	1.7	-3.2	—	—	—	57	31	—	—	—	0.9	— (—)	—
MSCI Emerging Markets Index			—	6.8	-18.0	-5.3	-5.3	1.7	—	—	—	—	—	—	—	—
MSCI World Index			—	1.2	-4.2	6.3	6.0	4.1	—	—	—	—	—	—	—	—
MSCI Pacific Index			—	-0.2	-7.9	0.3	3.1	1.3	—	—	—	—	—	—	—	—

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
 DP Diversified Pacific/Asia Stock
 EI India Equity
 ES Europe Stock
 FA Foreign-Small/Mid Value
 FB Foreign-Large Blend
 FG Foreign-Large Growth
 FR Foreign-Small/Mid Growth
 FV Foreign-Large Value
 JS Japan Stock
 LS Latin America Stock
 PJ Pacific/Asia ex-Japan Stock
 TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Japan													
	—	6.2	39,414	28	52	1	6	8	1	—	54	3	96	1	0	—	1.3	—	1,562	—	
ARTRX	▣	13.7	24,532	17	56	3	8	9	0	53	55	8	92	0	0	NL	1.19	19.48	1,512	Management Team	
ARTGX	▣	6.2	47,283	27	53	3	0	9	0	49	19	9	91	0	0	NL	1.29	14.65	1,725	O'Keefe/Samra (8.3/8.3)	
BBGNX	▣	13.7	39,241	37	54	0	0	0	0	41	31	9	91	0	0	NL	1.25	11.27	114	Hartch/Lombardi (3.1/3.1)	
DODWX	▣	6.0	44,092	21	53	5	2	11	4	88	20	1	96	0	3	NL	0.63	10.7	5,708	Management Team	
FWWFX	▣	9.5	26,858	26	57	0	7	5	2	294	151	2	98	0	0	NL	0.96	21.8	1,574	DuFour/Kennedy (8.6/10.3)	
TEDIX	▣	6.3	40,584	33	48	0	0	6	2	171	21	6	90	3	2	5.75	1.24	28.9	23,123	Management Team	
HLMGX	▣	9.3	30,994	18	55	2	10	7	5	72	45	2	98	0	0	NL	1.18	31.2	830	Management Team	
JAWWX	▣	8.4	31,731	18	67	0	4	6	0	134	51	0	95	0	5	NL	0.88	60.89	2,458	Carmel Wellso (1.3)	
MWVFX	▣	11.2	41,646	38	56	1	1	1	1	97	8	2	98	0	0	5.75	1.22	35.7	2,258	Mannheim/Morley (24.1/6.6)	
OAKGX	▣	4.5	28,448	37	42	1	10	8	0	39	36	2	98	0	0	Clsd	1.12	25.86	2,618	McGregor/Taylor (12.5/10.6)	
OAKWX	▣	6.8	53,971	39	48	0	4	5	0	23	48	3	97	0	0	NL	1.13	15.03	2,158	Herro/Nygren (9.6/9.6)	
OWSMX	▣	7.6	3,362	17	50	1	8	11	2	5556	50	10	89	0	0	NL	1.13	15.14	5,292	Management Team	
OPPAX	▣	5.2	36,371	36	46	1	13	5	0	91	11	0	99	0	0	5.75	1.14	71.45	9,327	Rajeev Bhaman (11.7)	
OPGIX	▣	13.7	3,103	45	43	0	7	1	0	95	16	5	95	0	0	5.75	1.19	44.61	3,391	Frank Jennings (20.6)	
JGVAX	▣	4.8	41,082	27	46	3	6	3	0	77	25	15	85	0	0	NL	0.89	13.07	227	Chessen/Kolb (2.3/10.9)	
TWEBX	▣	4.3	63,988	40	43	0	0	5	0	73	6	11	89	0	0	NL	1.37	20.12	517	Management Team	
TBHDX	▣	7.3	68,620	64	21	0	0	8	0	30	7	7	93	0	0	NL	1.36	8.96	332	Management Team	
USAWX	▣	12.0	42,464	38	56	1	1	1	1	106	9	0	99	0	1	NL	1.17	27.24	1,182	Mannheim/Morley (13.8/6.6)	
VHGEX	▣	5.8	21,404	18	53	1	10	11	2	808	36	4	95	0	1	NL	0.57	23.75	4,271	Management Team	
VMVFX	▣	9.8	7,464	20	55	2	4	14	1	446	57	2	96	0	2	NL	0.27	11.45	1,486	Management Team	
VTWSX	▣	6.6	29,417	21	55	1	8	10	2	7507	7	1	99	0	0	NL	0.25	23.79	7,182	Franquin/Louie (3.2/0.2)	
MAPIX	▣	5.5	10,315	0	2	0	31	65	0	69	35	0	100	0	0	NL	1.05	15.81	4,690	Management Team	
MACSX	▣	9.8	14,036	4	3	0	6	76	0	58	16	0	89	0	11	NL	1.09	16.74	2,967	Horrocks/Lowe (7.0/4.3)	
MCHFX	▣	4.1	22,575	0	0	0	0	87	0	39	66	0	98	0	2	NL	1.14	16.22	594	Management Team	
MEASX	▣	5.9	877	0	0	0	0	99	0	84	12	1	99	0	0	NL	1.5	11.54	126	Harvey/Ishida (3.0/3.0)	
MINDX	▣	22.1	3,677	0	4	0	0	91	5	49	9	0	100	0	0	NL	1.11	25.98	1,481	Asnani/Shroff (5.5/9.8)	
MAPTX	▣	7.9	12,886	3	3	0	0	95	0	64	12	0	100	0	0	NL	1.07	23.81	6,635	Gupta/Shroff (1.0/8.3)	
PRASX	▣	6.9	20,378	2	0	0	0	93	0	82	53	3	96	0	1	NL	0.94	15.14	2,553	Anh Lu (1.9)	
VEUSX	▣	5.8	28,713	98	1	0	0	0	0	1246	13	0	99	0	1	NL	0.12	62.42	19,555	Franquin/Hales (0.2/0.2)	
	—	4.6	17,651	3	1	13	0	63	15	—	75	4	98	-1	0	—	1.52	—	1,215	—	
NEWFX	▣	8.0	21,305	19	13	4	4	32	7	494	41	3	80	7	10	5.75	1.04	50.76	22,978	Management Team	
CEMVX	▣	2.8	15,776	0	0	10	0	73	20	139	100	-4	104	0	0	NL	1.48	10.07	2,703	Management Team	
DFEVX	▣	2.4	6,068	0	0	15	0	66	15	2275	6	1	96	0	3	NL	0.56	22.76	15,596	Management Team	
HLEMX	▣	5.7	18,193	3	1	17	0	54	20	81	30	3	97	0	0	NL	1.45	42.24	2,376	Management Team	
LZOEX	▣	2.9	19,871	0	0	13	0	58	23	83	14	3	96	0	1	Clsd	1.37	15.46	10,328	Management Team	
ODMAX	▣	6.9	21,090	7	1	14	1	58	12	93	36	5	92	0	3	Clsd	1.3	31.23	28,342	Lech/Leverenz (0.6/9.0)	
EAEMX	▣	3.7	5,182	3	1	18	0	41	33	1647	8	1	96	0	3	NL	1.36	12.69	3,273	Atwill/Seto (1.9/9.2)	
SFGIX	▣	10.4	4,783	0	0	20	3	46	17	53	28	8	86	3	2	NL	1.15	11.44	1,215	Andrew Foster (4.2)	
PRMSX	▣	6.1	23,472	3	0	14	0	64	16	97	15	2	98	0	0	NL	1.24	30.37	8,942	Gonzalo Pangaro (7.6)	
VEMAX	▣	3.9	14,087	0	0	14	0	65	17	3938	7	1	99	0	1	NL	0.15	28.97	63,758	Miller/Perre (0.2/7.7)	
HEMZX	▣	13.3	39,690	20	3	13	0	59	5	62	27	0	99	0	1	5.75	1.56	8.96	7,819	Matthew Benkendorf (0.1)	
	—	7.7	36,775	14	27	1	5	6	1	—	69	20	55	23	2	—	1.28	—	2,907	—	
CAIBX	▣	8.7	50,468	26	46	0	1	6	0	1449	63	2	80	16	2	5.75	0.59	58.02	99,175	Management Team	
MDLOX	▣	5.4	33,524	11	32	1	8	3	0	870	84	19	56	22	3	5.25	1.14	17.94	47,331	Management Team	
SGENX	▣	7.0	23,286	15	44	1	12	5	0	181	11	13	77	1	9	5.00	1.11	54.95	48,083	Brooker, Jr./McLennan (5.2/7.6)	
TEQIX	▣	3.2	17,925	13	29	0	0	2	1	155	30	16	48	31	5	5.75	1.07	14.8	4,902	Luh/Tumulty (5.3/12.4)	
IVWAX	▣	8.6	19,727	13	24	0	7	8	0	106	30	36	53	6	6	Clsd	1.25	16.65	8,637	de Lardemelle/de Vaulx (7.6/7.6)	
PGMDX	▣	7.1	44,106	8	28	0	0	1	0	315	444	-34	53	65	16	NL	1.57	10.87	757	Sundstrom/Worah (0.7/2.2)	
RPGAX	▣	6.5	26,895	16	25	1	5	9	1	1366	33	6	57	27	10	NL	1.2	10.69	168	Charles Shriver (2.9)	

Equity Style Box

Val	Blnd	Grth	Up	Mid	Sm
▣	▣	▣			
▣	▣	▣			

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
			Morningstar Rating	Total Return % 04-30-16					Total Return % Category Rank					30-Day Yld	Stand-ard Devia-tion	Risk Relative to Category
			vs. Category	ANNUALIZED					1=Best, 100=Worst					%	(R ²)	
			5=Best	YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Bond Funds	Morningstar Analyst Rating															
High-Quality Bond																
	—	CI	★★★★	3.0	1.3	1.0	2.8	4.0	—	—	—	—	—	—	3.45 (64)	—
AMG GW&K Core Bond Service MBDFX	—	CI	★★★★	3.8	2.0	1.7	3.3	5.6	21	40	60	58	12	2.3	3.64 (93)	High
AMG Managers Bond Service MGFIX	—	CI	★★★★	4.5	1.7	2.0	4.5	6.1	5	56	42	8	4	3.0	3.72 (50)	High
Baird Aggregate Bond Inst BAGIX	Silver	CI	★★★★★	3.6	2.7	2.7	4.5	5.3	29	8	9	6	23	2.5	3.1 (98)	Avg
Dodge & Cox Income DODIX	Gold	CI	★★★★	3.7	1.8	2.6	3.8	5.4	23	51	11	27	19	—	2.84 (59)	-Avg
DoubleLine Total Return Bond I DBLTX	—	CI	★★★★★	2.0	2.7	2.9	5.2	—	94	11	6	1	—	3.5	2.55 (83)	-Avg
Fidelity GNMA FGMNX	Gold	GI	★★★★★	1.8	1.9	2.0	3.1	5.0	76	33	14	14	7	2.0	2.8 (76)	Avg
Fidelity Government Income FGOVX	Gold	GI	★★★★	2.7	2.0	1.8	3.0	4.6	12	27	26	21	22	1.3	2.94 (93)	+Avg
Fidelity Intermediate Bond FTHRX	Silver	CI	★★★★	2.9	2.1	1.7	3.0	4.3	70	35	57	71	67	1.7	2.32 (92)	-Avg
Fidelity Investment Grade Bond FBNDX	Silver	CI	★★★★	4.4	1.3	1.9	3.6	4.5	7	68	48	39	61	2.6	3.29 (85)	+Avg
Fidelity Mortgage Securities FMSFX	—	CI	★★★★	2.2	2.4	2.5	3.4	4.1	90	18	14	55	75	2.2	2.59 (84)	-Avg
Fidelity Spartan US Bond Idx Investor FBIDX	Bronze	CI	★★★★	3.5	2.7	2.1	3.4	4.6	33	11	31	51	58	2.0	3.14 (99)	Avg
Fidelity Total Bond FTBFX	Gold	CI	★★★★	4.6	2.2	2.4	4.0	5.3	4	30	18	21	22	3.0	3.32 (81)	+Avg
Harbor Bond Institutional HABDX	Bronze	CI	★★★★	2.7	1.3	1.5	3.2	5.6	78	69	71	64	12	2.6	3.61 (80)	High
Harbor Real Return Instl HARRX	—	IP	★★★★	4.4	-0.3	-2.0	1.8	4.4	47	64	71	34	15	0.4	6.09 (71)	+Avg
Janus Flexible Bond T JAFIX	Neutral	CI	★★★★	2.6	1.1	2.0	3.7	5.9	80	72	43	33	7	2.6	2.74 (94)	-Avg
Loomis Sayles Investment Grade Bond A LIGRX	Gold	CI	★★★★	5.3	-0.3	0.8	3.4	6.0	2	94	90	51	6	2.5	5.17 (28)	High
Metropolitan West Total Return Bond M MWTRX	Gold	CI	★★★★★	2.8	1.7	2.2	4.5	6.4	74	57	29	7	2	1.9	2.8 (93)	-Avg
PIMCO Investment Grade Corp Bd Instl PIGIX	Silver	TW	★★★★★	4.7	2.2	2.8	5.8	7.7	59	34	30	14	10	3.6	4.91 (78)	+Avg
PIMCO Low Duration D PLDDX	Bronze	CS	★★★★	0.8	0.4	0.2	1.3	3.4	87	73	84	58	25	2.2	1.75 (35)	+Avg
PIMCO Real Return D PRRDX	Silver	IP	★★★★	4.5	-0.6	-2.1	1.8	4.4	38	72	78	37	16	2.1	6.23 (73)	High
PIMCO Short-Term D PSHDX	Silver	UB	★★★★	0.2	0.6	0.7	1.0	2.2	80	27	17	32	14	1.8	1.04 (0)	High
PIMCO Total Return Instl PTTRX	Bronze	CI	★★★★	2.2	1.3	1.3	3.4	6.0	89	66	76	52	5	3.1	3.79 (80)	High
Scout Core Plus Bond Instl SCPZX	Silver	CI	★★★★★	4.6	3.4	2.0	4.4	7.1	4	2	41	8	1	1.7	2.4 (53)	-Avg
T. Rowe Price Corporate Income PRPIX	—	TW	★★★★	4.9	2.0	2.8	5.2	5.9	55	46	28	28	42	3.0	4.57 (73)	Avg
T. Rowe Price GNMA PRGMX	—	GI	★★★★	1.6	1.4	1.5	2.6	4.4	87	64	41	46	31	1.9	2.56 (73)	Avg
T. Rowe Price New Income PRCIX	Bronze	CI	★★★★	3.3	2.0	1.9	3.4	5.1	46	41	48	52	32	2.3	3.11 (94)	Avg
T. Rowe Price Short-Term Bond PRWBX	Neutral	CS	★★★★	1.1	0.9	0.8	1.2	2.9	59	45	50	65	47	1.2	0.93 (54)	Avg
TCW Total Return Bond I TGLMX	Bronze	CI	★★★★★	2.3	2.3	2.8	5.1	7.1	87	26	7	2	1	2.7	2.62 (82)	-Avg
USAA Income USAIX	—	CI	★★★★	4.4	1.9	2.2	4.1	5.4	6	48	28	18	17	3.2	3.17 (82)	+Avg
Vanguard GNMA Inv VFIIIX	Gold	GI	★★★★	2.1	2.2	2.3	3.1	4.9	56	18	6	15	12	2.4	2.85 (78)	+Avg
Vanguard Inflation-Protected Secs Inv VIPSX	Gold	IP	★★★★	4.8	0.9	-1.1	2.4	4.4	25	17	26	8	14	-0.2	5.44 (81)	+Avg
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	4.5	3.6	2.5	4.9	6.1	5	2	15	3	4	2.2	4.46 (97)	High
Vanguard Interm-Term Invmt-Grade Inv VFICX	Silver	TW	★★★★	4.3	3.6	2.9	4.7	5.9	77	11	27	52	40	2.4	3.62 (91)	-Avg
Vanguard Interm-Term Treasury Inv VFITX	—	GI	★★★★	3.3	3.2	1.6	3.3	5.1	2	2	33	6	5	1.1	3.66 (87)	High
Vanguard Long-Term Investment-Grade Inv VWESX	Silver	TW	★★★★★	8.8	5.7	4.8	8.5	8.0	5	4	1	1	9	3.7	8.33 (86)	High
Vanguard Long-Term Treasury Inv VUSTX	—	GL	★★★★	7.6	5.2	4.3	8.9	7.8	25	25	29	22	43	2.3	11.1 (82)	Avg
Vanguard Short-Term Bond Index Adm VBIRX	Silver	CS	★★★★	1.7	1.6	1.2	1.6	3.4	29	7	21	41	27	1.1	1.32 (81)	Avg
Vanguard Short-Term Federal Inv VSGBX	Silver	GS	★★★★	1.3	1.3	0.8	1.2	3.1	32	17	15	28	19	0.9	1.07 (79)	Avg
Vanguard Short-Term Investment-Grade Inv VFSTX	Silver	CS	★★★★	2.2	2.0	1.7	2.2	3.6	10	3	4	16	21	1.7	1.37 (70)	Avg
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★★	1.2	1.1	0.7	0.9	2.7	35	28	28	43	41	0.5	0.96 (67)	Avg
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	★★★★★	1.7	0.5	-0.5	—	—	95	34	8	—	—	-0.9	1.84 (42)	Low
Vanguard Total Bond Market Index Adm VBTLX	Silver	CI	★★★★	3.5	2.6	2.2	3.5	4.9	34	14	28	45	41	2.1	3.08 (99)	Avg
Western Asset Core Bond I WATFX	Silver	CI	★★★★	3.8	3.2	3.2	4.3	5.5	21	3	3	12	14	2.5	3.14 (91)	Avg
Western Asset Core Plus Bond I WACPX	Silver	CI	★★★★★	3.5	2.9	3.2	4.7	6.1	33	5	3	5	5	3.3	3.39 (84)	+Avg
High-Yield Bond																
	—	—	★★★★	5.1	-2.5	1.5	4.1	5.8	—	—	—	—	—	—	5.76 (10)	—
Eaton Vance Income Fund of Boston A EVIBX	Silver	—	★★★★	5.5	-0.2	2.8	5.1	6.4	39	17	14	18	29	5.0	5.13 (14)	-Avg
Fairholme Focused Income FOCIX	Neutral	—	★★★★	10.0	-1.0	8.1	5.9	—	1	31	1	6	—	—	15.2 (3)	High
BarCap US Agg Bond TR USD				3.3	2.6	2.2	3.5	4.8								
BofAML US HY Master II TR				7.4	-1.3	2.5	5.2	7.2								

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CI Intermediate-Term Bond
 CL Long-Term Bond
 CS Short-Term Bond
 GI Intermediate Government Bond
 GL Long Government Bond
 GS Short Government Bond
 IP Inflation-Protected Bond
 TW Corporate Bond
 UB Ultrashort Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.1	—	—	8	4	0	0	23	12	0	87	1	—	0.76	—	1,722	—
MBDFX	5.1	5.0	A	60	40	0	0	175	9	0	90	1	NL	0.56	10.21	440	Mary Kane (1.2)
MGFIX	5.1	5.0	BBB	20	69	11	0	10	18	0	78	3	NL	0.99	27.11	2,461	Management Team
BAGIX	—	5.0	A	76	19	0	5	39	5	0	95	0	NL	0.3	10.91	8,165	Management Team
DODIX	4.4	5.0	BBB	49	39	11	0	24	5	0	94	1	NL	0.43	13.65	44,239	Management Team
DBLTX	2.9	5.0	BB	74	5	14	7	13	12	0	88	0	NL	0.47	10.86	58,781	Barach/Gundlach (6.0/6.0)
FGMNX	—	3.8	AAA	100	0	0	0	450	6	0	94	0	NL	0.45	11.64	6,222	Castagliuolo/Irving (6.3/11.5)
FGOVX	—	3.8	AA	99	0	0	1	83	2	0	98	0	NL	0.45	10.52	4,720	Castagliuolo/Irving (6.4/9.3)
FTHRX	—	5.0	A	50	47	4	0	53	3	0	94	3	NL	0.45	10.96	3,166	Foley/Galusza (2.5/6.8)
FBNDX	—	5.0	A	55	37	8	0	182	2	0	92	6	NL	0.45	7.84	7,728	Jeffrey Moore (11.4)
FMSFX	—	5.0	A	93	2	0	4	439	4	0	96	0	NL	0.45	11.4	1,095	Castagliuolo/Irving (6.3/8.1)
FBIDX	—	5.0	AA	78	22	0	0	75	4	0	96	0	NL	0.2	11.8	21,711	Bettencourt/Small (1.9/1.0)
FTBFX	—	5.0	BBB	45	39	16	0	140	5	0	95	0	NL	0.45	10.62	22,989	Management Team
HABDX	—	5.0	—	—	—	—	—	586	7	0	90	3	NL	0.51	11.71	2,753	Management Team
HARRX	—	7.7	—	—	—	—	—	531	8	0	91	1	NL	0.54	9.26	117	Banet/Worah (1.2/8.3)
JAFIX	5.6	5.0	BBB	58	32	8	2	124	3	0	95	2	NL	0.69	10.48	9,328	Management Team
LIGRX	4.5	5.0	BBB	30	57	9	4	23	13	1	76	10	4.25	0.83	11.35	7,612	Management Team
MWTRX	4.8	5.0	BBB	72	22	5	1	246	4	0	94	2	NL	0.69	10.86	75,633	Management Team
PIGIX	6.1	5.5	—	—	—	—	—	86	-45	0	139	5	NL	0.5	10.25	7,616	Mark Kiesel (13.4)
PLDDX	1.2	2.1	—	—	—	—	—	110	19	0	78	3	NL	0.75	9.89	10,163	Mather/Schneider (1.6/1.6)
PRRDX	7.4	7.7	—	—	—	—	—	117	-7	0	105	2	NL	0.85	10.97	10,945	Banet/Worah (1.3/8.3)
PSHDX	0.3	0.6	—	—	—	—	—	283	5	0	89	5	NL	0.7	9.7	12,358	Jerome Schneider (5.3)
PTTRX	4.6	5.0	—	—	—	—	—	265	6	0	90	4	NL	0.46	10.2	87,915	Management Team
SCPZX	4.4	5.0	BBB	62	32	6	0	187	30	0	70	0	NL	0.4	32.62	865	Management Team
PRPIX	7.5	5.5	BBB	8	78	14	0	48	4	0	95	2	NL	0.62	9.61	795	David Tiberii (12.7)
PRGMX	3.0	3.8	AAA	100	0	0	0	430	2	0	98	0	NL	0.59	9.49	1,563	Andrew McCormick (8.1)
PRCIX	5.3	5.0	BBB	60	32	8	1	144	11	0	88	1	NL	0.59	9.59	28,175	Daniel Shackelford (13.4)
PRWBX	1.9	2.1	A	53	42	5	0	53	13	0	87	1	NL	0.52	4.74	5,627	Reinartz/Wiese (1.2/21.3)
TGLMX	4.7	5.0	BB	79	6	13	2	287	12	0	87	1	NL	0.49	10.29	9,822	Management Team
USAIX	6.0	5.0	BBB	34	57	7	3	10	2	1	90	6	NL	0.53	13.02	6,326	Management Team
VFIIX	4.4	3.8	A	96	0	0	4	706	1	5	92	3	NL	0.21	10.79	26,253	Michael Garrett (9.3)
VIPSX	7.9	7.7	AAA	100	0	0	0	43	0	0	100	0	NL	0.2	13.45	23,650	Gemma Wright-Casparius (4.7)
VBILX	6.5	5.0	A	61	39	0	0	51	1	0	99	0	NL	0.09	11.67	22,147	Joshua Barrickman (8.0)
VFICX	5.5	5.5	A	35	62	0	3	70	2	0	97	0	NL	0.2	9.96	24,730	Gregory Nassour (7.9)
VFITX	5.4	3.8	AA	100	0	0	0	142	0	0	100	0	NL	0.2	11.56	6,480	Gemma Wright-Casparius (1.3)
VWESX	13.1	5.5	A	42	57	0	1	35	4	0	96	0	NL	0.22	10.59	14,601	Management Team
VUSTX	16.5	17.0	AA	100	0	0	0	117	0	0	100	0	NL	0.2	13.0	3,864	Gemma Wright-Casparius (1.3)
VBIRX	2.7	2.1	AA	75	25	0	0	52	3	0	97	0	NL	0.09	10.56	42,287	Barrickman/Pu (3.2/3.2)
VSGBX	2.4	2.4	A	97	0	0	3	314	10	0	90	0	NL	0.2	10.81	5,453	Brian Quigley (1.3)
VFSTX	2.6	2.1	BBB	41	55	2	2	75	11	0	89	0	NL	0.2	10.72	54,230	Gregory Nassour (7.9)
VFISX	2.4	2.4	A	96	0	0	4	211	3	0	97	0	NL	0.2	10.75	7,385	Gemma Wright-Casparius (1.3)
VTIPX	2.4	7.7	AAA	100	0	0	0	26	17	0	83	0	NL	0.17	24.56	13,820	Barrickman/Wright-Casparius (3.5/3.5)
VBTLX	5.7	5.0	AA	73	27	0	0	84	3	0	97	0	NL	0.06	10.92	155,751	Joshua Barrickman (3.2)
WATFX	6.2	5.0	BBB	55	32	2	11	85	2	0	98	0	NL	0.45	12.48	5,527	Management Team
WACPX	6.7	5.0	BB	48	32	14	6	93	3	0	95	1	NL	0.45	11.7	16,527	Management Team
—	3.8	—	B	4	10	82	4	73	6	1	91	1	—	1.08	—	1,277	—
EVIBX	2.0	3.8	B	0	0	85	15	36	8	0	89	3	4.75	1.0	5.58	5,598	Concannon/Weilheimer (1.5/20.3)
FOCIX	—	3.8	—	—	—	—	—	67	27	5	52	15	Clsd	1.01	10.56	206	Bruce Berkowitz (6.3)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 Bond Funds	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 04-30-16					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
					3 Yr	5 Yr	10 Yr									
High-Yield Bond (cont'd)			—	5.1	-2.5	1.5	4.1	5.8	—	—	—	—	—	—	5.76 (10)	—
Fidelity Capital & Income FAGIX	Silver	↓★★★★	2.4	-3.0	3.8	4.7	7.6	94	65	2	33	1	4.6	6.43 (8)	+Avg	
Fidelity High Income SPHIX	Silver	★★★★	6.6	-2.5	1.5	4.3	6.5	10	55	58	51	24	6.7	6.4 (10)	+Avg	
Hotchkis & Wiley High Yield A HWHAX	Bronze	★★★	5.4	-3.6	1.6	4.7	—	45	72	55	33	—	8.5	5.97 (5)	Avg	
Janus High-Yield T JAHYX	Neutral	★★★★	4.6	-0.7	2.2	4.6	6.5	75	26	32	35	23	5.8	5.13 (13)	-Avg	
Metropolitan West High Yield Bond M MWHYX	Bronze	★★★	2.6	-1.5	0.9	3.1	6.4	93	38	74	86	27	4.0	4.65 (14)	-Avg	
PIMCO High Yield D PHYDX	Bronze	★★★★	5.2	-0.5	2.4	4.8	6.1	53	22	25	30	39	5.3	5.47 (16)	-Avg	
T. Rowe Price High Yield PRHYX	Gold	★★★★	5.5	-1.9	2.4	5.1	6.7	39	44	26	20	15	6.1	5.81 (9)	Avg	
Vanguard High-Yield Corporate Inv VWEHX	Silver	★★★★	5.0	0.5	3.0	5.7	6.3	63	9	11	8	30	5.4	5.18 (18)	-Avg	
Specialty Bond			—	3.3	-1.4	1.1	2.8	4.5	—	—	—	—	—	5.5 (31)	—	
American Funds Capital World Bond A CWBFX	Neutral	IB	★★★	6.7	1.9	0.3	1.4	4.1	41	40	43	43	50	1.5	4.72 (48)	Avg
Calamos Convertible A CCVIX	Neutral	CV	★★	-2.5	-8.1	3.1	2.2	4.2	83	50	86	88	66	—	9.16 (81)	Avg
Dodge & Cox Global Bond DODLX	—	IB	NR	5.7	-0.5	0.4	—	—	50	77	—	—	—	—	5.61 (17)	—
Eaton Vance Floating Rate A EVBLX	Bronze	BL	★★★	4.3	-0.3	1.6	2.9	3.4	11	46	57	57	41	4.1	3.06 (3)	Avg
Fidelity Floating Rate High Income FFRHX	Bronze	BL	★★★★	3.8	-0.4	1.6	2.7	3.7	20	48	54	69	16	4.6	3.11 (4)	Avg
Fidelity New Markets Income FNMIX	Silver	EB	★★★★	7.9	3.2	1.7	5.9	7.4	33	16	12	4	11	5.9	8.13 (17)	Avg
Fidelity Strategic Income FSICX	Silver	MU	★★★★	4.9	0.3	1.7	3.6	6.0	21	40	39	51	24	3.7	4.54 (30)	Avg
FPA New Income FPNIX	Bronze	NT	★★★	1.0	0.4	0.7	1.3	2.7	59	33	31	57	67	2.2	0.78 (44)	Low
Janus Global Unconstrained Bond D JUCDX	—	NT	NR	2.5	0.5	—	—	—	29	29	—	—	—	4.5	— (—)	—
Loomis Sayles Bond Retail LSBRX	Gold	MU	★★★	5.2	-2.7	0.9	3.7	6.0	14	89	71	47	25	3.9	6.25 (10)	High
Loomis Sayles Global Bond Retail LSLGX	Bronze	IB	★★★	7.8	2.7	-0.4	0.9	4.1	26	23	57	59	48	1.8	4.94 (35)	Avg
PIMCO Emerging Local Bond Instl PELBX	Neutral	XP	★★★	14.0	-3.6	-8.2	-3.0	—	9	37	60	46	9	—	—	—
PIMCO Foreign Bond (Unhedged) D PFBDX	Bronze	IB	★★★	9.8	2.2	-0.1	0.9	4.9	14	36	52	61	30	1.2	6.74 (19)	High
PIMCO Foreign Bond (USD-Hedged) D PFODX	Bronze	IB	★★★★★	3.0	1.7	3.9	6.0	6.1	77	46	2	2	7	1.0	3.44 (62)	-Avg
PIMCO Income D PONDIX	Silver	MU	★★★★★	2.8	2.4	3.9	7.6	—	67	4	3	3	—	3.6	3.55 (27)	Avg
PIMCO Unconstrained Bond D PUBDX	Neutral	NT	★★★	1.0	-2.1	-1.0	1.1	—	60	75	85	66	—	3.0	3.28 (7)	Avg
T. Rowe Price International Bond RPIBX	Neutral	IB	★★	8.6	5.0	-0.7	-0.2	3.4	21	7	64	83	74	0.8	6.62 (14)	+Avg
T. Rowe Price Spectrum Income RPSIX	Bronze	MU	★★★★	5.3	1.3	2.3	4.0	5.5	11	16	19	36	43	3.1	4.28 (28)	Avg
Templeton Global Bond A TPINX	Gold	IB	↓★★★★	-0.1	-5.5	-1.3	1.3	6.5	97	97	75	48	2	3.9	6.35 (4)	+Avg
Vanguard Convertible Securities Inv VCVSX	Bronze	CV	★★★★	-0.4	-7.3	3.6	3.7	5.7	45	43	68	56	20	2.2	7.4 (76)	-Avg
Vanguard Total Intl Bd Idx Investor VTIBX	—	IB	NR	3.3	3.0	—	—	—	73	20	—	—	—	0.6	— (—)	—
Municipal Bond National			—	2.0	4.1	2.6	4.8	3.7	—	—	—	—	—	—	3.47 (85)	—
American Funds Tax-Exempt Bond A AFTEX	Bronze	MI	★★★★	2.3	4.8	3.4	5.8	4.6	26	25	13	13	14	1.5	3.51 (98)	+Avg
Baird Quality Intermediate Muni Bd Inst BMBIX	—	MI	★★★	1.6	3.5	2.0	3.2	4.2	88	77	79	91	42	1.4	2.64 (90)	Low
Fidelity Interm Muni Inc FLTMX	Gold	MI	★★★	1.8	3.8	2.6	4.0	4.2	75	68	47	69	46	1.3	2.65 (98)	-Avg
Fidelity Limited Term Municipal Income FSTFX	Gold	MS	★★★★	1.0	1.9	1.2	2.0	2.9	36	31	23	28	27	0.7	1.37 (80)	Avg
Fidelity Municipal Income FHIGX	Gold	ML	★★★★	2.5	5.3	3.8	5.9	4.9	33	36	19	48	22	1.7	3.79 (99)	Avg
Fidelity Tax-Free Bond FTABX	Gold	ML	★★★★	2.7	5.4	3.9	6.0	5.2	19	33	16	41	14	1.8	3.83 (99)	Avg
Franklin Federal Tax-Free Income A FKTIX	Silver	ML	★★★	2.1	4.2	3.1	5.8	4.8	73	79	58	52	34	1.5	4.06 (98)	Avg
Franklin High Yield Tax-Free Inc A FRHIX	Silver	HM	★★★	2.8	5.2	3.5	6.6	4.9	66	75	73	76	26	2.5	5.1 (93)	Avg
T. Rowe Price Summit Municipal Intm PRSMX	Gold	MI	★★★★	2.2	4.6	3.1	4.5	4.6	35	30	22	46	18	1.1	2.96 (98)	-Avg
T. Rowe Price Tax-Free High Yield PRFHX	Gold	HM	★★★★	2.9	5.8	4.6	8.0	5.2	60	57	34	34	11	2.6	4.94 (93)	Avg
T. Rowe Price Tax-Free Income Inv PRTAX	Gold	ML	★★★★	2.3	4.9	3.5	5.9	4.9	51	50	38	47	27	1.5	3.86 (98)	Avg
T. Rowe Price Tax-Free Shrt-Interm PRFSX	Gold	MS	★★★★	1.2	1.9	1.2	2.0	3.0	26	27	24	26	25	0.5	1.53 (71)	+Avg
USAA Tax Exempt Intermediate-Term USATX	Bronze	MI	★★★★★	2.2	4.6	3.1	5.2	4.7	40	31	23	22	10	1.6	2.78 (98)	-Avg
Vanguard High-Yield Tax-Exempt VWAHX	Silver	MI	★★★★★	2.8	6.3	4.4	6.7	5.1	5	6	5	3	2	2.4	4.12 (98)	High
Vanguard Interm-Term Tx-Ex Inv VWITX	Silver	MI	★★★★	2.3	4.8	3.1	4.7	4.6	27	25	22	37	19	1.4	3.04 (98)	Avg
Vanguard Long-Term Tax-Exempt VWLTX	Silver	ML	↑★★★★★	2.8	6.4	4.3	6.2	5.1	14	7	5	35	18	1.9	4.01 (99)	Avg
Vanguard Ltd-Term Tx-Ex VMLTX	Silver	MS	★★★★	0.9	2.0	1.3	1.8	2.8	37	26	21	33	31	0.9	1.26 (71)	Avg
Vanguard Short-Term Tx-Ex VWSTX	Silver	MS	★★	0.4	0.8	0.6	0.8	1.9	81	67	61	81	75	0.6	0.42 (49)	Low
BarCap Municipal TR USD			—	2.4	5.3	3.5	5.4	4.9	—	—	—	—	—	—	—	—
BofAML US HY Master II TR			—	7.4	-1.3	2.5	5.2	7.2	—	—	—	—	—	—	—	—

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
CI Intermediate-Term Bond
CV Convertibles Bond
EB Emerging Market Bond
HM High-Yield Muni
IB World Bond
MI Muni National, Intermediate
ML Muni National, Long

MS Muni National, Short
MU Multisector Bond
NT Nontraditional Bond
XP Emerging Market Local Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	3.8	—	B	4	10	82	4	73	6	1	91	1	—	1.08	—	1,277	—
FAGIX	—	3.8	B	8	6	63	23	41	9	18	72	1	NL	0.72	9.24	10,014	Mark Notkin (12.7)
SPHIX	—	3.8	B	5	2	93	1	37	3	0	94	3	NL	0.72	8.31	4,095	Fred Hoff (15.9)
HWHAX	4.6	3.8	B	0	6	88	6	44	4	2	89	5	3.75	0.95	11.33	2,439	Management Team
JAHYX	3.5	3.8	B	4	7	85	3	71	7	0	91	2	NL	0.87	8.15	1,893	Management Team
MWHYX	2.5	3.8	B	21	6	71	3	61	19	0	79	2	NL	0.85	9.23	1,074	Management Team
PHYDX	3.9	3.8	—	—	—	—	—	39	3	0	95	2	NL	0.9	8.54	9,848	Andrew Jessop (6.2)
PRHYX	3.5	3.8	B	3	2	92	3	59	4	1	88	8	Clsd	0.74	6.39	9,281	Mark Vaselkiv (19.8)
VWEHX	4.5	3.8	B	4	5	90	2	34	6	1	90	4	NL	0.23	5.71	17,764	Michael Hong (8.2)
—	0.5	—	—	6	3	6	1	39	17	2	69	12	—	1.16	—	1,252	—
CWBFX	6.3	5.5	BBB	46	46	7	2	185	6	0	93	0	3.75	0.93	20.09	13,174	Management Team
CCVIX	3.9	3.5	B	0	24	29	47	63	5	6	3	87	4.75	1.13	15.44	843	Management Team
DODLX	3.1	5.5	BBB	19	61	20	0	55	7	0	89	4	NL	0.6	10.22	71	Management Team
EVLX	3.1	0.3	B	0	0	94	6	19	3	0	88	8	2.25	1.03	8.94	7,336	Page/Russ (15.2/8.4)
FFRHX	—	0.3	B	8	4	85	3	26	11	0	89	0	NL	0.7	9.35	8,926	Eric Mollenhauer (3.1)
FNMIK	—	5.8	BB	3	35	54	8	110	2	3	95	0	NL	0.86	15.36	4,054	John Carlson (20.8)
FSICK	4.7	4.2	BB	26	17	51	6	88	8	1	80	10	NL	0.71	10.52	7,278	Management Team
FPNIX	1.3	2.9	BBB	80	1	8	11	29	10	0	90	0	NL	0.58	10.0	5,343	Atteberry/Patwardhan (11.4/0.4)
JUCDX	-0.5	2.9	BB	7	44	43	6	107	48	8	45	0	NL	0.96	9.72	1,282	Gross/Palghat (1.5/0.8)
LSBRX	3.8	4.2	BB	26	32	31	10	22	12	8	68	12	NL	0.89	13.43	15,916	Management Team
LSGLX	6.5	5.5	BBB	34	58	8	1	117	6	0	88	5	NL	1.0	15.79	1,530	Management Team
PELBX	—	4.6	—	—	—	—	—	60	-6.4	0	101.9	4.5	—	0.9	7.44	—	Michael A. Gomez
PFBDX	7.4	5.5	—	—	—	—	—	312	7	1	87	6	NL	0.9	9.89	1,260	Management Team
PFODX	7.3	5.5	—	—	—	—	—	317	7	0	85	8	NL	0.9	10.18	7,718	Management Team
PONDY	3.4	4.2	—	—	—	—	—	164	-24	0	119	5	NL	0.79	11.85	55,993	Ivascyn/Murata (9.1/3.1)
PUBDX	-0.7	2.9	—	—	—	—	—	270	117	0	-21	4	NL	1.3	10.34	4,799	Management Team
RPIBX	7.5	5.5	BBB	30	60	8	2	60	3	0	91	6	NL	0.83	9.12	5,493	Husain/Orchard (2.3/0.3)
RPSIX	5.1	4.2	BB	38	28	32	1	17	5	12	80	3	NL	0.67	12.39	6,041	Charles Shriver (5.0)
TPINX	0.2	5.5	BB	17	52	31	0	43	45	-1	52	4	4.25	0.89	11.44	50,900	Desai/Hasenstab (5.3/14.3)
VCVSY	4.3	3.5	B	0	6	24	69	95	0	1	8	91	Clsd	0.38	12.03	1,521	Management Team
VTIBX	7.6	5.5	A	51	49	0	0	13	2	0	94	3	NL	0.17	10.85	54,549	Barrickman/Pu (2.9/2.9)
—	0.7	—	—	17	7	0	1	9	5	0	96	0	—	0.85	—	1,744	—
AFTEX	5.5	5.0	BBB	50	41	4	5	14	9	0	91	0	3.75	0.54	13.25	11,805	Management Team
BMBIX	—	5.0	AA	96	0	0	4	9	4	0	96	0	NL	0.3	11.84	1,202	Management Team
FLTMX	—	5.0	A	60	36	1	3	14	12	0	88	0	NL	0.36	10.61	5,896	Management Team
FSTFX	—	2.7	A	63	33	0	4	30	19	0	81	0	NL	0.48	10.68	3,873	Management Team
FHIGX	—	6.6	A	58	38	1	3	14	1	0	99	0	NL	0.48	13.62	5,620	Management Team
FTABX	—	6.6	A	65	32	0	2	9	1	0	99	0	NL	0.25	11.84	3,176	Management Team
FKTIX	—	6.6	A	70	27	2	0	5	2	0	98	0	4.25	0.62	12.48	10,977	Management Team
FRHIX	—	6.5	BBB	35	50	10	5	8	2	0	98	0	4.25	0.65	10.65	8,249	Management Team
PRSMX	5.0	5.0	A	55	40	2	2	11	3	0	97	0	NL	0.5	12.16	4,101	Charles Hill (22.5)
PRFHX	7.3	6.5	BB	10	56	15	19	13	0	1	99	0	NL	0.69	12.16	3,856	James Murphy (15.2)
PRTAX	5.8	6.6	A	35	59	1	5	8	1	0	99	0	NL	0.51	10.48	2,578	Konstantine Mallas (8.8)
PRFSX	2.9	2.7	A	67	32	0	1	14	12	0	88	0	NL	0.49	5.67	2,109	Charles Hill (21.2)
USATX	4.9	5.0	A	43	54	2	1	4	1	0	99	0	NL	0.55	13.66	4,449	Hoffmann/Shaffer (0.4/12.9)
VWAHX	6.3	5.0	BBB	36	50	6	7	21	5	0	95	0	NL	0.2	11.5	9,965	Mathew Kiselak (5.7)
VWITX	4.8	5.0	AA	76	22	1	1	12	5	0	95	0	NL	0.2	14.45	48,806	James D'Arcy (2.8)
VWLTX	6.3	6.6	A	68	29	1	2	18	1	0	99	0	NL	0.2	11.94	9,694	Mathew Kiselak (5.7)
VMLTX	2.5	2.7	AA	75	24	1	1	16	11	0	89	0	NL	0.2	11.07	22,146	Marlin Brown (8.2)
VWSTX	1.1	2.7	A	78	20	1	2	32	21	0	79	0	NL	0.2	15.83	12,533	Justin Schwartz (0.2)

Fixed Income Style Box

Ltd	Mod	Ext

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

AMG Funds 835-3879
 AMG GW&K Core Bond Service MBDFX **42**
 AMG Managers Bond Service MGFIX **42**
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 AMG Yacktman Focused Service YAFFX **26**
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Breaking Down Our New Allocation Categories

We have overhauled our allocation Morningstar Categories. Our three former categories—conservative allocation, moderate allocation, and aggressive allocation—have been spliced into five new categories. The new categories are Allocation—15% to 30% Equity, Allocation—30% to 50% Equity, Allocation—50% to 70% Equity, Allocation—70% to 85% Equity, and Allocation—85%+ Equity.

The move reflects the growth in allocation funds and, in particular, funds of funds. A fund of funds with 85% equity can behave rather differently than a large-blend fund with 85% equity plus some bonds and cash, because the fund of funds may have multiple equity strategies including foreign equity, thus covering a much wider swath of the market.

We opted for names that used the percentage of equity rather than words like “moderate” or “conservative” because equity risk is only one form of risk. Quite a few income-oriented funds in the old conservative-allocation group took on a lot of credit risk in order to boost their yield. So they may be conservative with regard to equity risk, but their overall profile may be fairly risky.

We also wanted to carve up the categories into more-narrow bands because that will make the ratings and relative performance rankings more meaningful. Ideally, they reflect skill rather than a set bias toward one end of the allocation spectrum.

Understanding Risk

Let’s take this new lens to look at the domestic allocation funds in the Morningstar 500. I’ve produced a big table to help you understand the funds. We show each fund’s Morningstar Analyst Rating, new category, 10-year downside capture ratio, 10-year maximum drawdown, equity weighting, foreign stock weighting, bond weighting, and foreign bond weighting.

The downside capture ratio tells you how much of the downside of the Morningstar Moderate Target Risk Index the fund captured. The benchmark has 60% in global equities and 40% in global bonds. So, if a fund has 100% downside capture versus that benchmark, it means that in down periods it lost about the same, on average, as the 60/40 benchmark. If it is 50%, then it lost about half as much as the 60/40 benchmark lost. Maximum drawdown tells you the most the fund lost from peak to trough in any period in the trailing 10 years.

Picks of the Crop

Allocation—15% to 30% Equity

Vanguard LifeStrategy Income VASIX, with a Morningstar Analyst Rating of Gold, is simple and cheap. The fund owns four index funds and has just 20% of assets in equity. It divvies up equity exposure among domestic and foreign index funds and does the same with the bond side. It charges nothing on top of the 0.12% in fees you’ll pay for the underlying indexes. Its maximum drawdown is the third smallest in the group.

Allocation—30% to 50% Equity

Vanguard Wellesley Income VWINX is a brilliant way to maintain market exposure without too much risk. The fund holds about 35% in dividend-paying stocks and 65% in a high-quality bond portfolio that is dominated by corporate bonds rated A or higher.

Continued on Page 2



Russel Kinnel, Director of Manager Research and Editor

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Name	Ticker	Morningstar Analyst Rating	Morningstar Category	Downside Capture Ratio 10-Yr	Max Drawdown 05/01/06 to 04/30/16	Equity % (Net)	Non-U.S. Equity % (Net)	Bond % (Net)	Non-U.S. Bond % (Net)
Fidelity Strategic Real Return	FSRRX	Bronze	Alloc—15% to 30% Equity	71.98	-31.75	14.88	0.00	30.88	0.74
Vanguard LifeStrategy Income	VASIX	Gold	Alloc—15% to 30% Equity	32.89	-15.50	20.11	8.00	76.69	27.17
Berwyn Income	BERIX	Silver	Alloc—30% to 50% Equity	41.45	-13.03	22.57	5.98	25.82	1.58
Franklin Income	FKINX	Bronze	Alloc—30% to 50% Equity	122.48	-39.07	54.24	19.53	31.60	4.70
JPMorgan Income Builder	JNBAX	Bronze	Alloc—30% to 50% Equity			36.36	20.63	57.19	11.08
Manning & Napier Pro-Blend Cnsvr Term	EXDAX	Bronze	Alloc—30% to 50% Equity	40.67	-10.39	32.77	3.45	47.37	6.29
Manning & Napier Pro-Blend Mod Term	EXBAX	Bronze	Alloc—30% to 50% Equity	85.34	-26.42	41.18	7.50	43.25	5.37
Permanent Portfolio Permanent	PRPFX		Alloc—30% to 50% Equity	61.20	-19.13	36.25	2.99	28.22	6.13
PIMCO Inflation Response MultiAsst	PIRMX		Alloc—30% to 50% Equity			6.94	1.31	43.62	8.36
T. Rowe Price Personal Strat Inc	PRSEX	Silver	Alloc—30% to 50% Equity	81.81	-27.29	39.03	14.28	44.94	15.66
Vanguard Tax-Managed Balanced	VTMFX		Alloc—30% to 50% Equity	70.31	-25.17	48.06	0.16	50.88	0.00
Vanguard Wellesley Income	VWINX	Gold	Alloc—30% to 50% Equity	44.65	-18.82	36.72	6.02	59.47	11.39
American Funds American Balanced	ABALX	Silver	Alloc—50% to 70% Equity	100.74	-36.97	56.24	4.86	33.34	2.58
ASTON/Montag & Caldwell Balanced	MOBAX		Alloc—50% to 70% Equity	75.05	-26.92	57.47	0.00	36.79	0.00
Dodge & Cox Balanced	DODBX	Gold	Alloc—50% to 70% Equity	137.67	-46.46	68.58	6.16	29.64	4.25
Fidelity Balanced	FBALX	Bronze	Alloc—50% to 70% Equity	113.39	-40.46	65.67	4.02	29.17	2.04
Fidelity Puritan	FPURX	Bronze	Alloc—50% to 70% Equity	107.73	-37.90	69.95	5.00	23.66	1.57
FPA Crescent	FPACX	Gold	Alloc—50% to 70% Equity	82.50	-28.84	55.19	7.71	4.54	1.04
Greenspring	GRSPX		Alloc—50% to 70% Equity	83.26	-20.22	66.50	5.30	17.39	0.00
Invesco Equity and Income	ACEIX	Bronze	Alloc—50% to 70% Equity	117.16	-36.48	64.21	7.30	19.95	1.93
Janus Balanced	JABAX	Neutral	Alloc—50% to 70% Equity	85.15	-21.49	58.08	1.13	38.58	1.72
Mairs & Power Balanced	MAPOX	Silver	Alloc—50% to 70% Equity	93.76	-33.08	65.71	1.36	30.16	1.73
Manning & Napier Pro-Blend Extdn Term	MNBAX	Bronze	Alloc—50% to 70% Equity	113.96	-35.40	54.64	9.97	34.05	5.58
MFS Total Return	MSFRX	Bronze	Alloc—50% to 70% Equity	94.85	-33.42	59.97	6.01	33.44	3.13
Oakmark Equity & Income	OAKBX	Silver	Alloc—50% to 70% Equity	90.92	-27.22	63.49	5.78	17.03	1.37
Pax Balanced Individual Investor	PAXWX		Alloc—50% to 70% Equity	119.79	-37.80	64.95	8.90	31.29	1.16
T. Rowe Price Balanced	RPBAX	Silver	Alloc—50% to 70% Equity	112.94	-37.76	64.65	23.26	31.77	4.10
T. Rowe Price Capital Appreciation	PRWCX	Gold	Alloc—50% to 70% Equity	102.31	-36.61	58.89	1.60	18.00	3.43
Vanguard Balanced Index	VBIAX	Gold	Alloc—50% to 70% Equity	91.41	-32.45	58.84	0.34	39.48	3.71
Vanguard STAR	VGSTX	Silver	Alloc—50% to 70% Equity	108.50	-35.64	60.63	19.97	34.34	3.90
Vanguard Wellington	VWELX	Gold	Alloc—50% to 70% Equity	96.63	-32.53	65.49	7.82	33.01	6.19
Westwood Income Opportunity	WHGIX		Alloc—50% to 70% Equity	52.32	-13.76	52.39	1.47	14.63	0.61
American Funds Income Fund of Amer	AMECX	Silver	Alloc—70% to 85% Equity	112.83	-41.01	70.12	15.26	22.15	3.11
Fidelity Four-in-One Index	FFNOX	Silver	Alloc—70% to 85% Equity	147.10	-45.89	84.55	25.06	13.84	1.23
T. Rowe Price Personal Strat Gr	TRSGX	Silver	Alloc—70% to 85% Equity	153.07	-48.21	78.28	28.65	17.90	5.54
Franklin Mutual Shares	TESIX	Bronze	Alloc—85%+ Equity	151.71	-50.03	89.71	18.64	3.64	0.00
Vanguard Managed Payout	VPGDX		Alloc—85%+ Equity			63.30	29.92	17.30	6.69

Data as of April 30, 2016.

Wellington managers John Keogh and Michael Reckmeyer run the bond and stock sleeves, respectively. The fund costs a mere 0.23% in expenses, meriting a Gold rating.

Berwyn Income BERIX has admirable maximum drawdown and downside capture statistics, but the Silver-rated fund still takes on its share of risk. The fund uses an array of security types to generate income. It buys dividend-paying stocks, high-yield bonds,



preferreds, convertibles, and investment-grade corporate bonds. That gives the fund significant credit risk, but manager George Cipolloni has steered the fund from trouble in his 10-year run at the fund.

T. Rowe Price Personal Strategy Income PRSIX enables you to tap a number of T. Rowe Price's best portfolio managers for a pretty low price. The fund has more foreign exposure than most in the category as the allocation team running it adjusts among the strategies based on its view of which ones offer the best risk/return profiles. However, it is the underlying managers who win the fund a Silver rating.

Allocation—50% to 70% Equity

Silver-rated **Mairs & Power Balanced MAPOX** is in the classic 60/40 balanced fund mode. It has little overseas exposure as its emphasis is on U.S. blue-chip dividend-payers and high-quality bonds. Its 33% maximum drawdown tells you that you've moved up in equity risk from the previous category, but that's actually a little lower than most in the category, as the fund's equities are fairly defensive.

Vanguard STAR VGSTX likewise has a 60/40 setup, but it has a 109% downside capture, indicating it has lost more than the benchmark in down periods. The fund invests just in Vanguard's actively managed funds. A 20% foreign weighting is part of the reason for the high downside capture ratio.

Vanguard Balanced Index VBIAX is the simplest fund profiled here. The Gold-rated fund has a set 60/40 asset mix that doesn't change. The equities track a U.S. Total stock market index and the bond side the Barclays U.S. Aggregate Float Adjusted Bond Index, which gives it an investment-grade portfolio.

T. Rowe Price Capital Appreciation PRWCX has been an extraordinary achiever under David Giroux. The Gold-rated fund is closed to new investors, but those in it have done well. Giroux has a fair amount of latitude with regard to asset-class exposure. He spreads investments around equities, convertibles, high yield, cash, investment-grade bonds, and bank loans. His biggest value add, though, has been in selecting quality companies.

T. Rowe Price Balanced RPBAX has a higher downside capture and maximum drawdown than the funds we've looked at so far because it has a little more in equities and foreign securities. Its neutral location is 65% stocks and 35% bonds. This fund, too, spreads out assets among an array of strategies including **T. Rowe Price High Yield**, **T. Rowe Price Overseas**, and **T. Rowe Price Blue Chip Growth**.

America Funds American Balanced ABALX is a nice low-cost straightforward balanced fund. The Silver-rated fund charges its equity managers with delivering a yield above the S&P 500's. On the bond side, the sleeve is run relatively cautiously with Treasuries, mortgages, and corporates.

Gold-rated **Dodge & Cox Balanced DDBX** is one of my favorites. It mixes a value equity portfolio with a corporate-bond-heavy fixed-income portfolio to deliver a great package at low costs. True, that value bias stung in 2008 and 2009, when some bank stocks got crushed, but the fund's long-term results, low costs, and strong stewardship make it a great place to invest.

Silver-rated **Oakmark Equity & Income OAKBX** has had only middling results since Ed Studzinski retired in late 2011, but it has a lot going for it. Clyde McGregor is an excellent investor, and he was joined by Colin Hudson and Edward Wojciechowski in 2013. The basic strategy is to pair a focused-value equity portfolio with a low-risk government-bond portfolio. That bond sleeve is largely there for defense, and McGregor hasn't really taken much risk at any point with it.

FPA Crescent FPACX also has a low maximum drawdown (just 28%) because of Steve Romick's focus on playing defense. Most of the fund's nonequity exposure is in the form of cash, as Romick likes the ballast it provides as well as the dry powder for a market downturn. Romick's focus is on absolute returns and avoiding a permanent loss, so he looks for stocks with big margins of safety.

Vanguard Wellington VWELX is the mirror image of Vanguard Wellesley Income. It's also managed by Wellington Asset Management, but it has about two thirds in equities. With low costs and strong management, it's pretty clear why this fund is rated Gold. ■■■

Data through May 31, 2016 FINRA members: For internal or institutional use only.

Artisan International Value Investor

Ticker ARTXK **Yield** 0.8% **Total Assets** \$11,384 mil **Mstar Category** Foreign Large Blend

Benchmark 1: MSCI ACWI Ex USA NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 05-13-16



Morningstar Pillars

- Process ➔ Positive
- Performance ➔ Positive
- People ➔ Positive
- Parent ➔ Positive
- Price ➔ Negative

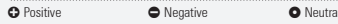
Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Pillar Spectrum



Performance 05-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	11.28	-5.19	8.50	7.29	22.82
2013	7.54	1.16	11.98	7.11	30.49
2014	0.19	6.22	-6.57	-0.02	-0.59
2015	3.65	0.65	-8.60	3.04	-1.75
2016	0.79	—	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	9.12	0.02	0.01	23	10,912
6 Mo	0.56	1.93	1.93	8	10,056
1 Yr	-4.90	6.49	6.50	7	9,510
3 Yr Avg	6.06	5.87	5.87	3	11,932
5 Yr Avg	6.97	6.85	6.85	3	14,007
10 Yr Avg	6.70	4.69	4.68	1	19,123
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	4.04	5	1.91	91
5 Yr (estimated)	5.64	3	1.25	84
10 Yr (estimated)	5.48	1	1.14	74

Potential Capital Gain Exposure: 13% of assets

Morningstar's Take by Greg Carlson 05-13-16

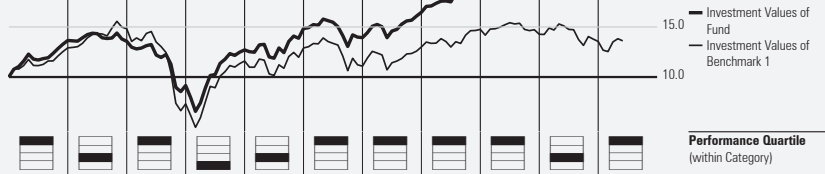
Artisan International Value's veteran managers and prudent strategy continue to earn a Morningstar Analyst Rating of Gold. This closed fund in the foreign large blend Morningstar Category has, as expected, held up relatively well in the market's recent turbulence. While it lost 7.4% for the 12 months ended May 11, 2016, that showing was better than 90% of its category peers and beat the MSCI ACWI ex USA Index by 6.2 percentage points.

The fund tends to be more buoyant than most in declining markets, because managers David Samra and Dan O'Keefe typically seek companies that, while undervalued relative to the managers' estimate of value, still have viable business models and often have sturdy balance sheets as well. Indeed, holdings that have helped minimize the fund's loss over the past year include steady-Eddie firms such as U.K.-based global food-service provider Compass Group CPG, Bermuda-based reinsurer Arch Capital ACG, and U.K. business-information publisher RELX REL.

The managers have generated excellent returns since the fund's November 2002 inception. From then through April 2016, the fund surpassed all of its foreign

Historical Profile

Return High
Risk Low
Rating ★★★★★
Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	05-16	History
NAV	27.93	25.52	17.63	23.10	27.11	25.09	30.38	36.77	34.21	31.71	32.55	NAV
Total Return %	34.46	-0.67	-30.11	33.47	18.90	-7.14	22.82	30.49	-0.59	-1.75	2.65	Total Return %
+/- Bmark 1	7.81	-17.32	15.42	-7.98	7.75	6.57	5.99	15.20	3.27	3.92	2.13	+/- Bmark 1
+/- Bmark 2	7.81	-17.32	15.42	-7.98	7.75	6.57	5.99	15.20	3.27	3.92	2.13	+/- Bmark 2
Income Return %	2.01	1.82	0.83	2.41	1.53	0.05	1.17	2.07	1.49	0.81	0.00	Income Return %
Capital Return %	32.45	-2.49	-30.93	31.06	17.37	-7.19	21.65	28.42	-2.08	-2.55	2.65	Capital Return %
Total Rtn % Rank Cat	5	74	5	81	71	3	7	1	10	60	9	Total Rtn % Rank Cat
Income \$	0.44	0.51	0.21	0.42	0.35	0.01	0.29	0.63	0.55	0.28	0.00	Income \$
Capital Gains \$	1.28	1.67	0.00	0.00	0.00	0.07	0.14	2.15	1.81	1.68	0.00	Capital Gains \$
Expense Ratio %	1.25	1.23	1.23	1.25	1.21	1.18	1.17	1.16	1.16	1.17	1.17	Expense Ratio %
Income Ratio %	2.18	1.34	1.83	0.95	1.34	1.10	1.08	0.85	0.86	0.60	-0.04	Income Ratio %
Turnover Rate %	43	46	45	55	21	31	20	33	20	24	—	Turnover Rate %
Net Assets \$mil	1,654	1,404	875	1,947	3,083	3,454	5,651	8,854	8,603	4,992	—	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-4.90			
3 Yr	6.06	High	Low	★★★★★
5 Yr	6.97	High	Low	★★★★★
10 Yr	6.70	High	Low	★★★★★
Incept	13.02			

Other Measures

	Standard Index	Best Fit Index
Alpha	5.7	0.0
Beta	0.78	1.04
R-Squared	85	91
Standard Deviation	11.47	
Mean	6.06	
Sharpe Ratio	0.56	

Portfolio Analysis 03-31-16

Stock	Sector	Country	% Assets
Compass Group PLC	Cnsmr Cyc	United Kingdom	5.11
Samsung Electronics Co Ltd	Technology	South Korea	4.68
UBS Group AG	Finan Svcs	Switzerland	4.40
Arch Capital Group Ltd	Finan Svcs	United States	3.98
ABB Ltd	Industrl	Switzerland	3.94
Baidu Inc ADR	Technology	China	3.58
RELX PLC	Cnsmr Cyc	United Kingdom	3.58
ING Groep NV	Finan Svcs	Netherlands	3.37
Royal Bank of Scotland Gr	Finan Svcs	United Kingdom	3.27
Medtronic PLC	Hlth Care	United States	3.19
ISS A/S	Industrl	Denmark	3.16
Tesco PLC	Cnsmr Def	United Kingdom	3.07
TE Connectivity Ltd	Technology	United States	2.72
Telefonica Brasil SA ADR	Comm Svcs	Brazil	2.72
Groupe Bruxelles Lambert	Finan Svcs	Belgium	2.37
Carlsberg A/S B	Cnsmr Def	Denmark	2.36
Tokyo Electron Ltd	Technology	Japan	2.30
Lloyds Banking Group PLC	Finan Svcs	United Kingdom	2.16
Panalpina Welttransport (Industrl	Switzerland	2.14
Imperial Oil Ltd	Energy	Canada	1.96

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large	49.8	Cyclical	42.52	0.96
Mid	30.2	BasicMat	1.32	0.17
Small	18.1	CnsmrCyc	16.63	1.51
Micro	1.9	FinanSvcs	24.57	1.12
Avg \$mil: 24,513	0.0	Real Est	0.00	0.00
		Sensitive	39.92	1.25
		CommSvcs	3.03	0.54
		Energy	3.78	0.59
		Industrl	16.44	1.53
		Technlgy	16.67	1.82
		Defensive	17.56	0.74
		CnsmrDef	11.88	1.05
		Hlthcare	5.68	0.63
		Utilities	0.00	0.00

Regional Exposure

	% Stock
UK/W. Europe	62
N. America	17
Japan	5
Latin America	3
Asia X Japan	13
Other	0

Country Exposure

	% Stock
UK	25
South Korea	7
Switzerland	18
Netherlands	6
United States	15

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Data through May 31, 2016 FINRA members: For internal or institutional use only.

BBH Core Select N

Benchmark 1: Russell 1000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 05-12-16

Silver

Morningstar Pillars

- Process: + Positive
- Performance: + Positive
- People: + Positive
- Parent: ○ Neutral
- Price: ○ Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Silver** Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 05-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	10.88	-0.55	6.82	0.79	18.73
2013	10.66	2.40	4.27	7.07	26.51
2014	1.87	3.49	-0.75	3.62	8.41
2015	-1.19	-0.49	-5.02	4.16	-2.73
2016	2.11	—	—	—	—

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	6.98	-2.45	-2.14	84	10,698
6 Mo	1.25	-0.39	-0.69	41	10,125
1 Yr	0.49	-0.29	-1.22	33	10,049
3 Yr Avg	6.76	-4.13	-4.30	86	12,169
5 Yr Avg	9.58	-1.86	-2.08	62	15,802
10 Yr Avg	8.89	1.39	1.48	3	23,428
15 Yr Avg	5.43	-0.42	3.32	31	22,111

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	5.55	71	1.13	39
5 Yr (estimated)	8.67	49	0.83	38
10 Yr (estimated)	8.35	2	0.49	19

Potential Capital Gain Exposure: 13% of assets

Morningstar's Take by David Kathman, CFA 05-12-16

On Feb. 2, 2016, Brown Brothers Harriman announced that BBH Core Select would reopen to new investors after having been closed since late 2012. This move followed three-straight years of mediocre performance relative to the large-blend Morningstar Category and the S&P 500 benchmark, and significant net outflows during 2015. But investors would do well not to focus too much on the recent problems, because this remains a fine core stock fund with a lot of good things going for it. It still earns a Morningstar Analyst Rating of Silver.

One positive feature of the fund has been its stable management team. Lead manager Tim Hartch has been in charge since the fund adopted its current name and strategy in October 2005. Seven of the 10 other members of the team, including comanager Michael Keller, have been with him for at least a decade as of May 2016. (Keller started as an analyst, a role he still fills, but was also named comanager in 2008.) During that time, they have consistently employed a disciplined strategy focused on high-quality, cash-generating stocks that are trading at least 25% below their estimated intrinsic value. They maintain a concentrated portfolio of about 30 names

Historical Profile

Return: Above Avg
Risk: Low
Rating: **★★★★**
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	05-16	History
11.94	13.40	10.40	12.59	14.33	14.89	17.35	21.40	22.69	20.40	21.15	21.15	NAV
12.77	12.40	-21.65	21.60	14.72	5.70	18.73	26.51	8.41	-2.73	3.68	3.68	Total Return %
-2.69	6.63	15.94	-6.84	-1.38	4.20	2.30	-6.60	-4.83	-3.65	0.17	0.17	+/- Bmark 1
-3.02	6.91	15.34	-4.87	-0.35	3.59	2.72	-5.88	-5.28	-4.11	0.11	0.11	+/- Bmark 2
0.45	0.18	0.17	0.53	0.60	0.52	0.65	0.59	0.67	0.53	0.00	0.00	Income Return %
12.32	12.23	-21.83	21.07	14.12	5.19	18.08	25.92	7.74	-3.26	3.68	3.68	Capital Return %
74	10	1	84	35	4	9	87	79	72	20	20	Total Rtn % Rank Cat
0.05	0.02	0.02	0.05	0.08	0.07	0.10	0.10	0.14	0.12	0.00	0.00	Income \$
0.00	0.00	0.07	0.00	0.04	0.18	0.23	0.43	0.35	1.56	0.00	0.00	Capital Gains \$
1.24	1.19	1.16	1.21	1.18	1.14	1.12	1.09	1.07	1.07	—	—	Expense Ratio %
0.45	0.18	0.14	0.61	0.55	0.85	0.63	0.65	0.66	0.53	—	—	Income Ratio %
53	18	31	15	19	17	14	12	8	8	—	—	Turnover Rate %
93	126	170	264	507	893	3,483	5,741	5,855	4,125	3,793	3,793	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	0.49	—	—	—
3 Yr	6.76	-Avg	Low	★★
5 Yr	9.58	Avg	Low	★★★★
10 Yr	8.89	High	Low	★★★★★
Incept	5.59	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	-2.1	-2.0
Beta	0.82	0.82
R-Squared	92	93
Standard Deviation	9.66	—
Mean	6.76	—
Sharpe Ratio	0.72	—

Ticker: BBTEX
Yield: 0.5%
Total Assets: \$4,019 mil
Mstar Category: Large Blend

Investment Style

Equity

Growth of \$10,000



Performance Quartile (within Category)

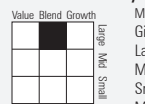
History

Portfolio Analysis 05-31-16

Total Stocks: 30

Share change since 04-30-16	Sector	YTD Ret %	% Assets
⊖ Berkshire Hathaway Inc A	Finan Svcs	6.19	6.59
⊖ Comcast Corp Class A	Comm Svcs	8.29	6.38
⊖ Oracle Corp	Technology	7.37	6.16
⊖ US Bancorp	Finan Svcs	6.82	5.50
⊖ Wells Fargo & Co	Finan Svcs	-7.08	4.93
⊖ Alphabet Inc C	Technology	—	4.53
⊖ Novartis AG ADR	Hlth Care	—	4.25
⊖ Zoetis Inc	Hlth Care	-3.73	3.96
⊖ Nestle SA ADR	Cnsmr Def	—	3.73
⊖ Microsoft Corp	Technology	-7.95	3.57
⊖ Qualcomm Inc	Technology	8.12	3.34
⊖ Progressive Corp	Finan Svcs	—	3.11
⊖ Discovery Communications	Cnsmr Cyc	2.01	3.05
⊖ EOG Resources Inc	Energy	12.94	3.01
⊖ PayPal Holdings Inc	Finan Svcs	—	2.94
⊖ Diageo PLC ADR	Cnsmr Def	—	2.54
⊖ Wal-Mart Stores Inc	Cnsmr Def	13.10	2.33
⊖ Celanese Corp	Basic Mat	4.18	2.28
⊖ Liberty Interactive Corp	Cnsmr Cyc	-1.60	2.21
⊖ Schlumberger Ltd	Energy	—	2.19

Current Investment Style



Avg \$mil: 74,678

Value Measures

	Rel Category
Price/Earnings	18.68 1.08
Price/Book	2.54 1.04
Price/Sales	2.15 1.36
Price/Cash Flow	12.20 1.34
Dividend Yield %	1.84 0.77

Growth Measures

	% Rel Category
Long-Term Erngs	8.99 0.95
Book Value	4.00 1.27
Sales	3.65 1.66
Cash Flow	-3.74 -1.02
Historical Erngs	2.01 0.35

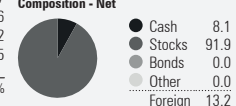
Profitability

	%
Return on Equity	13.41
Return on Assets	4.62
Net Margin	10.18

Sector Weightings

	% of Stocks	Rel Bmark 1
Cyclical	38.02	1.17
BasicMat	4.41	1.45
CnsmrCyc	8.52	0.72
FinanSvcs	25.09	1.75
Real Est	0.00	0.00
Sensitive	37.02	0.92
CommSvcs	6.94	1.66
Energy	7.65	1.12
Industrl	3.27	0.28
Technlgy	19.16	1.09
Defensive	24.97	0.92
CnsmrDef	11.13	1.18
Hlthcare	13.84	0.95
Utilities	0.00	0.00

Composition - Net



Address:	BBH Fund Inc BOSTON MA 02109 800-575-1265	Minimum Purchase:	\$10000	Add: \$10000	IRA: —
Web Address:	www.bbhfunds.com	Min Auto Inv Plan:	—	Add: —	
Inception:	11-02-98	Sales Fees:	No-load, 2.00%R		
Advisor:	Brown Brothers Harriman & Co.	Management Fee:	0.80% mrx./0.75% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.80% Dist:—		
		Expense Projections:	3Yr:\$322 5Yr:\$561 10Yr:\$1246		
		Income Distribution:	Annually		

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Data through May 31, 2016 FINRA members: For internal or institutional use only.

Neuberger Berman Socially Rspns A

Ticker NRAAX **Yield** 1.0% **Total Assets** \$2,328 mil **Mstar Category** Large Growth

Benchmark 1: Russell 1000 Growth TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 05-23-16

Bronze

Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊕ Positive
- Price ⊕ Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

⊕ Positive ⊖ Negative ○ Neutral

Performance 05-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	10.48	-6.40	5.27	1.74	10.76
2013	15.05	1.90	7.49	9.41	37.87
2014	0.57	4.20	0.00	5.27	10.31
2015	1.56	-1.07	-6.55	5.84	-0.63
2016	0.53	—	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	9.04	1.22	-0.08	33	10,904
6 Mo	1.14	0.87	-0.80	8	10,114
1 Yr	-0.40	-2.01	-2.12	32	9,960
3 Yr Avg	9.65	-2.85	-1.41	68	13,184
5 Yr Avg	8.79	-3.32	-2.88	76	15,238
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	4.23	89	3.05	82
5 Yr (estimated)	5.44	88	1.92	77
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 19% of assets

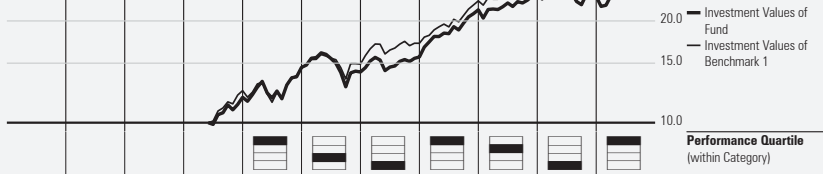
Morningstar's Take by David Kathman, CFA 05-23-16

Arthur Moretti, lead manager of Neuberger Berman Socially Responsive since 2001 and Neuberger Berman Guardian NGUAX since 2002, retired in February 2016. Since then, Moretti's three longtime comanagers (Ingrid Dyott, Sajjad Ladiwala, and Mamundi Subhas) have continued to run this fund in the same style as before. That continuity is comforting, and the three have plenty of experience, but Moretti's retirement was enough of a loss that we downgraded the fund's Morningstar Analyst Rating to Bronze from Silver when the change was announced in September 2015. We're maintaining that rating now, as the transition has gone smoothly and the managers have not made any dramatic changes.

The managers maintain a fairly concentrated portfolio of 30-40 stocks, focusing on industry leaders with good growth potential but reasonable price tags, preferably those with estimated upside potential of 15%-25% during the next three to five years. They tend to avoid stocks that earn significant revenue from alcohol, tobacco, weapons, nuclear power, or gambling, and they favor firms with good community, environmental, and workplace records. The managers consider such

Historical Profile

Return Below Avg
Risk Below Avg
Rating ★★ Below Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	05-16	History
NAV	—	—	—	14.22	17.37	16.70	18.34	22.75	21.13	18.92	19.42	NAV
Total Return %	—	—	—	—	22.60	-3.09	10.76	37.87	10.31	-0.63	2.64	Total Return %
+/- Bmark 1	—	—	—	—	5.89	-5.73	-4.50	4.39	-2.74	-6.29	0.88	+/- Bmark 1
+/- Bmark 2	—	—	—	—	7.54	-5.20	-5.24	5.48	-3.38	-2.01	-0.93	+/- Bmark 2
Income Return %	—	—	—	—	0.45	0.74	0.93	1.30	1.10	1.04	0.00	Income Return %
Capital Return %	—	—	—	—	22.15	-3.84	9.83	36.58	9.21	-1.66	2.64	Capital Return %
Total Rtn % Rank Cat	—	—	—	4	59	91	15	49	85	11	—	Total Rtn % Rank Cat
Income \$	—	—	—	0.09	0.06	0.13	0.16	0.24	0.25	0.22	0.00	Income \$
Capital Gains \$	—	—	—	0.00	0.00	0.00	2.21	3.60	1.85	0.00	0.00	Capital Gains \$
Expense Ratio %	—	—	—	1.70	1.21	1.14	1.11	1.09	1.05	1.05	0.78	Expense Ratio %
Income Ratio %	—	—	—	0.11	0.18	0.42	0.61	0.67	0.68	0.57	0.78	Income Ratio %
Turnover Rate %	—	—	—	36	41	20	28	35	36	28	—	Turnover Rate %
Net Assets \$mil	—	—	—	4	31	81	80	130	147	139	133	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-6.13	—	—	—
3 Yr	7.51	-Avg	-Avg	★★
5 Yr	7.51	-Avg	-Avg	★★
10 Yr	—	—	—	—
Incept	12.89	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	-1.1	-0.5
Beta	0.98	0.97
R-Squared	94	95
Standard Deviation	11.49	—
Mean	9.65	—
Sharpe Ratio	0.85	—

Portfolio Analysis 03-31-16

Total Stocks: 36
Share change since 02-29-16

Stock	Sector	YTD Ret %	% Assets
Progressive Corp	Finan Svcs	7.51	4.95
Texas Instruments Inc	Technology	11.95	4.89
Eversource Energy	Utilities	9.91	4.51
Newell Brands Inc	Cnsmr Def	9.05	4.48
Danaher Corp	Industrl	6.07	4.37
Intuit Inc	Technology	11.15	4.04
W.W. Grainger Inc	Industrl	13.90	3.91
Becton Dickinson & Co	Hlth Care	8.45	3.86
Unilever NV ADR	Cnsmr Def	—	3.86
Schlumberger Ltd	Energy	10.82	3.78
State Str Instl Inv Tr Tr	—	—	3.77
Level 3 Communications In	Comm Svcs	-0.75	3.27
US Bancorp	Finan Svcs	0.95	3.18
Abbott Laboratories	Hlth Care	-5.97	3.16
eBay Inc	Cnsmr Cyc	-10.99	2.86
Alliance Data Systems Cor	Industrl	-19.66	2.77
Noble Energy Inc	Energy	9.17	2.68
American Express Co	Finan Svcs	-4.62	2.63
Intercontinental Exchange	Finan Svcs	6.13	2.62
Medtronic PLC	Hlth Care	5.12	2.45

Current Investment Style

Value Blend Growth	Market Cap %
Giant	20.4
Large	52.4
Mid	23.2
Small	4.1
Micro	0.0
Avg \$mil:	30,851

Value Measures	Rel Category
Price/Earnings	19.21 0.87
Price/Book	2.77 0.75
Price/Sales	2.07 0.91
Price/Cash Flow	11.82 0.98
Dividend Yield %	1.87 1.37

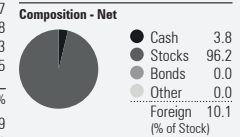
Growth Measures	% Rel Category
Long-Term Emrgs	9.41 0.78
Book Value	5.16 0.67
Sales	2.12 0.28
Cash Flow	-2.85 -0.23
Historical Emrgs	6.91 0.55

Profitability

	%
Return on Equity	19.89
Return on Assets	6.81
Net Margin	11.20

Sector Weightings

Sector	% of Stocks	Rel Bmark 1
Cyclical	27.13	0.92
BasicMat	0.00	0.00
CnsmrCyc	9.43	0.50
FinanSvcs	17.70	3.33
Real Est	0.00	0.00
Sensitive	47.75	1.13
CommSvcs	3.39	0.65
Energy	9.71	16.46
Industrl	21.15	1.65
Technlgy	13.50	0.57
Defensive	25.13	0.89
CnsmrDef	8.67	0.77
Hlthcare	11.77	0.70
Utilities	4.69	78.17



Address: Neuberger Berman Equity Funds
New York, NY 10158-0006
877-628-2583

Web Address: www.nb.com
Inception: 05-27-09
Advisor: Neuberger Berman Investment Advisers LLC
Subadvisor: None

Minimum Purchase: \$1000 Add: \$100 IRA: —
Min Auto Inv Plan: \$100 Add: \$100
Sales Fees: 5.75%L
Management Fee: 0.55% mx./0.40% mn., 0.26%A
Actual Fees: Mgt:0.73% Dist:0.25%
Expense Projections: 3Yr:\$890 5Yr:\$1121 10Yr:\$1784
Income Distribution: Annually

Data through May 31, 2016 FINRA members: For internal or institutional use only.

Vanguard Wellington™ Inv

Benchmark 1: Morningstar Mod Tgt Risk TR USD
Benchmark 2: Morningstar Mod Tgt Risk TR USD

Morningstar Analyst Rating 05-13-16



Morningstar Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊕ Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold	Silver	Bronze	Neutral	Negative
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Pillar Spectrum

⊕ Positive	⊖ Negative	● Neutral
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Performance 05-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	7.55	-0.97	4.69	0.96	12.57
2013	7.05	1.55	3.55	6.30	19.66
2014	2.36	4.00	0.02	3.14	9.82
2015	0.85	-0.54	-4.12	4.04	0.06
2016	1.91	—	—	—	—

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
1 Yr	1	2	2	13	10,744
3 Mo	7.44	0.82	0.82	13	10,744
6 Mo	2.74	0.44	0.45	13	10,274
1 Yr	1.93	2.69	2.69	6	10,193
3 Yr Avg	7.53	2.82	2.82	6	12,434
5 Yr Avg	8.50	3.12	3.12	5	15,038
10 Yr Avg	7.33	1.65	1.65	4	20,294
15 Yr Avg	7.06	1.02	1.30	4	27,834

Tax Analysis

	Tax Adj Rtn%	%Rank	Cat	Tax-Cost Rat	%Rank
3 Yr (estimated)	5.49	12	2	1.90	73
5 Yr (estimated)	6.91	9	1	1.47	73
10 Yr (estimated)	5.96	5	1	1.28	68

Potential Capital Gain Exposure: 22% of assets

Morningstar's Take by Alec Lucas 05-13-16

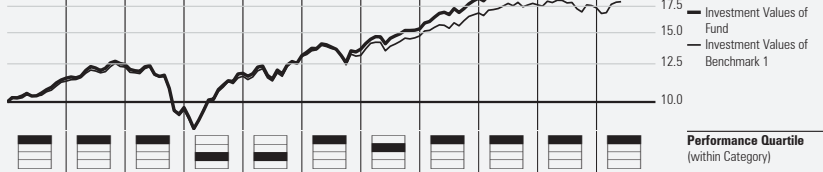
Vanguard Wellington's resilience supports its Morningstar Analyst Rating of Gold.

The fund often proves its mettle in equity market downturns, as it did in early 2016. It started the year near its base 65% stock weighting, which then ranked in the allocation~50% to 70% equity Morningstar Category's top decile. It also had a tiny cash cushion. Nonetheless, the fund's 5.2% year-to-date loss through Feb. 11 was 3 percentage points less than the category norm.

The equity portfolio's tilt toward competitively advantaged dividend-payers preserves capital better than most. Buying the companies when they're out of favor helps, too. Equity manager Edward Bousa built most of the fund's position in current top-holding Wells Fargo WFC after the firm slashed its quarterly dividend in the depths of the 2007-09 financial crisis. The firm has grown its payout nearly eightfold since and has a wide Morningstar Economic Moat Rating because of its large depositor base and diverse range of fee-generating businesses. In late 2015, that stock was part of the fund's 58.8% combined stake in wide or narrow moat companies, which was among the category's highest.

Historical Profile

Return	High
Risk	Average
Rating	★★★★★



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	05-16	History
NAV	32.44	32.62	24.43	28.85	31.10	31.34	33.84	37.94	39.15	36.79	38.10	NAV
Total Return %	14.97	8.34	-22.30	22.20	10.94	3.85	12.57	19.66	9.82	0.06	4.20	Total Return %
+/- Bmark 1	2.02	-0.30	-0.10	0.42	-1.40	3.26	0.53	5.36	4.93	1.85	0.47	+/- Bmark 1
+/- Bmark 2	2.02	-0.30	-0.10	0.42	-1.40	3.26	0.53	5.36	4.93	1.85	0.47	+/- Bmark 2
Income Return %	3.27	3.37	3.22	3.73	2.98	3.07	3.11	2.83	2.66	2.59	0.62	Income Return %
Capital Return %	11.70	4.97	-25.52	18.47	7.95	0.78	9.47	16.84	7.17	-2.53	3.58	Capital Return %
Total Rtn % Rank Cat	8	22	13	62	69	7	38	22	11	17	15	Total Rtn % Rank Cat
Income \$	0.98	1.08	1.04	0.90	0.85	0.94	0.96	0.95	1.00	1.00	0.23	Income \$
Capital Gains \$	1.40	1.42	0.00	0.00	0.00	0.00	0.44	1.54	1.50	1.39	0.00	Capital Gains \$
Expense Ratio %	0.30	0.27	0.29	0.34	0.30	0.27	0.25	0.26	0.26	0.26	—	Expense Ratio %
Income Ratio %	3.10	3.14	3.44	3.59	2.97	2.95	2.91	2.61	2.54	2.55	—	Income Ratio %
Turnover Rate %	25	23	30	28	35	38	31	35	71	39	—	Turnover Rate %
Net Assets \$mil	29,675	30,979	23,233	28,290	26,691	25,506	26,746	26,920	23,377	19,330	19,504	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	1.93			
3 Yr	7.53	High	Avg	★★★★★
5 Yr	8.50	High	Avg	★★★★★
10 Yr	7.33	High	-Avg	★★★★★
Incept	8.19			

Other Measures

	Standard Index	Best Fit Index
Alpha	2.6	0.2
Beta	1.03	0.66
R-Squared	93	96
Standard Deviation	7.58	
Mean	7.53	
Sharpe Ratio	0.99	

Portfolio Analysis 03-31-16

Total Stocks: 93
 Share change since 12-31-15

Company	Sector	YTD Ret %	% Assets
⊕ Wells Fargo & Co	Finan Svcs	-5.31	2.31
⊖ Microsoft Corp	Technology	-3.17	2.19
⊕ Merck & Co Inc	Hlth Care	7.38	1.96
⊖ Verizon Communications Inc	Comm Svcs	12.57	1.86
⊕ Comcast Corp Class A	Comm Svcs	13.10	1.85
⊖ Alphabet Inc A	Technology	-3.75	1.60
⊕ Chevron Corp	Energy	14.65	1.60
⊕ JPMorgan Chase & Co	Finan Svcs	0.18	1.52
⊖ Chubb Ltd	Finan Svcs	—	1.44

Total Fixed Income: 1164

Instrument	Maturity	Amount \$000	Value \$000	% Assets
US Treasury Note 1.75%	09-30-19	950,000	974,786	1.11
US Treasury Note 1.375%	09-30-18	874,350	886,923	1.01

Equity Style

Style: Value	Large-Cap
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Value Measures	Rel Category	Avg Eff Duration ¹	6.6 Yrs	
Price/Earnings	16.07	0.94	Avg Eff Maturity	9.8 Yrs
Price/Book	2.10	0.98	Avg Credit Quality	A
Price/Sales	1.60	1.06	Avg Wtd Coupon	3.67%
Price/Cash Flow	8.71	1.06	¹ figure provided by fund as of 03-31-16	
Dividend Yield %	2.91	1.08		

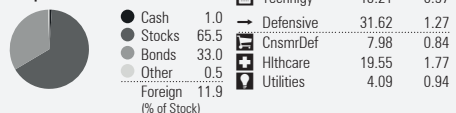
Growth Measures

	%	Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1
Long-Term Erngs	8.89	0.94	📉 Cyclical	27.97	0.72
Book Value	3.39	1.32	🏠 BasicMat	0.70	0.14
Sales	-0.79	0.65	🛒 CnsmrCyc	5.39	0.46
Cash Flow	-2.51	-10.84	🏢 FinanSvcs	21.58	1.28
Historical Erngs	2.69	-1.21	🏠 Real Est	0.30	0.06

Market Cap %

Market Cap	%	Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1
Giant	65.3	Small	📉 Sensitive	40.40	1.12
Large	32.5	Micro	🏢 CommSvcs	6.44	1.75
Mid	2.2	Avg \$mil:	⚡ Energy	9.03	1.36
			🏢 Industl	11.72	0.96
			🏠 Technly	13.21	0.97

Composition - Net



Address:	Vanguard Wellington Fund Valley Forge PA 19482 800-662-7447	Minimum Purchase:	\$3000	Add: \$1	IRA: —
Web Address:	www.vanguard.com	Min Auto Inv Plan:	—	Add: —	
Inception:	07-01-29	Sales Fees:	No-load		
Advisor:	Wellington Management Company LLP	Management Fee:	0.24%		
Subadvisor:	None	Actual Fees:	Mgt:0.24% Dist:—		
		Expense Projections:	3Yr:\$84 5Yr:\$146 10Yr:\$331		
		Income Distribution:	Quarterly		

Using Our New Sustainability Ratings

Morningstar Research | Jon Hale

Many people are interested in sustainability today but are finding it hard to apply the concept to their own investments. Sustainable investing generally refers to the incorporation of environmental, social, and governance, or ESG, considerations into an investment process. The new Morningstar Sustainability Rating for funds can help you incorporate sustainability into your own portfolio.

Found at Morningstar.com, our rating is a measure of how well the companies in a fund's portfolio are managing their ESG risks and opportunities relative to other funds in the same Morningstar Category. The company-level data come from Sustainalytics, an ESG research firm. The rating assesses companies based on the most material and influential ESG issues they face in their industries, and it penalizes firms involved in serious controversies — such as the **Volkswagen** VOW emissions scandal. The company-level ratings are rolled up on an asset-weighted basis to calculate a portfolio score. Ratings are then assigned relative to a fund's Morningstar Category.

There are many reasons why investors are interested in sustainable investing. Some may wish to see their portfolios more closely reflect their personal values. Others may want to make a societal or environmental impact with their investments by joining like-minded investors in allocating their capital to companies that better manage the sustainability challenges those firms face. In so doing, these “impact” investors are doing their part to support the companies that are leading the way to a more sustainable global economy.

Regardless of whether an investor wants to make a statement or have an impact, he may be, at heart, a traditional value-driven investor who recognizes that companies that better manage the ESG risks and opportunities they face could make more-attractive long-term investments. That's the way many asset

managers and large institutional investors see it. Many of the world's largest asset-management firms have incorporated ESG factors into their investment processes over the past few years.

Let's take a look at how funds in the Morningstar 500 fare on our measure of sustainability. A little over 300 of them receive ratings. These are mostly large- and mid-cap equity funds and a smattering of allocation funds. Our initial ratings don't include many small caps or a way to evaluate sovereign debt, so not many small-cap funds or bond funds have ratings.






The Sustainability Ratings of these 305 funds are distributed about the same way as the overall universe. About one third have Sustainability Ratings of 4 or 5 globes, another third merit 1 or 2 globes, and the rest have 3 globes. The M500 funds that have Sustainability Ratings of 5 globes appear to be a higher-quality set than those with 1-globe ratings, and the relationship is pretty linear in the 2- through 4-globe groups.

Two thirds of the funds with the top Sustainability Rating (5 globes) have Morningstar Ratings of 4 or 5 stars, meaning they've turned in strong risk-adjusted performance relative to their peers. Nearly that many, 62%, have Gold or Silver Morningstar Analyst Ratings, meaning that our analysts have a high level of conviction that the funds will outperform their peers over the long run. Contrast that with funds that have the lowest Sustainability Rating (1 globe). Only 34% have Morningstar Ratings of 4 or 5 stars, and 31% have Gold or Silver ratings. Keep in mind, however, this doesn't demonstrate a causal link between sustainability and performance because our Sustainability Rating doesn't go back in time.

Lower Risk/Lower Turnover/Higher Quality

There are several traits we may expect to see among funds that have better Sustainability Ratings. The first is lower risk, but a very specific form of risk. Incorporating ESG factors into the investment process can be an effective risk-management tool because it can identify nonfinancial risk factors that may not appear in traditional analysis. Second is a longer-term investment horizon. The ESG factors may sometimes affect short-term earnings, especially when a

Sustainability and Medalist Ratings in the M500

Sustainability Rating	M500	% ★★★★★ ★★★★	% ★★ ★	% Gold Silver	% Neutral
	34	67.65	8.82	61.76	5.88
	68	55.88	10.29	54.41	7.35
	110	55.45	6.36	43.64	11.82
	61	42.62	22.95	36.07	13.11
	32	34.38	40.63	31.25	25.00

Data as of April 30, 2016.

company finds itself involved in a serious controversy related to issues such as environmental protection or labor supply-chain management. For the most part, though, ESG analysis identifies companies that are managing their ESG risks and opportunities more effectively over the long term and which therefore may be attractive to buy-and-hold investors. The third trait is a connection with quality management. Companies with forward-looking management teams may be more likely to be effectively addressing long-term sustainability impacts on their businesses. We found support for all three traits among M500 funds with better Sustainability Ratings.

Risk

M500 funds with better Sustainability Ratings are less risky than those with worse Sustainability Ratings. Using the Morningstar Risk rating, which is a relative-to-category measure, we found that 24% of 5-globe funds had Low Morningstar Risk relative to their category peers, while only 9% of 1-globe funds did. Only 12% of 5-globe funds had High Morningstar Risk, while 19% of 1-globe funds did.

Turnover

Low turnover indicates a longer-term, buy-and-hold philosophy among fund managers. M500 funds with the best Sustainability Ratings have lower turnover than those with the worst ratings. Five-globe funds' average turnover is roughly half that of 1-globe funds.

Quality

Using two measures of quality, one quantitative (return on invested capital) and one qualitative (Morningstar Economic Moat Rating), we found funds with the best Sustainability Ratings also have higher portfolio average ROIC and higher exposure to wide-moat firms.

Funds With High Sustainability Ratings

The Sustainability Rating applies to all funds where we have sufficient data, not only those with explicit mandates to be “sustainable” or “responsible” investments. We evaluate such funds on the same basis as any other. Our rating confirms that most such funds are indeed doing what they claim: Silver-rated **Parnassus Core Equity** PRBLX, Bronze-rated **Neuberger Berman Socially Responsive** NRAAX, and Bronze-rated **TIAA-CREF Social Choice Equity** TICRX all rate 5 globes and would be good choices for investors looking to incorporate sustainability into their portfolios. The advantage of using these funds is the knowledge that sustainability is an explicit priority that will be maintained over time. Two other funds that base their investing on Islamic principles, but also use ESG factors to build their portfolios, rate 5 globes: Bronze-rated **Amana Growth** AMAGX and **Amana Income** AMANX.

Such “intentional” options are few and far between, however, representing only about 2% of the fund universe. Our rating helps you sort through the entire universe to find conventional funds that do well on sustainability. Among the M500 are a number of compelling options—funds with strong track records, Analyst Ratings, and Sustainability Ratings of 4 or 5 globes. Many of these funds also have low-risk, buy-and-hold, and high-quality characteristics. Notable examples include the Gold-rated funds managed by the Primecap team; Silver-rated **Jensen Quality Growth** JENSX; and Gold-rated **Fidelity Low-Priced Stock** FLPSX, **MFS Global Equity** MWEFX, and **Artisan International Value** ARTKX.

If you are interested in incorporating sustainability factors into your portfolio, the Sustainability Rating can help guide you. Because it only measures portfolio holdings, not performance, and is not a forward-looking evaluation of a strategy's prospects, you'll need to include traditional metrics and analysis alongside it. As you narrow your universe, though, you'll be able to find many attractive choices that do well on sustainability and also on traditional measures. ■■

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Active Share: The Road to Nowhere

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

Last month, I wrote about the predictive power of fund expense ratios. Using the success ratio (the percentage of funds that survived and outperformed), I showed that your chances of a successful outcome grow dramatically as you move to cheaper funds. Cheap funds are more than thrice as likely to survive and outperform as high-cost funds.

But what about active share? It's a highly touted measure that determines how different a fund's portfolio is from its benchmark. It is the inverse of overlap, so a high active share means a fund is very different and a low one indicates a fund is similar to its benchmark. For example, a fund with an active share rating of 100 relative to the S&P 500 would have no holdings in common with the index, while a fund with an active share rating of 0 would have identical holdings (such as an S&P 500 index fund). Early advocates said this measure was a good predictor of future performance.

More recently, some have said that it's OK to have high expenses if you have high active share. My response: Balderdash!

I put active share through the same tests as expense ratios. As with fees, I broke U.S. equity funds into quintiles based on their active share relative to their peer group as of Jan. 1, 2011. Then, we looked to see how they did over the subsequent five years ended December 2015.

What Did I Find?

The quintile with the highest active share among U.S. equity funds had a meager 29% success ratio followed by 27% for the second quintile, 32% for the middle quintile, 40% for the fourth quintile, and 43% for the least-active quintile. Returns of the surviving funds likewise showed that active share hurt performance. The most active quintile had returns of 9.3% compared with 9.7% for the middle quintile and 10.6% for

the least active quintile. This is a little worse than previous times I ran the test. In those tests, active share was closer to a neutral impact on results than the negative impact we see here.

For the sake of comparison, the cheapest quintile of U.S. equity funds had a success ratio of 64% compared with 16% for the priciest quintile. The high active-share quintile's 29% success ratio was comparable to the 28% success ratio registered by the fourth (or second-priciest) quintile of fees.

Active share's ability to predict investor returns and risk-adjusted returns as measured by Morningstar Ratings was also weak. The highest active-share quintile had a 24% success ratio for investor returns compared with 28% for the least active share. Using five-year star ratings, the highest active-share quintile led to an average star rating of 2.6 while the least active had 3.2. It's not surprising that risk-adjusting returns through the lens of the star rating would not help active share's case, as more-focused funds are more volatile in general.

So, what's wrong with active share? I see a few problems. First, it's often mistaken for a measure of skill, but that's not what it is. I could take a portfolio and add some short positions or out-of-benchmark long positions to boost active share, but would that necessarily improve returns? Only if I had skillfully chosen those shorts and nonbenchmark long positions. Second, it just doesn't add up. You could carve the S&P 500 into 50 separate portfolios with high active share but you would not improve returns by 1 basis point.

I do find active share useful in a similar way that R-squared and tracking error tell you if a fund is behaving like an index. Only in this case it measures holdings overlap with an index rather than correlation of returns. Our analysts monitor changes to a fund's active share for signs that a manager is changing his strategy. For example, if a fund gets a lot of assets in a short period of time, active share may go down, and that tells me asset bloat is having an impact on a fund's strategy. So, it's a fine descriptor, just not a predictor. ■■

Funds Vulnerable to a Growth Meltdown

Red Flags | Susan Wasserman

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

Since the start of the bull market in early 2009 through December 2015, technology and healthcare stocks helped fuel the typical growth fund's edge over blend and value funds. The Morningstar Healthcare Sector Index and the Morningstar Technology Sector Index returned 22.1% and 21.4%, respectively, compared with the S&P 500's return of 20.0% during the same period. But 2016 has shaken things up: Technology and healthcare stocks are down for the year to date, with some big names posting losses for the first time in years. Not surprisingly, funds with outsize stakes to these sectors have also been hit hard.

I found three Morningstar Medalist funds with at least two thirds of their portfolios in technology and healthcare stocks. (Sector funds are excluded from this short list.) Each fund posts strong long-term records, but investors should keep in mind that large sector concentrations will lead to rough patches in performance.

Fidelity OTC FOCPX stands out from its typical large-growth peer because of its large technology stake. The fund benchmarks itself to the Nasdaq Composite Index and allocates roughly 50% of assets to tech stocks and another 20% to healthcare stocks. Even within healthcare, portfolio manager Gavin Baker allocates a large chunk to biotech companies. **Apple** AAPL, **Alphabet** GOOGL, **Athenahealth** ATHN, and **Biogen** BIIB consistently land among the fund's top holdings, and they have been nice tailwinds to performance during the past five years. But for the year to date through May 2016, many of these same names have been big detractors, contributing to the fund's 3.9% loss during the same time period. This isn't the fund's first battering: It had a rough start in 2014, but that was primarily due to consumer discretionary picks. This recent bout of underperformance underscores the fund's sector concentration risk. Investors who have been in this fund, which has a Morningstar Analyst Rating

of Bronze, since Baker took over in July 2009 have been rewarded—its annualized 17.5% return since then through May 2016 tops the typical large-growth peer by roughly 4%. But the fund's mandate ensures that it will always have big bets on tech and healthcare.

Touchstone Sands Capital Select Growth PTSGX stashes nearly 40% of assets in technology stocks and 30% in healthcare stocks. **Apple** and **Microsoft** MSFT have not been in the portfolio since 2013 and 2005, respectively, but the fund has still been hit hard by the likes of **Baidu** BIDU and **LinkedIn** LNKD for the year to date through April 2016. Healthcare names like **Alexion** ALXN and **Regeneron** REGN have also been pain points in the fund, losing double digits during the same time period. This relatively concentrated fund holds around 30 companies, so any single position has a meaningful impact on overall performance. The fund has outpaced the Russell 1000 Growth benchmark and the typical large-growth peer since its inception in 2000, but that has come with higher levels of risk, as measured by standard deviation. This Bronze-rated fund works for those with a healthy tolerance for risk, but investors should know that with healthy stakes in technology and healthcare, the fund is susceptible to periods of underperformance.

At the other end of the market-cap spectrum, **Brown Capital Management Small Company** BCSIX allocates nearly 50% of assets to small-cap technology stocks and 35% of assets to small-cap healthcare stocks. The Russell 2000 Growth Index, on the other hand, is made up of 25% technology stocks and 28% healthcare stocks. **Tyler Technologies** TYL and **Incyte** INCY, which had banner years in 2015, have skidded for the year to date, contributing to the fund's 0.3% loss through May 2016. The management team's focus on high-quality names across sectors has helped the fund outpace peers and the index over the long term on both a total-return and risk-adjusted return basis, earning the fund a Gold rating. But the fund's rocky start to 2016 shows that it isn't insulated from market turbulence. ■■

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Stocks and Oil Prices Rally

Market Overview | Andrew Daniels

U.S. stocks continued to advance in May. The S&P 500 rose 1.8% and the Russell 2000 Index rose 2.2% despite the increasing likelihood that the Federal Reserve will raise short-term interest rates as early as the June policy meeting. Economic data continue to show signs of strength, and the Consumer Price Index—which measures the rate of inflation—is increasing. Thus, all eyes will be on the Fed's mid-June meetings.

On the flip side, overseas markets didn't fare well in May. The MSCI EAFE Index fell 0.9% and is in the red for the year. In Europe, Austrian and Portuguese stocks fell 6.4% and 2.9%, respectively. In Asia, Singaporean stocks fell 4.4% and Japanese stocks fell 1.0%. **Longleaf Partners International** LLINX, with a Morningstar Analyst Rating of Neutral, fell 1.9%, while Silver-rated **FMI International** FMIJX rose 1.4%. Emerging-markets stocks fell 3.7%, driven by Brazil's 13.7% loss, Turkey's 13.3% loss, and South Africa's 9.2% loss. Bronze-rated **DFA Emerging Markets Value** DFEVX fell 6.5%.

Brent crude prices briefly hit \$50 per barrel in May for the first time since November 2015. Brent crude ended the month at \$49.69, up 3% from its price at the end of April and up 78% from its January low. Energy stocks, however, fell slightly in May—Neutral-rated **Vanguard Energy** VGENX fell 1.4%.

The top-performing sector in May was technology, after being the worst-performing sector in April. Tech contributors include semiconductor firms **NVIDIA** NVDA and **Applied Materials** AMAT—both rose more than 19%. After falling sharply in April, **Apple** AAPL and **Alphabet** GOOG both rebounded more than 6% in May. The financials sector also posted solid returns in the quarter, as insurance firms **Chubb** CB and **Markel** MKL rose at least 6% and banking firms **SunTrust** STI and **Comerica** CMA rose at least 5%. ■■■

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Benchmark Performance

Total Return % Through 05-31-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	2.2	-0.5	10.5	10.0	7.4
Large Blend	1.5	2.4	9.0	9.8	6.4
Large Value	1.1	4.0	7.6	9.0	5.5
Mid-Cap Growth	2.2	0.8	8.1	7.8	6.8
Mid-Cap Blend	1.4	3.5	7.4	8.0	6.5
Mid-Cap Value	1.6	5.7	7.8	8.5	6.6
Small Growth	2.5	-0.6	6.6	6.9	6.5
Small Blend	1.6	3.4	6.2	7.2	5.9
Small Value	0.9	5.2	5.9	7.4	5.8
Allocation--70% to 85% Equity	0.8	2.4	5.3	5.7	4.7
Allocation--30% to 50% Equity	0.4	3.3	3.3	4.3	4.5
Allocation--50% to 70% Equity	0.7	2.7	5.1	5.8	5.2
Communications	1.0	5.9	7.9	6.4	5.1
Financial	1.6	-0.3	6.3	8.0	1.7
Global Real Estate	-0.3	3.6	4.5	5.3	3.3
Health	3.0	-7.9	15.2	15.6	11.4
Natural Resources	-2.8	11.9	-5.7	-5.7	-0.4
Equity Precious Metals	-10.7	59.6	-5.0	-15.6	-2.0
Real Estate	2.0	4.3	9.2	9.2	6.3
Technology	4.8	0.1	13.1	9.1	8.4
Utilities	1.4	13.1	8.7	8.7	7.2
S&P 500	1.8	3.6	11.1	11.7	7.4
S&P MidCap 400	2.3	7.5	9.7	10.0	8.5
Russell 2000	2.3	2.3	6.9	7.9	6.3
Diversified Pacific/Asia	0.6	0.0	2.7	3.1	3.1
Diversified Emerging Mkts	-2.4	2.5	-4.6	-4.2	2.8
Europe Stock	0.2	-0.8	2.9	2.8	2.9
Foreign Large Blend	-0.1	-0.5	1.6	1.3	1.7
Foreign Large Growth	0.6	-0.3	2.9	2.6	3.0
Foreign Large Value	-0.7	0.0	1.0	0.8	0.8
Foreign Small/Mid Growth	1.5	0.1	5.4	5.0	4.7
Foreign Small/Mid Growth	1.5	0.1	5.4	5.0	4.7
Foreign Small/Mid Value	0.1	2.1	4.1	2.7	2.9
MSCI World	0.6	1.8	6.5	6.5	4.5
MSCI Emerging Markets	-3.7	2.9	-4.9	-5.4	2.5
MSCI EAFE	-0.1	-0.6	2.0	1.9	1.7
MSCI Europe	-0.6	-0.7	1.8	1.6	2.0
MSCI Latin America	-11.1	11.4	-16.5	-14.6	-1.1
MSCI Pacific	-1.4	-1.6	2.2	3.3	1.8
High Yield Bond	0.6	5.7	1.8	4.2	5.9
Inflation-Protected Bond	-0.7	3.3	-0.5	1.3	3.5
Intermediate-Term Bond	0.0	3.2	2.3	3.2	4.6
Muni National Long	0.4	2.8	3.8	5.5	4.4
World Bond	-1.2	4.3	0.5	1.4	4.1
BarCap US Agg Bond TR USD	0.0	3.3	2.9	3.2	4.8
BofAML US HY Master II TR	0.7	8.1	2.9	5.3	7.3
BarCap Municipal TR USD	0.3	2.7	4.0	5.1	4.9

Quality Leads Jensen to the Top

Leaders & Laggards | Andrew Daniels

Ten Best-Performing Funds

Fund Name	YTD Cat Rank %
Artisan Value Investor	1
Champlain Mid Cap Adv	1
Fairholme Focused Income	1
Jensen Quality Growth J	1
Longleaf Partners	1
Longleaf Partners Small-C	1
Mairs & Power Growth Inv	1
Mairs & Power Small Cap	1
Manning & Napier Equity S	1
Permanent Portfolio Perma	1

Ten Worst-Performing Funds

Fund Name	YTD Cat Rank %
Matthews China Investor	100
Oakmark Global I	99
Scotia Dynamic U.S. Growth	99
Sequoia	99
FPA US Value	98
Touchstone Sands Capital	98
Fidelity Low-Priced Stock	97
Janus Contrarian T	97
Natixis ASG Global Altern	97
Oppenheimer Global A	97

Leaders

Jensen Quality Growth JENSX has outperformed 99% of its large-growth peers for the year to date. The managers' close eye on quality and valuations lead this fund to lag in risk-fueled bull markets, but it does better in choppy markets, as has been the case in 2016. The fund, which has a Morningstar Analyst Rating of Silver, has benefited from strong security selection in the healthcare sector—**Stryker Corporation** SYK and **UnitedHealth Group** UNH are both up more than 14% this year. In addition, some of its largest holdings in the technology and industrials sectors—such as **Accenture** ACN and **3M** MMM—have contributed to results.

Bronze-rated **Seafarer Overseas Growth and Income** SFGIX has posted great results since opening in 2012, and it continued that strong showing in 2016 by outperforming 90% of its diversified emerging-markets peers. Lead manager Andrew Foster invests in a mix of dividend-paying common and preferred stocks and convertible and other bonds, which helps the fund do well in down and choppy markets. Big technology holdings such as **Arcelik** ARCLK and **Infosys** INFY and healthcare holdings such as **Odontoprev** ODPVY and **Hisamitsu Pharmaceutical** HPX have posted double-digit returns. The fund has also benefited by giving an underweighting to hard-hit financials, and those it does own—such as **Bolsa Mexicana de Valores** BOMXF—have done well.

Gold-rated **Fidelity Total Bond** FTBFX has outperformed 96% of its intermediate-term bond peers in 2016. Manager Ford O'Neil and his team make the most of the fund's wide mandate, investing in high-yield, emerging-markets, and international bonds in addition to investment-grade U.S. bonds. Results have been driven by overweighting strong-performing high-yield and emerging-markets bonds and Treasury Inflation-

Protected Securities. In addition, security selection in the investment-grade U.S. bond space has been strong.

Laggards

Neutral-rated **FPA U.S. Value** FPPFX has lagged 98% of its large-blend peers thus far in 2016. Manager Gregory Nathan has given significant overweightings to the poor-performing consumer discretionary and healthcare sectors, and stock selection within those sectors has also been weak. Over-the-counter drug producer **Perrigo** PRGO is down 33% this year after its CEO left to join **Valeant Pharmaceuticals** VRX. Auto manufacturers **Daimler** DAI and **Bayerische Motoren Werke** BMW are both down more than 15%.



Gold-rated **Oakmark International** OAKIX has trailed 95% of its foreign large-blend peers for the year to date. Managers David Herro and Rob Taylor ply a value-oriented philosophy that can look contrarian at times. Currently, that philosophy leads them to be heavy in the hard-hit financials and consumer discretionary sectors. Top financials investments such as **Credit Suisse** CSGN and **Nomura Holdings** NMR are down more than 23% this year. In the consumer discretionary space, the fund has been hurt by giving an overweighting to the automobiles industry—holdings **Honda Motor** HMC, **Daimler**, **Toyota** TM, and **BMW** are down double-digits this year.

Silver-rated **Fidelity Capital & Income** FAGIX has lagged 92% of its high-yield-bond peers in 2016. With often sizable allocations to equities and lower-rated bonds, this fund is one of the most aggressive options in the high-yield bond Morningstar Category. That hurt the fund in early 2016, as global risk assets sharply sold off, and it hasn't been able to recover. Furthermore, the fund has a sizable position in **Allergan** AGN, which fell after its planned merger with **Pfizer** fell apart. ■■


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Fund Manager Changes


AMG Yacktman Focused YAFFX and AMG Yacktman YACKX Impact: Neutral Date: 05/01/2016

Founder Don Yacktman stepped down officially as manager on the fund. Stephen Yacktman and Jason Subotky remain as managers. **Our Take:** Don Yacktman has been dialing back his work on the fund for a number of years, so this was not a surprise and our ratings already reflected the fact that Stephen Yacktman and Subotky were the driving forces at the funds. The funds retain their respective  Silver and  Gold ratings.


Fidelity Low-Priced Stock FLPSX Impact: Neutral Date: 05/15/2016

Comanager Rayna Lesser was replaced by Morgan Peck. Peck will take over the tech sleeve dedicated to the comanagers on this fund. **Our Take:** The comanagers only run 6% total of assets and Joel Tillinghast oversees 94%. Thus, this fund remains a bet on Tillinghast and the fund retains its  Silver rating.

Fidelity Municipal Income FHIGX Impact: Neutral Date: 05/02/2016

Lead manager Jamie Pagliocco stepped down from the firm's muni funds to take a position heading the firm's fixed-income trading group. Comanagers Mark Sommer and Kevin Ramundo, who have managed muni funds at the firm since 2002 and 2010, respectively, were named managers on the firm's entire suite of muni funds. Joining the duo as a new portfolio manager is Cormac Cullen, a senior member of the firm's muni research team. **Our Take:** We have faith in the seasoned team that Pagliocco leaves behind and are encouraged that past transitions in Fidelity's muni group have been quite smooth. We are maintaining our  Gold rating on the fund.

Sequoia SEQUX Impact: Negative Date: 03/23/2016

Bob Goldfarb stepped down as comanager in the wake of the implosion of top holding Valeant Pharmaceuticals VRX. Sequoia explained that decision-making was too centralized and didn't give enough room for analyst input. **Our Take:** Goldfarb achieved a lot for investors even though he may be best remembered for the Valeant mess. Moreover, the latest bad news on Valeant makes it clear that Sequoia's thesis was wrong—up until this point we didn't know if Valeant's problems were small or large. We have lowered our rating to  Bronze from Gold.


T. Rowe Price Health Sciences PRHSX Impact: Negative Date: 07/01/2016

Manager Taymour Tamaddon is moving to run T. Rowe Price Institutional Large Cap Growth TRILGX. Ziad Bakri will take his place on July 1, 2016. Bakri has been a healthcare analyst with the firm since 2011. He is an M.D. and had previously worked as a biotech analyst for Cowen and Co. **Our Take:** This is a challenge for T. Rowe because it follows the loss of a manager and two healthcare analysts in 2014. The firm says it plans to hire additional analysts. This is Bakri's first time serving as a portfolio manager.

T. Rowe Price Small-Cap Stock OTCFX Impact: Negative Date: 10/01/2016

Greg McCrickard is set to retire in October. He will be replaced by Frank Alonso, who has been an associate portfolio manager on the fund since 2013. Alonso has been with T. Rowe Price since 2000. **Our Take:** We don't have much of a track record to go by for Alonso, so it's a big drop from the proven McCrickard. We lowered our rating to **Neutral** from Silver.

Virtus Emerging Markets Opportunities HEMZX Impact: Negative Date: 05/31/2016
Virtus Foreign Opportunities JVIAX

Former Morningstar Fund Manager of the Year winner Rajiv Jain is leaving subadvisor Vontobel to set up his own firm. Matthew Benkendorf, who has been at Vontobel for 17 years, is taking over. Benkendorf signed a 10-year contract when Jain resigned, so we can at least be sure that he won't be following Jain. We don't yet know if any of the team's analysts will leave. **Our Take:** Losing Jain is a big blow, though Benkendorf is experienced and a fair amount of the team will most likely remain in place. We lowered ratings for both funds to  Bronze from Silver.

Fund News

Valeant Debacle Spurs Improvements at Sequoia

Analyst Kevin McDevitt reports that the **Sequoia** SEQUX shareholders' meeting on May 20 reinforced how much has changed following the fund's disaster with **Valeant Pharmaceuticals** VRX. The past nine months have been extremely painful for shareholders, but it also spurred Sequoia's management to ensure that something similar never happens again. The changes address investment policy, risk management, and decision-making.

Portfolio manager--and now CEO of advisor Ruane, Cunniff, and Goldfarb--David Poppe further clarified the changes to the team's structure and risk-management policies that he first articulated in March. Going forward, the fund will cap position size at 20% of assets. Furthermore, the team will formally review positions as they grow to 10% and 15% of assets.

Next, the firm announced the makeup of the newly formed investment committee, including analysts Arman Gokgol-Kline, David (Chase) Sheridan, Trevor Magyar, John Harris, and Greg Alexander; Alexander will be a nonvoting member of the committee. Harris and Alexander will not be actively involved in managing Sequoia as they run their own respective separate private portfolios, Wishbone and Acacia. But they both bring extensive experience and expertise to the committee, adding a further layer of oversight. Although Poppe remains Sequoia's sole portfolio manager, the investment committee will have veto power.

Despite these changes, the team took pains to emphasize that the firm's process is not changing. What happened with Valeant, based on past interviews and in the shareholders' meeting, is that former comanager Bob Goldfarb had final say. Ultimately, despite concerns voiced regarding Valeant by members of the investment team and the board, Goldfarb decided to maintain and even add to the position. Every recent change has been designed to prevent any one person from over-

riding the process itself and to prevent any one position from having an outsized impact on performance.

That said, this will remain a concentrated, high-conviction fund. It will continue to hold 25-35 stocks. Plus, while individual positions may not grow as large as in the past, the fund may also hold less cash than it has historically; the team said the fund's stock picks excluding cash have tended to perform better over time than the portfolio including cash. So, the fund's risk profile will remain idiosyncratic, even though its composition may change.

Meanwhile, governance remains a priority for Sequoia. Its board is still reshaping itself since Goldfarb's departure and the resignations of two trustees last fall. John Harris will take Goldfarb's place and will join Poppe as the other internal board member. Board chairman Roger Lowenstein says there are plans to add another independent trustee before the end of the year. The firm also announced a new firm-level management committee consisting of Poppe, Harris, and Alexander.

As for Valeant, its role in the portfolio continues to diminish. After the team sold shares in the first quarter, the position represented about 5.4% of assets as of March 31. Poppe acknowledges that Valeant faces enormous challenges and likely will not be a long-term holding. That said, he did not give the impression that the team is a motivated seller, as the company still has valuable assets and it thinks highly of new CEO Joe Papa.

It can be difficult to separate Sequoia as it now stands from its incredibly tumultuous recent past. But this fund has been transformed in important ways. This is not to say that these changes will lead to immediate improvements in performance, but, from a governance and structural standpoint, this fund is in a better place.

PIMCO's Kiesel Bullish on Credit

PIMCO Investment Grade Corporate Bond PBBDX manager Mark Kiesel stopped by our offices and told Sumit Desai what's going on and why he still likes credit.

Desai: What's been driving the volatility in credit this year?

Kiesel: It's been an interesting year with a lot of ups and downs. We think the market's attractive. Overall, what's been driving the market has been really three things: uncertainty over China, where we've gotten, I think, near-term uncertainty resolved a little bit with more stability on the currency front. But as we started the year, people were really worried about China and devalue. Second has been commodity prices—violent swings there. We bottomed at 26 on oil in February, now we're in the mid-40s, so that has recovered. And the third thing has been uncertainty over central bank policy and negative rates. The positive news there is that the ECB is de-emphasizing rates, now moving toward expanding QE and credit easing. We think that Bank of Japan will follow that. So three of the factors--China, commodities, and central banks--are actually improving, and that's why the market has recovered.

Desai: You mentioned commodities. Obviously energy has had a nice little run so far this year. Can you talk a little bit about what you see in that space and how you're playing it?

Kiesel: So back in December the team got together—portfolio managers and analysts—and we thought that we are closer to a bottom. We had input from Greg Sharenow, who also is our commodity expert. Our view was that oil would go, by the end of the year, to 50. Back then it didn't look so good. We did a lot of bottom-up research. And in January and February we started buying near the lows fortunately, and we bought a lot of high-quality exploration and production companies. We bought a lot of midstream assets and pipelines. We have seen a big recovery; fortunately we were able to buy close to the lows and that has been a good source of alpha for us this year. ■■

7 Questions About Risk in Your Retirement Portfolio

Portfolio Matters | Christine Benz

For many accumulators, the concept of risk falls into the realm of comfort level. In a market shock they might avoid looking at their statements or pour a stiff drink at the end of a particularly bad day for stocks. But unless they need their money imminently or have a habit of shifting to a more conservative stance after their holdings have fallen a lot, market volatility probably won't have too much of an effect on their plans.

Volatility—and indeed real risk—has much more tangible ramifications in retirement. A retiree who takes too little risk in her portfolio—or simply takes too much out in withdrawals—heightens the odds of running out of money if she lives a very long time. Meanwhile, the retiree with a portfolio that's too aggressively positioned could run headlong into a big equity sell-off too close to retirement, permanently impairing the portfolio he was ready to draw down.

In short, proper risk management—not too much, not too little—is of utmost importance in retirement. If you're nearing or in retirement, answering these seven questions can help you assess whether your portfolio strikes the appropriate balance.

Question 1 | Does the portfolio have enough liquidity?

Liquidity—ready cash you can draw upon to meet in-retirement living expenses—is the linchpin of the bucket approach to retirement portfolio planning. The idea is that even though your long-term holdings (stocks and bonds) may slump at various points in time, having enough cash set aside can tide you over through those weak market environments without having to sell anything when it's depressed.

To arrive at a baseline target for liquid reserves, I recommend that investors determine their annual in-retirement income needs, then subtract from that amount any certain sources of income, such as

Social Security or pension income. The amount that's left over is the amount that the portfolio will need to replace per year; multiply that amount by 1 or 2 to help right-size your cash reserves. Retirees will also want to have emergency funds set aside to cover unanticipated expenses.

Question 2 | Does the portfolio have enough growth potential?

Look at it this way: Cash yields next to nothing. Current bond yields, meanwhile, are a good predictor of what you can expect from the fixed-income asset class; high-quality bonds are currently paying about 1% to 3%, depending on maturity. Given those numbers, it's easy to see how a portfolio composed of fixed-rate investments is apt to be decimated by inflation over time.

To earn a positive real return over their 15- to 30-year in-retirement time horizons, investors must venture into assets with higher potential payoffs, especially stocks. That explains why Morningstar's Lifetime Allocation Indexes—as well as my model "bucket" portfolios—feature significant equity weightings, even for investors who are near or in retirement. Retirees for whom Social Security and/or a pension are supplying a big share of living expenses may be able to run with even higher stock weightings than what is featured in the aggressive versions of my model portfolios.

Question 3 | Is the portfolio courting too much risk?

At the opposite extreme, retirement portfolios that are too heavy on stocks court sequence-of-return risk. That means that if a stock-heavy retirement portfolio runs into a lousy equity market early on, and the retiree spends from that portfolio rather than leaving the depressed equities in place to recover, the portfolio's sustainability over a long time horizon is imperiled. Not only that, but retirees with too-risky portfolios court more behavioral risks—that is, if their portfolios are too stock-heavy, they might be inclined to switch to a more conservative mix after a swoon.

Question 4 | Does the portfolio have a well-thought-out drawdown strategy?

Withdrawals can make or break a retirement plan. Take too much and you risk running out of money pre-

turely; take too little and you risk not enjoying your retirement fully because you've underspent. The specific strategy you use to extract money from your portfolio—harvesting income, selling appreciated securities, or a combination of the two—can also influence your long-term return. Because drawdown/withdrawal strategies are so central to the success or failure of a retirement plan, paying an advisor for a second set of eyes on your approach can be money well spent.

Question 5 | Is there adequate inflation protection?

Young accumulators don't need to worry too much about inflation-protecting their portfolios for a few key reasons. First, they're drawing from their salaries, rather than their portfolios, for income; workers generally receive salary adjustments to compensate for cost-of-living increases. Moreover, young accumulators usually have heavy stock weightings (or they should, at least); over long periods of time, stocks will usually deliver returns in excess of inflation.

Inflation is far less benign in retirement. While retirees may receive an inflation of adjustment in some of their income sources, such as Social Security, the real income they draw from their portfolios is diminished as inflation rises. To help combat that problem, retirees need to add inflation protection to their portfolios. Treasury Inflation-Protected Securities and I Bonds provide the most direct hedge against inflation; categories like commodities, real estate, and bank loans have also tended to generate positive returns in inflationary environments.

Both TIPS and I Bonds are considered direct inflation hedges because they compensate investors for increases in inflation over their holding periods. With TIPS, investors receive an adjustment to principal to reflect inflation; with I Bonds, the yield is adjusted to reflect the Consumer Price Index.

Investors can buy I Bonds directly from TreasuryDirect.gov, and that's arguably the simplest and most straightforward way to obtain exposure to inflation-protected bonds. However, new purchases are subject to annual limits of \$10,000 for electronic versions and \$5,000 for paper bonds, and the latter

can only be purchased through tax refunds.

That means that, in practical terms, large buyers will have a difficult time amassing a meaningful stake in I Bonds.

For TIPS, Morningstar analysts have generally recommended that individual investors consider mutual funds rather than buying individual TIPS because of trading complexities in the latter. Among Morningstar's favorite funds are **Vanguard Inflation-Protected Securities** VIPSX and **Vanguard Short-Term Inflation-Protected Securities Index** VTIPX, both of which offer plain-vanilla, inexpensive TIPS exposure. Whereas the former fund has a longish 8.0-year duration and, therefore, could be subject to substantial interest-related volatility, the short-term fund should experience less rate-related volatility and arguably offers purer inflation protection.

Question 6 | Is the portfolio insulated from spending shocks?

Even retiree portfolios that are sensibly allocated and employ reasonable drawdown strategies can run into problems if spending exceeds expectations. Healthcare expenses in retirement can surprise on the downside; Fidelity estimated last year that a retired 65-year-old couple would spend more than \$245,000 in retirement on various healthcare outlays. Even more sobering, the Fidelity estimate doesn't encompass long-term care costs.

Question 7 | Is there a backup plan?

Last but not least, every portfolio needs a succession plan—a basic outline of what should happen if you're no longer able to manage your assets on your own. Enumerating all of your financial assets in a spreadsheet or other document is a good first step. Another aspect of succession planning is streamlining your investment mix and automating as much as you can: Not only will those steps simplify life for your successors, but they can also provide at least some safeguards against cognitive decline. ■■■

Contact Christine Benz at christine.benz@morningstar.com

Funds on the Stock-Heavy Side

Tracking Morningstar Analyst Ratings | Russel Kinnel

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

In the cover story, I looked at the top allocation funds with less than 70% equity. Here I'll look at the two categories with more than 70% equity. There are three very different Morningstar Silver Medalists in the Allocation—70% to 85% Equity category and one Bronze Medalist in the Allocation—85%+ Equity category.

American Funds Income Fund of America AMECX

With a Morningstar Analyst Rating of Silver, this fund boasts a 12-month yield of 3.09%, placing it third among all the allocation funds in the Morningstar 500. The only two that are higher are in the 30% to 50% Equity category. Yet, the maximum drawdown of 41% and downside-risk capture of 113% mark it as one of the lower-risk funds in this equity-heavy category. One reason is that it is right on the borderline of the category with a 70% equity weighting. Management has been moving to the equity side because it considers the yields on equities to be more appealing than those on bonds. Prior to 2011, the fund's equity weighting was in the low 60s. The basic idea of the fund is to maximize yield without taking on too much risk.

That's a strategy that American has executed well here and at other funds. Equities must have a yield well above the S&P 500's. The bond side takes on some interest-rate and credit risk to produce a decent yield. The fund has landed in the top quintile of its peer group for the trailing three-, five-, and 10-year periods.

Fidelity Four-in-One Index FFNOX

The Silver-rated fund has a set asset mix of 48% in **Fidelity Spartan 500 Index** FUSEX, 25% in **Fidelity Spartan International Index** FSIIIX, 14% in **Fidelity Spartan US Bond Index** FBIDX, and 12% in **Fidelity Spartan Extended Market Index** FSEMX. The all-in fee is 0.22%. The fund's maximum drawdown was 46%

and downside capture is 147%. Returns have landed in the top quartile over the past three-, five-, and 10-year periods.

T. Rowe Price Personal Strategy Growth TRSGX

This Silver-rated fund of funds has a neutral setting of 80% equities, making it a fairly aggressive fund. As with other Personal Strategy funds, the asset mix can be adjusted by the allocation team depending on its view of markets. The underlying funds are strong and the all-in fee is 0.78%. The fund's maximum drawdown of 48% and downside capture ratio of 153% are worse than the other two Silver-rated funds in the category. On the plus side, the fund has top-decile returns over the past five-, 10-, and 15-year periods, and its three-year returns are just outside the top decile.

Franklin Mutual Shares TESIX

This Bronze-rated fund is the Morningstar 500's sole Medalist in the 85%+ category. It's a value strategy applied to equities as well as distressed debt at times—hence its place in the category. In its March 31, 2016, portfolio, the fund had 71% in U.S. stocks, 19% in foreign stocks, 4% in bonds, 2% in other (usually convertibles or preferreds), and 4% in cash. That gives it a little less in stocks and little more in bonds and foreign stocks than a typical large-cap value fund. Its 50% maximum drawdown and 152% downside capture ratio show that things don't always go according to plan.

Also, performance has been rather middling depending on the time period you pick. Lead manager Peter Langerman looks for cheap stocks from a variety of angles, including valuations, attractive merger targets, or other types of distress. That was a good formula for defense in the 2000-02 bear market, but it didn't do so well in the 2008-09 bear market when many deep-value funds got burned by financials or heavily indebted cyclical stocks.

Ratings History

Fidelity Four-in-One Index has been rated Silver since June 2012. The other three have had their current ratings since we launched Analyst Ratings in November 2011. ■■

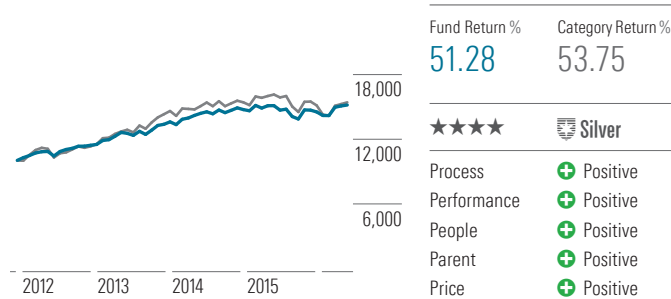
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	80.59	45.17	84.00	46.60	79.69	41.84
Taxable Bond	76.31	42.50	67.02	36.24	42.97	19.01
International Stock	67.02	44.61	63.18	41.80	54.61	43.56
Municipal Bond	61.89	37.50	39.07	16.13	51.69	27.66
Balanced	88.18	48.60	85.61	48.86	80.07	52.17

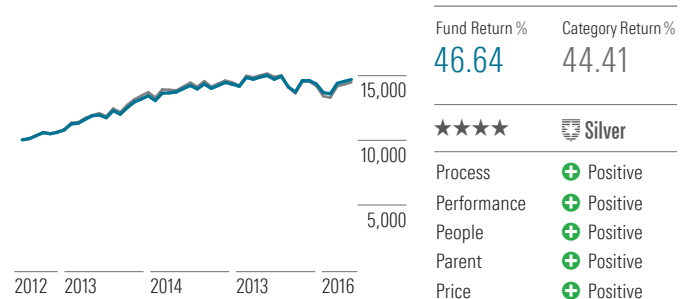
Data through May 31, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

Allocation With an Emphasis on Stocks

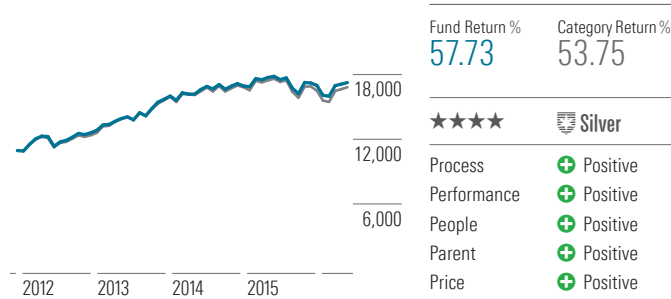
American Funds Income Fund of America AMECX



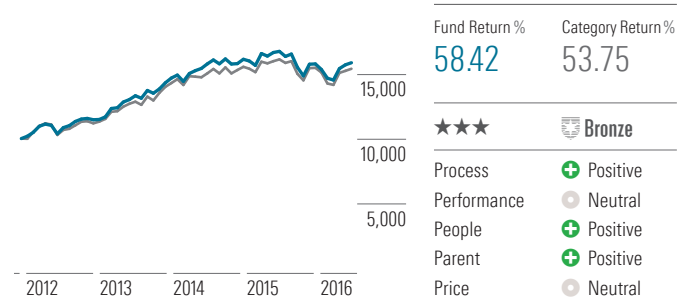
Fidelity Four-in-One Index FFXO



T. Rowe Price Personal Strat Gr TRSGX



Franklin Mutual Shares



Funds Grapple With Exposure to Puerto Rico

Income Strategist | Elizabeth Foos

Nearly one year since Puerto Rico Governor Alejandro Garcia Padilla stated that the U.S. territory couldn't pay its \$72 billion in debt, little has changed. Although an initial debt payment was made directly after the governor's 2015 announcement, various agencies have missed debt payments since then. Most recently, the Puerto Rico Government Development Bank, the main fiscal manager for the island's debt, missed a roughly \$400 million debt payment due May 1. The commonwealth may also miss a \$2 billion debt service payment due on July 1, nearly half of which is secured by Puerto Rico's general obligation pledge.

As we've noted before, the commonwealth's municipal bonds have been held by a number of mutual funds because they pay higher yields and have "triple tax-exempt" benefits. That means the interest earned on Puerto Rico's bonds is spared from federal, state, and local income taxes, which made them popular investments for some single-state muni funds. And because the names of the funds don't suggest the presence of such holdings, many investors might not realize how much of this distressed debt is in their portfolios.

According to Morningstar's data, nearly 50% of U.S. open-end muni-bond funds hold some exposure to Puerto Rico bonds, ranging from less than 1% of assets to more than 50%. The balance of these obligations is largely owned by individuals and hedge funds. Many insurance firms and pension funds can't hold the commonwealth's debts because of its below-investment-grade-ratings, which the major credit-rating agencies assigned beginning in 2014.

Absent from the list of the island's investors are some of the largest stewards of capital in the muni market—including most of those with muni-bond funds listed in the Morningstar 500. For example, the

muni teams at Fidelity, T. Rowe Price, and Vanguard continue to avoid meaningful concentrations in Puerto Rico debt with their current portfolios. Of Fidelity's 22 muni funds, six of which carry a Morningstar Analyst Rating of Gold, none had assets invested in the island's bonds per their most recent portfolios. Several T. Rowe Price and Vanguard funds have some exposure to Puerto Rico, yet the stakes are modest, with most funds holding less than 1% of assets in the island's debt.

OppenheimerFunds and Franklin Templeton Investments remain two of the largest holders of the commonwealth's debt, with Oppenheimer holding some of the heaviest weightings in its single-state muni funds. Based on the latest portfolio data available, 19 of the 20 Oppenheimer Rochester funds had exposure to Puerto Rico, and 16 had weightings ranging from 10% of assets to nearly 50%. Allocations in the Franklin funds are much smaller.

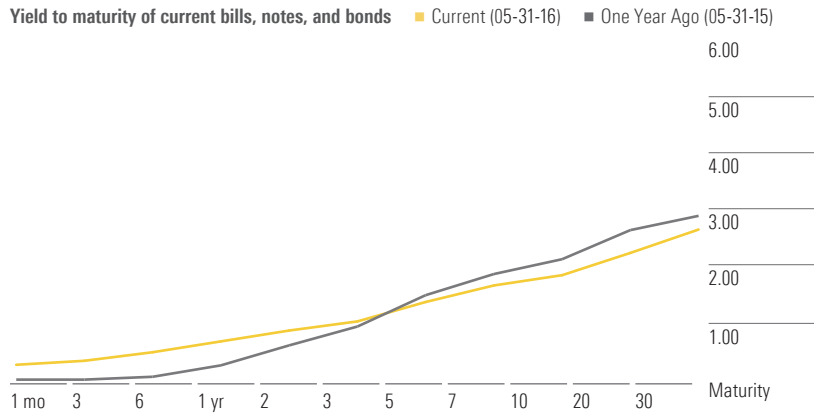
As of March 31, 2016, of 32 Franklin muni funds, 24 listed exposure to Puerto Rico bonds ranging from less than 0.3% of assets to 4.0%. The exception was Franklin Double Tax-Free Income, which held nearly 50% of assets in Puerto Rico debt as of the end of March 2016. The fund experienced net outflows and was reorganized into the firm's \$8 billion **Franklin High Yield Tax-Free Income** FRHIX as of April 29, 2016. According to Morningstar data, Franklin Double Tax-Free Income held less than \$145 million in assets at the time of transition and was expected to bring the concentration of Puerto Rico debt in Franklin High Yield Tax-Free Income up from roughly 3% of assets to 3.9%.

The two Franklin funds in the Morningstar 500, **Franklin Federal Tax-Free Income** FKTIX and Franklin High Yield Tax-Free Income, currently list modest weightings of the island's debt. ■■■

Contact Elizabeth Foos at elizabeth.foos@morningstar.com

Bond-Market Snapshot

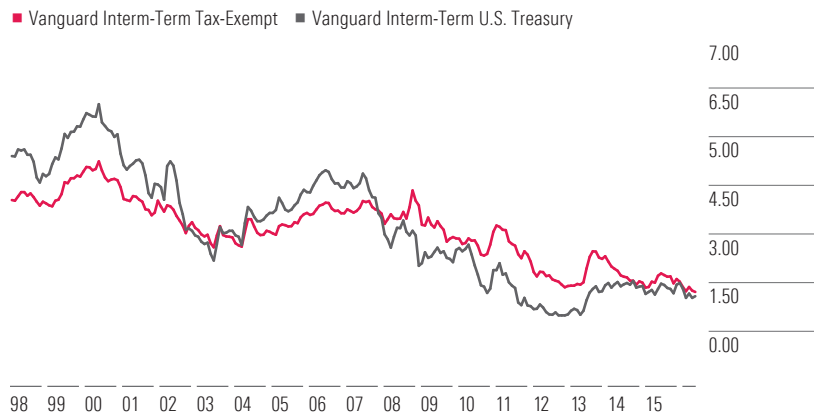
Treasury Yield Curve (%)



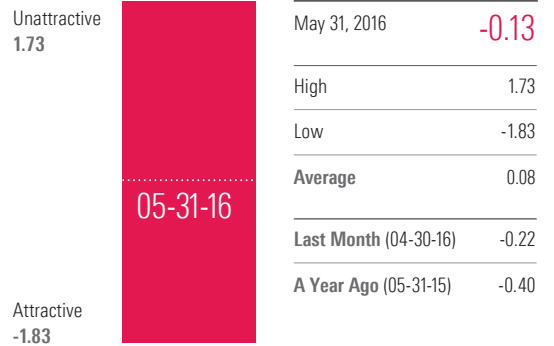
Interest-Rate Review

The bond market was little changed in May as the chances of a June rate hike have risen. The Barclays U.S. Aggregate Index generated a modest 0.03% return for May, and the Barclays Corporate Index lost 0.08% for the month. An improving U.S. economic outlook underpinned positive return in mortgages, with the Barclays U.S. MBS Index generating 0.13% of return. The yield curve flattened at the shorter end, as anticipation of a U.S. Federal Reserve interest-rate rise intensifies. The municipal markets remain a bright spot; the Barclays Municipal TR Index delivered its 11th straight month of positive returns and provided 0.27% for May. Weak overseas economic growth has continued to drag on the local-currency-denominated JPM GBI-EM Global Composite, which lost 5.58% for the month but posted a 7.91% gain for the year to date.

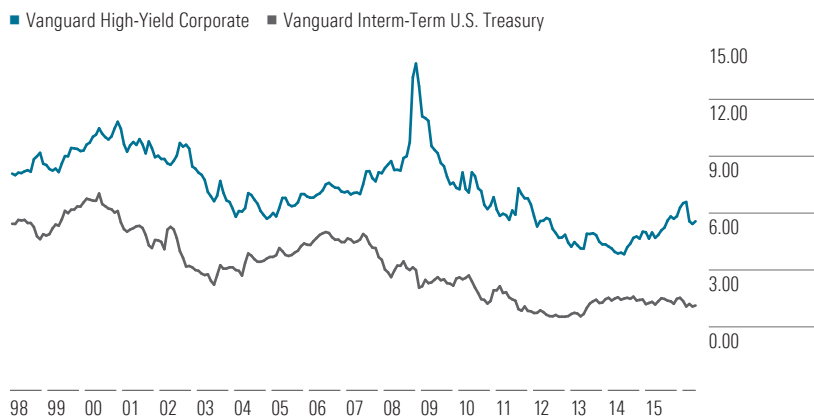
Treasury and Municipal-Bond Yields



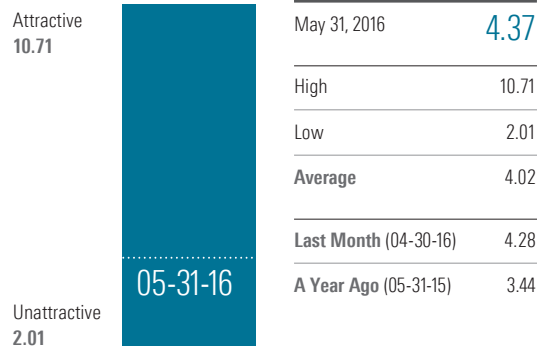
Municipal-Bond Spread Snapshot



High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Data as of May 31, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

Strategy Tweak Prompts a Downgrade at Weitz Value

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds.

Use the list to get new investment ideas and track the funds you already own.

FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

There are no coverage changes this month, so let's get caught up on Morningstar Analyst Ratings changes. I'll tackle them from most recent to oldest.

Franklin High Yield Tax-Free Income FRHIX was downgraded to Bronze from Silver on May 31 partly because of concerns that management did not get completely out of deteriorating bonds over a long span of time. The team's still-meaningful weights in struggling Puerto Rico debt and middling returns relative to peers precipitated the move. The fund's Puerto Rico exposure was as high as 6% in 2014, and depreciation and selling took it down to 3%. But the firm merged a Puerto Rico-heavy fund, Franklin Double Tax-Free Income, into this fund in April 2016, which boosted its Puerto Rico exposure to 3.8%.

Morgan Stanley Institutional Growth MSEGX was lowered to Silver from Gold. While we still like Dennis Lynch and his team, the fund packs quite a lot of risk. It has a focused portfolio, with a big 38% weighting in social-media stocks such as **Facebook** FB, **LinkedIn** LNKD, and **Twitter** TWTR. That amount has grown as those stocks have rallied. Lynch's strategy is to seek out companies that dominate their markets and earn high returns on capital. It's worked well over time, but its concentration in highfliers suggest you shouldn't buy it for a time horizon of less than 10 years.

Weitz Value WVALX was downgraded to Bronze from Silver on May 19 because of a strategy shift. Responding to poor performance, management has cut the discount rate it uses to value companies to 9% from 12%. It did this to enable it to buy more high-quality companies, as those names rarely get cheap enough to qualify under the old standard. Managers Brad Hinton and Dave Perkins have seen the fund burned by value traps, including a

big financials bet in 2007. The changes won't likely be dramatic, but the fund is venturing from the formula that it has used for a long time.

Neuberger Berman International Equity NIQVX was upgraded to Silver from Bronze on April 20 because we've been increasingly impressed by manager Benjamin Segal. He plies an all-cap strategy in which he seeks strong sustainable growth rates, healthy balance sheets, and good management. Segal has built an impressive track record since 2003, though it is obscured by the fact that Neuberger Berman merged two funds run by Segal, keeping the one with the shorter record.

Fidelity Capital Appreciation FDCAX was downgraded to Neutral from Bronze because of concerns about manager Fergus Shiel's rather improvised strategy. He looks at a wide array of fundamental and technical information to get ahead of a stock move in the half-year to year range. Essentially he's more of a trader than an investor, albeit a skilled one. We decided his flexible approach was not enough of a sustainable advantage to merit a Morningstar Medalist rating.

T. Rowe Price Small-Cap Stock OTCFX was lowered on April 12 to Neutral from Silver because of Greg McCrickard's pending retirement. He retires in October 2016 and will be replaced by Frank Alonso at that time. We don't have much of a track record for Alonso, however. We're confident he won't stray too far from McCrickard's strategy, but his execution remains an unknown. **MM**

Summary of Changes

Rating Change (Downgrades)	From	To
Franklin High Yield Tax-Free Inc	 Silver	 Bronze
Morgan Stanley Inst Growth	 Gold	 Silver
Weitz Value Investor	 Silver	 Bronze
New Ratings	To	
Ariel International Investor	 Neutral	
Seafarer Overseas Gr and Income	 Bronze	

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 05-31-16					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Growth	—	—	-0.5	-2.0	10.5	10.0	7.4	—	—	—	—	—	—	12.73 (86)	—
Amana Growth Investor AMAGX	Bronze	★★★	4.1	1.1	10.4	8.5	7.8	4	16	56	82	40	0.5	11.68 (92)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★	0.2	0.4	10.5	9.7	8.2	39	22	54	60	30	0.3	11.81 (93)	-Avg
American Century Ultra Inv TWCUX	Bronze	★★★★	-0.3	-0.6	12.4	11.2	7.8	46	35	19	27	40	0.2	12.93 (89)	Avg
American Funds AMCAP A AMCPX	Gold	★★★	3.5	-1.5	11.5	11.6	7.9	7	45	36	18	35	0.0	11.3 (91)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	1.2	0.0	11.1	10.9	7.1	24	27	42	31	59	0.6	11.93 (90)	-Avg
American Funds New Economy A ANEFX	Gold	★★★	-2.1	-6.6	9.2	10.6	8.1	75	91	73	40	32	0.4	12.69 (77)	Avg
ASTON/Montag & Caldwell Growth N MCGFX	Bronze	★★★	-1.0	1.1	8.3	9.5	7.5	56	16	85	65	48	0.3	10.52 (84)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	★★	-1.3	-10.9	8.4	11.1	6.7	61	97	83	28	67	0.0	12.66 (82)	Avg
Fidelity FFIDX	—	★★★	0.6	-0.9	10.1	9.7	6.9	33	39	61	61	63	0.7	11.8 (93)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	★★★★	-2.5	-3.1	12.8	11.9	9.3	82	69	14	13	8	0.0	13.15 (84)	+Avg
Fidelity Capital Appreciation FDCAX	Neutral	★★★	-0.6	-4.6	9.8	11.3	7.1	52	81	66	24	58	0.7	12.83 (84)	Avg
Fidelity Contrafund FCNTX	Silver	★★★★★	0.3	1.3	11.5	11.4	8.4	38	13	36	20	24	0.3	11.29 (88)	-Avg
Fidelity Focused Stock FTQGX	—	★★★	1.9	-1.9	9.1	9.6	8.2	15	52	75	63	27	0.2	13.12 (73)	+Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	-2.7	-2.5	12.8	12.1	10.0	83	61	14	11	3	0.0	14.46 (79)	High
Fidelity Growth Discovery FDSVX	—	↑★★★★	-1.5	-0.2	12.2	11.0	8.4	65	29	22	30	25	0.1	12.36 (72)	Avg
Fidelity Independence FDFFX	—	★	-4.9	-10.6	8.7	8.2	7.1	95	97	80	85	58	0.1	15.29 (72)	High
Fidelity Magellan FMAGX	Neutral	★★	0.4	-0.5	12.2	9.8	5.3	37	33	22	59	91	0.5	12.35 (94)	Avg
Fidelity New Millennium FMILX	Bronze	★★★	4.6	-2.4	8.5	10.0	8.0	4	59	82	54	34	0.9	12.03 (87)	-Avg
Fidelity OTC FOCPX	Bronze	↑★★★★★	-3.9	-0.9	16.0	12.6	11.8	92	40	1	6	1	0.0	16.53 (67)	High
Harbor Capital Appreciation Instl HACAX	Gold	★★★★	-3.7	-1.4	13.2	11.6	8.6	90	45	10	17	20	0.1	13.9 (79)	+Avg
Janus Research T JAMRX	—	★★★★	-0.5	-1.5	12.5	11.1	9.1	50	46	18	28	11	0.4	12.13 (92)	Avg
Janus T JANSX	Neutral	★★★	-0.4	-2.8	11.5	10.0	7.0	48	64	36	53	60	0.6	12.32 (90)	Avg
Janus Twenty T JAVLX	Neutral	↓★★★	-1.4	0.8	11.0	10.4	8.7	63	18	45	45	19	0.5	12.61 (91)	Avg
Jensen Quality Growth J JENSX	Silver	↓★★★★	6.5	6.0	11.8	10.8	8.2	1	2	29	35	29	1.2	11.09 (90)	Low
Lateef A LIMAX	—	★★	-2.0	-3.3	7.1	9.3	—	73	70	94	69	—	0.1	14.18 (83)	+Avg
Laudus US Large Cap Growth LGILX	Bronze	★★★★	-2.2	-2.8	11.5	11.3	10.1	77	65	34	23	3	0.0	13.73 (82)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	4.0	-0.4	10.7	8.8	5.7	4	33	52	77	87	0.3	12.84 (92)	Avg
LKCM Equity Instl LKEQX	Silver	★★★	5.9	-0.3	7.6	9.4	7.8	2	30	91	68	38	0.9	12.3 (94)	Avg
Manning & Napier Equity Series EXEYX	—	★★	7.5	0.8	9.0	8.2	6.2	1	18	76	84	78	0.0	12.82 (89)	Avg
Marsico Focus MFOCX	Neutral	↓★★	-2.5	-4.2	8.5	9.8	6.4	82	79	82	57	74	0.0	12.68 (76)	Avg
Marsico Growth MGRIX	Neutral	★★	-3.3	-4.9	7.1	8.4	5.7	86	84	93	82	88	0.0	12.7 (79)	Avg
MFS Growth A MFEGX	Silver	★★★★	0.9	3.3	12.3	11.9	9.3	30	5	21	13	8	0.0	12.05 (86)	-Avg
Morgan Stanley Inst Growth A MSEGX	Silver	★★★	-3.3	-0.5	14.6	11.4	9.5	87	33	2	21	7	0.0	15.29 (63)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	2.6	-0.4	9.7	8.8	<i>6.8</i>	11	32	68	76	<i>67</i>	1.0	11.49 (94)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	★★★★	-2.5	-1.2	10.5	11.1	8.8	82	43	55	27	16	0.4	13.07 (76)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	↓★★	-0.6	-8.6	6.2	9.4	—	52	95	96	67	—	0.1	11.88 (88)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	★	-8.3	-9.6	11.1	7.3	—	99	96	44	91	—	0.0	18.13 (32)	High
Sequoia SEQUX	Bronze	★★	-11.6	-27.7	0.5	6.7	6.0	99	100	100	95	82	0.0	13.16 (14)	Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	★★★★★	-3.2	0.3	13.5	13.3	9.1	86	24	8	3	13	0.0	13.79 (80)	+Avg
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★	-3.7	-1.4	12.8	12.3	8.7	90	45	14	9	19	0.0	13.56 (79)	+Avg
T. Rowe Price New America Growth PRWAX	Neutral	★★★★	-2.2	-1.4	12.9	11.0	9.5	78	45	12	30	7	0.0	14.32 (83)	High
T. Rowe Price Spectrum Growth PRSGX	—	★★	1.6	-3.7	7.8	8.1	6.4	18	74	89	86	75	1.1	11.84 (92)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★	1.9	-0.4	11.2	11.6	9.1	15	32	41	18	12	1.2	12.21 (96)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	★★★	-6.8	-7.8	8.4	10.5	9.0	98	94	82	42	14	0.0	16.43 (72)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★	-0.5	-3.0	12.1	12.4	9.2	50	67	25	8	11	0.6	12.58 (76)	Avg
Vanguard Growth Index Adm VIGAX	Silver	↓★★★★	2.0	0.5	12.0	12.0	8.7	14	21	25	12	18	1.3	12.4 (95)	Avg
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★	-0.7	-0.9	11.5	10.5	7.4	53	40	34	42	50	0.7	12.34 (90)	Avg
Vanguard PRIMECAP Core Inv VPCCX	Gold	↓★★★★	1.9	0.2	12.1	11.8	9.0	15	25	24	14	13	1.1	11.34 (92)	-Avg
Russell 1000 Growth Index			1.7	1.5	12.3	11.9	8.6								
S&P 500 Index			3.6		11.1	11.7	7.4								

Legend

- Red** = Lowest return in group
- Green** = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
							Cash	Stock	Bond	Other	Foreign					
AMAGX	21.1	4.1	42,713	27 40 18	62	2	98	0	0	5	1.14	—	2,560	—	Kaiser/Klimo (22.3/3.7)	
TWCGX	20.5	4.2	70,007	27 17 16	93	49	0	98	0	1	0.97	28.14	7,389	Brown/Woodhams (0.3/18.7)		
TWCUX	20.9	4.5	71,158	27 23 16	79	16	1	99	0	1	0.98	34.91	8,157	Management Team		
AMCPX	20.9	3.2	29,923	26 23 11	248	31	13	86	1	0	5.75	0.67	26.85	48,394	Management Team	
AGTHX	21.8	3.0	55,709	23 19 18	395	29	8	90	1	1	5.75	0.65	41.77	142,715	Management Team	
ANEFX	20.1	2.6	20,239	28 27 13	202	34	6	89	1	4	5.75	0.78	35.22	14,902	Management Team	
MCGFX	21.5	3.4	87,859	30 22 19	40	12	5	95	0	0	NL	1.06	19.78	1,420	Canakaris/Jung (21.6/1.2)	
SHRAX	22.3	2.4	29,542	34 23 12	76	3	6	94	0	0	5.75	1.13	184.74	12,122	Bauman/Freeman (7.1/32.6)	
FFIDX	21.9	2.7	67,047	17 16 15	102	59	2	98	0	0	NL	0.52	42.28	4,524	John Avery (14.2)	
FBGRX	23.5	4.0	51,509	31 26 16	374	51	0	99	0	1	NL	0.89	67.25	19,250	Sonu Kalra (6.9)	
FDCAX	16.9	3.5	35,882	32 30 10	113	126	4	96	0	0	NL	0.83	32.18	7,588	J. Shiel (10.6)	
FCNTX	22.4	3.5	76,118	26 20 19	352	35	4	95	0	1	NL	0.71	98.52	107,840	William Danoff (25.7)	
FTQGX	22.7	3.4	37,492	18 17 16	49	189	2	98	0	0	NL	0.73	18.32	1,719	Stephen DuFour (9.2)	
FDGRX	23.2	3.9	36,757	34 20 19	397	18	0	99	0	1	Clsd	0.88	132.88	37,779	Steven Wymer (19.4)	
FDSVX	25.1	4.1	50,950	38 16 15	123	51	5	95	0	0	NL	0.77	24.88	1,206	Jason Weiner (9.3)	
FFDFX	16.6	2.7	32,008	28 20 19	117	48	0	100	0	0	NL	0.86	34.22	3,828	Robert Bertelson (9.5)	
FMAGX	20.3	2.7	56,815	19 18 16	144	78	1	99	0	0	NL	0.85	88.96	15,238	Jeffrey Feingold (4.7)	
FMLX	18.3	1.9	20,814	18 17 17	165	57	5	95	0	0	NL	0.74	34.83	3,002	John Roth (9.9)	
FOCPX	26.2	3.5	28,347	56 16 15	186	66	0	99	0	1	NL	0.83	80.21	12,795	Gavin Baker (6.9)	
HACAX	27.3	5.2	82,548	31 31 16	63	37	1	99	0	0	NL	0.65	58.58	25,850	McCarragher/Segalas (3.2/26.1)	
JAMRX	21.9	4.0	39,609	29 18 16	104	45	1	99	0	1	NL	1.0	41.45	4,500	Carmel Wellso (1.4)	
JANSX	23.7	3.9	42,771	30 19 15	92	53	4	96	0	1	NL	0.87	34.91	7,525	Barnard/Wilson (0.3/5.0)	
JAVLX	19.7	3.9	78,725	23 20 15	29	68	0	100	0	0	Clsd	0.82	54.05	8,633	Marc Pinto (3.0)	
JENSX	20.0	5.4	79,547	24 21 16	26	14	4	96	0	0	NL	0.87	38.78	5,144	Management Team	
LIMAX	25.8	3.8	29,984	33 21 18	19	29	0	100	0	0	5.00	1.24	10.92	436	Management Team	
LGILX	26.2	3.7	87,917	34 13 12	50	102	0	100	0	0	NL	0.77	16.22	1,913	Lawrence Kemp (2.6)	
MSEFX	18.6	2.3	27,244	25 25 17	81	33	5	95	0	0	NL	1.18	16.73	318	Management Team	
LKEQX	20.1	2.8	34,990	19 18 15	68	13	2	98	0	0	NL	0.8	22.66	273	Management Team	
EXEYX	20.8	3.4	28,105	27 19 15	47	62	3	97	0	0	NL	1.06	12.07	110	Management Team	
MFOCX	29.2	5.6	80,347	36 27 12	23	48	2	98	0	0	NL	1.19	15.8	684	Marsico/Witter (18.4/5.6)	
MGRIX	26.0	4.1	65,759	28 20 19	37	81	4	96	0	0	NL	1.27	15.17	317	Marsico/Witter (18.4/5.6)	
MFEGX	26.0	4.2	59,215	24 17 16	93	35	2	98	0	0	5.75	0.97	70.94	12,092	Fischman/Sabel (14.2/2.1)	
MSEGX	32.9	5.3	60,715	41 20 14	40	34	3	94	0	4	5.25	0.96	38.0	3,451	Management Team	
NRAAX	19.2	2.8	30,851	21 18 13	40	28	4	96	0	0	5.75	1.05	19.42	2,328	Management Team	
POGRX	18.3	2.7	21,297	32 31 14	127	5	6	94	0	0	NL	0.64	26.63	6,424	Management Team	
RWGFY	22.0	3.0	61,599	26 21 13	18	24	6	94	0	0	NL	1.16	16.29	1,679	David Rolfe (5.7)	
DWUGX	54.3	6.9	22,306	43 35 13	22	297	1	99	0	0	NL	0.84	23.64	65	Noah Blackstein (7.2)	
SEQUX	19.9	3.3	35,531	30 22 20	41	10	5	94	1	0	Clsd	1.03	183.22	5,095	Management Team	
TRBCX	23.1	3.9	69,086	26 23 22	136	33	0	100	0	0	NL	0.71	70.08	30,742	Larry Puglia (22.9)	
PRGFY	23.0	3.6	65,873	25 25 21	101	37	2	96	0	2	NL	0.67	51.69	43,503	Joseph Fath (2.3)	
PRWAX	23.0	3.4	56,872	27 20 18	92	81	1	98	0	1	NL	0.79	41.02	3,884	Justin White (0.2)	
PRSGX	17.3	2.0	28,249	17 15 15	13	14	3	96	0	1	NL	0.79	21.25	3,465	Charles Shriver (5.1)	
TIGRX	19.2	2.6	52,066	24 14 14	183	90	1	99	0	0	NL	0.43	11.66	4,886	Susan Kempler (11.2)	
PTSGX	42.0	4.6	54,688	43 18 18	31	29	1	99	0	0	Clsd	1.08	15.29	3,603	Management Team	
VHCOX	18.0	2.9	30,736	31 31 18	140	7	3	97	0	0	Clsd	0.45	51.16	12,750	Management Team	
VIGAX	21.8	4.0	59,467	25 19 15	339	9	0	100	0	0	NL	0.08	55.72	48,069	Nejman/O'Reilly (0.1/21.4)	
VMRGX	21.5	4.1	50,878	28 20 17	317	41	3	97	0	0	NL	0.4	24.75	11,112	Management Team	
VPCCX	16.9	2.9	49,801	30 25 19	149	10	8	92	0	0	Clsd	0.47	21.21	7,907	Management Team	
	20.3	4.9	59,933													
	18.6	2.6	73,665													

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 05-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)	
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity															
Large Growth (cont'd)															
Vanguard PRIMECAP Inv VPMCX	Gold	★★★★★	0.7	-0.3	12.7	12.4	9.1	33	31	15	8	11	1.1	11.49 (90)	-Avg
Large Blend															
Amana Income Investor AMANX	Bronze	★★★★	5.3	0.8	8.3	8.5	8.0	9	30	71	77	7	1.4	11.24 (93)	-Avg
American Funds Fundamental Invs A ANCFX	Gold	★★★★	3.6	2.1	10.3	10.3	7.3	22	11	30	46	21	1.4	11.72 (97)	Avg
American Funds Invmt Co of Amer A AIVSX	Silver	★★★★	6.0	1.0	10.8	10.8	6.6	5	26	16	34	47	1.7	11.29 (95)	-Avg
AMG Yacktman Focused Service YAFFX	Silver	★★★★	4.5	1.8	6.2	8.6	10.2	13	12	90	77	1	0.9	10.34 (84)	Low
AMG Yacktman Service YACKX	Gold	★★★★	5.5	2.3	6.7	9.0	9.9	8	10	86	72	1	1.4	9.37 (88)	Low
BBH Core Select N BBTEX	Silver	★★★★	3.7	0.5	6.8	9.6	8.9	20	33	86	62	3	0.5	9.66 (92)	Low
Bridgeway Blue Chip 35 Index BRLIX	Silver	★★★★★	4.4	3.3	10.3	12.1	7.7	14	5	30	4	11	2.5	11.44 (96)	Avg
Clipper CFIMX	Bronze	↑★★★★	4.8	5.7	10.9	11.1	5.4	11	2	12	22	83	0.5	12.6 (90)	High
Davis NY Venture A NYVTX	Bronze	↑★★	2.2	-0.1	8.9	8.8	5.4	59	39	60	74	84	0.5	13.12 (90)	High
Dreyfus Appreciation Investor DGAGX	Bronze	★★★★	3.6	-1.4	6.6	7.6	6.1	21	51	87	88	64	1.5	11.78 (94)	Avg
Fidelity Dividend Growth FDGFX	Neutral	★★	1.1	-2.9	9.1	8.5	6.7	77	65	56	78	45	1.4	11.34 (98)	-Avg
Fidelity Growth & Income FGRIX	Bronze	★★	3.3	-2.6	8.3	10.9	3.2	34	62	70	30	98	2.1	12.3 (96)	+Avg
Fidelity Large Cap Stock FLCSX	Silver	★★★★	3.6	-3.9	9.3	11.3	8.0	21	75	52	17	9	1.1	13.02 (92)	High
Fidelity Spartan 500 Index Inv FUSEX	Gold	★★★★★	3.5	1.6	11.0	11.6	7.3	23	15	11	10	19	2.1	11.33 (100)	Avg
Fidelity Spartan Total Market Idx Inv FSTMX	Gold	★★★★★	3.3	0.1	10.4	11.0	7.4	33	38	27	25	17	1.8	11.53 (99)	Avg
First Eagle US Value A FEVAX	Neutral	★★	7.1	1.3	5.9	7.0	6.7	2	21	92	94	45	0.2	8.96 (81)	Low
FMI Large Cap FMIHX	Gold	★★★★★	5.6	-0.7	8.9	10.2	8.0	7	44	59	50	8	1.0	10.44 (92)	Low
FPA US Value FPPFX	Neutral	★★	-3.2	-8.1	6.9	8.1	6.9	98	93	85	83	36	0.0	14.22 (69)	High
Gabelli Asset AAA GABAX	—	↓★★	5.3	-3.5	6.2	7.9	7.3	9	72	90	85	20	0.3	12.21 (93)	+Avg
Janus Growth & Income T JAGIX	Neutral	★★★★	2.9	1.3	9.7	10.0	5.8	47	20	42	53	74	1.8	11.22 (96)	-Avg
Longleaf Partners LLPFX	Neutral	★	9.2	-11.7	2.6	4.5	3.2	1	98	99	98	98	1.1	15.76 (78)	High
MainStay ICAP Equity I ICAEX	Neutral	★★	1.2	-3.8	7.8	8.9	6.1	75	75	77	73	62	1.0	12.34 (94)	+Avg
MainStay ICAP Select Equity I ICSLX	Neutral	★★	-0.5	-7.6	5.9	7.5	5.8	90	92	92	89	74	1.0	12.88 (94)	High
MainStay MAP I MUBFX	Bronze	★★	0.8	-5.7	6.9	8.2	5.9	79	87	85	81	69	1.2	12.37 (98)	+Avg
Mairs & Power Growth Inv MPGFX	Silver	★★★★★	10.3	6.1	10.6	12.5	8.3	1	2	20	2	6	1.4	12.02 (89)	+Avg
MFS Research A MFRFX	Bronze	★★★★	3.4	0.5	9.7	10.5	7.8	32	33	43	40	10	0.7	11.13 (97)	-Avg
Oakmark I OAKMX	Gold	★★★★★	3.2	-2.7	9.1	11.6	8.4	39	63	56	11	5	0.9	12.92 (96)	High
Oakmark Select I OAKLX	Gold	★★★★	-0.9	-6.0	9.5	11.1	7.0	92	88	48	23	32	0.3	14.08 (89)	High
Parnassus Core Equity Investor PRBLX	Silver	★★★★★	3.7	3.0	10.9	11.9	9.9	19	6	11	6	1	2.1	10.58 (92)	-Avg
PRIMECAP Odyssey Stock POSKX	Gold	↓★★★★	1.7	-0.7	10.8	11.2	8.0	69	45	15	18	7	1.0	11.24 (95)	-Avg
Royce Special Equity Multi-Cap Service RSEMXX	Bronze	↓★★	2.7	-11.4	3.8	7.7	—	49	98	98	87	—	2.3	13.22 (83)	High
Schwab S&P 500 Index SWPPX	Silver	★★★★★	3.5	1.6	10.9	11.6	7.4	24	15	11	10	18	2.0	11.31 (100)	Avg
Schwab Total Stock Market Index SWTSX	Silver	★★★★★	3.4	0.1	10.4	11.1	7.5	33	37	26	23	15	1.9	11.52 (99)	Avg
Selected American Shares D SLADX	Bronze	★★	2.5	1.2	9.2	9.1	5.8	54	24	54	70	73	0.8	12.99 (90)	High
T. Rowe Price Dividend Growth PRDGX	Silver	★★★★★	5.4	4.3	11.4	11.6	7.9	9	4	5	10	9	1.2	10.67 (98)	-Avg
T. Rowe Price Growth & Income PRGIX	—	★★★★	2.9	4.9	12.1	11.3	7.5	47	3	2	17	15	1.0	11.09 (96)	-Avg
Thornburg Value A TVAFX	—	★	0.0	-4.0	11.3	7.4	5.8	88	77	7	90	72	0.0	11.44 (88)	Avg
TIAA-CREF Social Choice Eq Retail TICRX	Bronze	★★★★	4.0	-0.4	8.7	9.8	6.8	16	42	63	59	38	1.7	11.57 (98)	Avg
Vanguard 500 Index Admiral VFIAX	Gold	★★★★★	3.6	1.7	11.0	11.6	7.4	23	14	10	9	17	2.0	11.32 (100)	Avg
Vanguard Dividend Appreciation Idx Inv VDAIX	Gold	↑★★★★	5.6	3.1	8.8	9.9	7.3	7	6	61	56	23	2.1	10.94 (93)	-Avg
Vanguard Dividend Growth Inv VDIGX	Gold	★★★★★	4.0	5.0	10.7	11.7	8.9	17	3	18	7	3	2.0	10.16 (94)	Low
Vanguard FTSE Social Index Inv VFTSX	Bronze	★★★★	1.9	-0.9	11.3	12.3	6.4	65	46	6	3	54	1.9	11.8 (98)	+Avg
Vanguard Growth & Income Inv VQNPX	Neutral	★★★★	3.2	1.7	11.3	12.1	6.7	39	14	6	4	45	1.8	11.15 (99)	-Avg
Vanguard Tax-Managed Capital App Adm VTCLX	Gold	★★★★	3.5	1.0	11.1	11.5	7.6	27	28	9	12	14	2.1	11.55 (99)	Avg
Vanguard Total Stock Mkt Idx Adm VTSAX	Gold	★★★★★	3.4	0.1	10.5	11.1	7.5	30	37	21	21	14	1.9	11.51 (99)	Avg
Weitz Partners Value Investor WPVLX	Silver	★★	2.0	-9.6	3.9	7.8	5.7	63	96	98	86	77	0.0	9.87 (81)	Low
Russell 1000 Value Index			5.3	-0.3	9.0	10.5	5.9								
S&P 500 Index			3.6		11.1	11.7	7.4								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

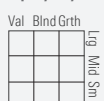
Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
—	23.0	3.0	84,337	27	18	18	—	62	2	98	0	0	5	—	1.14	—	2,560	—
VPMCX	18.0	3.2	63,097	35	27	17	129	9	4	96	0	0	11	Clsd	0.4	100.36	45,030	Management Team
—	18.2	2.6	94,656	18	15	15	—	62	2	97	0	0	4	—	0.99	—	4,144	—
AMANX	20.3	4.7	51,317	28	19	18	44	0	4	96	0	0	10	NL	1.13	44.35	1,276	Kaiser/Klimo (26.4/3.7)
ANCFX	19.2	2.7	78,512	19	14	14	229	27	5	95	0	0	10	5.75	0.6	52.36	75,318	Management Team
AIVSX	17.4	2.7	71,056	16	16	13	251	30	8	92	0	0	8	5.75	0.58	35.21	75,484	Management Team
YAFFX	17.3	2.5	109,370	38	29	18	25	6	15	84	2	0	13	NL	1.25	20.66	4,969	Subotky/Yackman (6.4/13.4)
YACKX	17.8	3.0	92,407	37	23	14	44	3	17	82	1	0	5	NL	0.74	22.02	8,829	Subotky/Yackman (6.4/13.4)
BBTEX	18.7	2.5	74,678	25	19	14	33	8	8	92	0	0	12	NL	1.0	21.15	4,019	Hartch/Keller (10.7/7.6)
BRLIX	17.8	2.7	179,524	24	14	14	38	19	12	88	0	0	0	NL	0.15	12.2	616	Management Team
CFIMX	19.4	1.9	56,533	41	11	11	25	31	2	98	0	0	11	NL	0.72	109.43	1,120	Davis/Goei (10.4/2.4)
NYVTX	16.9	1.7	56,773	31	17	14	65	23	0	99	0	1	14	4.75	0.86	31.58	12,599	Davis/Goei (20.7/2.4)
DGAGX	19.4	3.1	126,503	26	18	15	54	5	1	99	0	0	18	NL	0.92	37.8	2,379	Management Team
FDGFX	17.2	2.4	76,293	21	15	15	102	64	3	97	0	0	10	NL	0.69	30.61	7,477	Ramona Persaud (2.4)
FGRIX	16.6	1.9	63,921	24	16	14	198	35	0	98	0	1	9	NL	0.67	29.71	6,230	Matthew Fruhan (5.2)
FLCSX	16.5	1.8	55,167	23	17	13	194	36	0	100	0	0	7	NL	0.88	27.08	2,592	Matthew Fruhan (11.1)
FUSEX	18.3	2.5	72,394	17	15	15	511	5	2	98	0	0	2	NL	0.09	73.96	96,365	Management Team
FSTMX	18.5	2.4	41,378	17	14	14	3448	3	1	99	0	0	2	NL	0.1	60.35	32,742	Management Team
FEVAX	17.9	2.2	24,779	23	21	18	85	15	15	75	0	9	4	5.00	1.09	19.68	2,215	Management Team
FMIHX	17.7	2.8	47,692	19	17	15	30	18	5	95	0	0	13	Clsd	0.87	19.66	7,485	Management Team
FPPFX	13.0	2.4	26,351	38	33	11	28	109	10	88	0	2	7	Clsd	0.97	9.06	152	Gregory Nathan (0.7)
GABAX	19.3	2.4	15,303	22	22	19	487	3	0	100	0	0	17	NL	1.35	56.95	2,739	Management Team
JAGIX	17.2	3.6	64,432	18	16	15	66	30	0	97	0	3	1	NL	0.87	45.19	4,125	Buckley/Pinto (1.8/8.5)
LLPFX	17.9	1.3	21,080	40	15	12	23	46	19	77	2	2	28	NL	0.93	23.42	3,536	Cates/Hawkins (22.2/29.1)
ICAEX	16.0	1.8	49,841	23	16	15	42	76	0	100	0	0	10	NL	0.88	42.29	884	Management Team
ICSLX	15.7	1.7	54,625	23	21	14	31	86	0	98	0	2	8	NL	0.9	35.52	2,319	Management Team
MUBFX	16.2	1.9	56,556	20	16	16	146	51	2	98	0	0	15	NL	0.86	36.35	1,475	Management Team
MPGFX	19.1	3.3	23,044	33	21	12	51	9	1	99	0	0	2	NL	0.65	115.22	4,208	Adams/Henneman (1.4/10.4)
MFRFX	20.2	2.7	51,678	17	15	15	128	44	1	99	0	0	3	5.75	0.82	37.26	4,928	Joseph MacDougall (8.0)
OAKMX	14.4	1.7	58,641	36	21	14	55	33	4	96	0	0	7	NL	0.85	64.9	15,707	Grant/Nygren (16.2/16.2)
OAKLX	14.6	1.5	53,289	40	26	9	24	46	7	91	2	0	1	NL	0.95	38.87	5,064	Management Team
PRBLX	20.2	2.7	33,756	24	18	15	41	26	5	95	0	0	4	NL	0.87	38.23	12,924	Ahlsten/Allen (15.1/4.1)
POSKX	16.9	2.5	39,492	29	22	16	125	7	9	91	0	0	10	NL	0.65	24.0	5,606	Management Team
RSEMX	14.9	3.7	21,919	42	33	19	27	31	8	92	0	0	0	NL	1.24	12.72	124	Dreifus/McBoyle (5.4/1.7)
SWPPX	18.1	2.5	73,275	19	15	14	507	2	1	99	0	1	1	NL	0.09	32.67	21,848	Management Team
SWTSX	18.4	2.4	42,071	18	14	14	2472	2	1	99	0	0	2	NL	0.09	37.32	4,605	Hong/Juwono (4.2/3.2)
SLADX	17.9	2.0	59,292	31	16	15	59	27	1	98	0	1	11	NL	0.61	37.9	2,773	Davis/Goei (21.5/2.4)
PRDGX	19.4	2.9	54,011	19	16	16	104	24	6	94	0	0	3	NL	0.64	36.09	5,089	Thomas Huber (16.2)
PRGIX	19.2	2.4	75,138	23	16	13	51	76	5	95	0	0	0	NL	0.67	29.21	1,562	Jeffrey Rottinghaus (1.0)
TVAFX	16.6	1.9	21,564	18	18	17	49	59	8	91	0	1	10	4.50	1.37	51.82	910	Browne/MacDonald (10.3/1.3)
TICRX	18.1	2.6	36,344	18	16	14	845	17	0	100	0	0	1	NL	0.44	14.65	2,697	Campagna/Liao (10.4/2.0)
VFIAX	18.3	2.5	72,400	17	15	15	514	3	0	100	0	0	1	NL	0.05	194.13	217,110	Butler/Geiger (0.1/0.1)
VDAIX	19.4	3.9	47,202	23	22	16	189	22	0	100	0	0	1	NL	0.19	32.72	24,230	Nejman/O'Reilly (0.0/0.0)
VDIGX	19.4	3.9	87,451	21	19	16	48	26	0	97	0	3	10	NL	0.33	23.23	29,031	Donald Kilbride (10.3)
VFTSX	17.7	2.5	62,468	23	21	20	422	20	0	100	0	0	1	NL	0.25	13.4	2,087	Coleman/O'Reilly (0.4/0.4)
VQNPX	16.8	2.5	55,498	17	15	14	954	116	3	97	0	0	1	NL	0.34	40.83	6,266	Management Team
VTCLX	18.5	2.6	50,353	17	14	14	654	10	0	100	0	0	0	NL	0.11	106.82	6,680	Butler/Coleman (0.1/0.1)
VTSAX	18.5	2.4	41,522	17	15	14	3677	3	0	100	0	0	1	NL	0.05	52.27	420,117	Nejman/O'Reilly (0.1/21.4)
WPVLX	18.8	1.9	17,949	27	19	13	39	31	18	82	0	0	6	NL	1.18	27.74	813	Hinton/Weitz (9.8/33.0)
	17.2	1.7	53,123															
	18.6	2.6	73,665															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 05-31-16					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Blend (cont'd)		—	2.4	-1.7	9.0	9.8	6.4	—	—	—	—	—	—	11.62 (94)	—
Weitz Value Investor WVALX	Bronze	★★	1.1	-8.1	5.5	9.3	4.7	76	93	94	67	93	0.0	9.47 (80)	Low
Large Value		—	4.0	-2.4	7.6	9.0	5.5	—	—	—	—	—	—	11.63 (91)	—
AllianzGI NFJ Large-Cap Value A PNBAX	—	★★	2.2	-4.1	6.4	8.7	3.9	78	67	74	60	85	1.9	11.75 (95)	Avg
American Beacon Lg Cap Value Inv AAGPX	Bronze	★★★★	2.3	-7.5	6.3	9.1	5.3	77	90	76	52	55	1.5	12.54 (93)	+Avg
American Century Equity Income Inv TWEIX	Silver	★★★★★	9.9	9.5	9.9	10.1	7.3	2	2	9	27	12	2.2	8.11 (86)	Low
American Century Value Inv TWVLX	Silver	★★★★	7.9	1.9	9.3	10.6	6.6	8	15	17	16	25	1.8	10.96 (92)	-Avg
American Funds American Mutual A AMRMX	Gold	★★★★	6.4	1.7	9.5	10.3	7.2	16	16	15	23	14	2.0	10.03 (96)	Low
American Funds Washington Mutual A AWSHX	Gold	★★★★	3.9	2.0	9.6	11.0	6.9	50	14	12	10	19	2.0	10.74 (98)	-Avg
Artisan Value Investor ARTLX	Bronze	↑★★★★	14.0	-0.7	5.8	8.2	6.1	1	31	84	70	37	0.5	14.51 (62)	High
Auxier Focus Inv AUXFX	—	★★★	2.1	-0.8	5.7	6.9	6.4	81	31	85	88	28	1.0	10.03 (96)	Low
Becker Value Equity Retail BVEFX	Bronze	★★★★	6.3	-4.2	8.7	10.0	6.9	17	68	27	29	20	1.1	11.9 (92)	Avg
Columbia Dividend Income Z GSFTX	Silver	★★★★★	5.5	4.7	9.8	11.2	8.2	24	5	10	8	3	2.5	10.43 (96)	-Avg
Diamond Hill Large Cap A DHLAX	Gold	★★★★	3.8	-0.2	9.1	10.5	6.9	52	26	22	18	20	0.8	12.27 (96)	Avg
Dodge & Cox Stock DODGX	Gold	↑★★★★	3.4	-3.9	9.3	10.5	5.4	59	65	18	17	53	1.7	12.67 (92)	+Avg
Fairholme FAIRX	Silver	★	1.7	-10.6	-0.5	3.4	4.9	86	97	99	99	68	1.9	17.23 (48)	High
Fidelity Equity Dividend Income FEQTX	—	★★★★	5.5	1.1	8.8	9.0	4.9	24	20	25	53	65	2.3	10.76 (96)	-Avg
Fidelity Equity-Income FEQIX	Neutral	★★	4.9	-1.7	6.9	7.9	4.6	33	40	68	76	72	3.0	10.64 (94)	-Avg
Franklin Mutual Beacon A TEBIX	Bronze	★★	4.3	-6.0	6.1	7.6	4.3	42	82	80	82	79	2.0	11.0 (86)	-Avg
Invesco Comstock A ACSTX	Silver	★★	1.5	-7.1	6.0	8.8	5.6	88	88	82	57	47	1.5	12.8 (91)	+Avg
Invesco Diversified Dividend A LCEAX	Silver	★★★★★	6.8	5.3	10.8	11.3	7.9	11	4	4	7	5	1.6	9.03 (87)	Low
Invesco Growth and Income A ACGIX	Bronze	★★★★	2.5	-3.7	7.4	9.0	6.0	74	64	60	52	37	1.6	12.06 (91)	Avg
JPMorgan Value Advantage A JVAAX	Silver	★★★	3.4	-3.5	8.1	10.5	8.0	59	62	42	18	5	0.6	10.82 (94)	-Avg
Perkins Large Cap Value T JPLTX	—	★★★★	4.6	0.2	7.5	8.3	—	37	24	56	69	—	1.4	10.26 (96)	-Avg
Schwab Fundamental US Large Company Idx SFLNX	Bronze	★★★★	5.8	0.8	9.6	10.8	—	22	22	13	14	—	2.2	11.2 (97)	Avg
Sound Shore Investor SSSHX	Silver	★★★★	4.7	-3.6	9.5	10.5	6.5	36	63	13	17	27	0.8	13.25 (94)	High
T. Rowe Price Equity Income PRFDX	Bronze	★★★	6.3	-1.7	6.2	8.6	5.8	17	40	78	63	43	2.0	11.58 (93)	Avg
T. Rowe Price Value TRVLX	Bronze	★★★★	2.4	-2.8	9.7	11.1	7.2	76	54	12	9	14	1.9	11.63 (96)	Avg
TCW Relative Value Dividend Apprec N TGIGX	Neutral	★★★	4.0	-2.2	7.1	9.7	5.8	48	48	64	37	44	1.5	12.47 (97)	+Avg
Torray TORYX	—	★★★★	6.1	2.9	9.9	10.1	5.4	19	10	9	27	52	1.0	10.98 (92)	Avg
Vanguard Equity-Income Inv VEIPX	Silver	★★★★★	5.9	4.0	10.1	11.9	8.0	21	7	8	3	5	2.8	10.6 (95)	-Avg
Vanguard High Dividend Yield Index Inv VHDYX	Silver	★★★★★	6.3	4.5	10.7	12.3	—	17	6	5	2	—	3.0	10.65 (94)	-Avg
Vanguard US Value Inv VUVLX	Bronze	★★★★	2.2	-1.8	9.4	11.5	6.1	78	43	16	6	36	2.1	11.25 (93)	Avg
Vanguard Value Index Adm VVIAX	Silver	★★★★	4.4	1.3	9.8	10.8	6.3	41	19	10	13	30	2.6	10.9 (97)	-Avg
Vanguard Windsor II Inv VWNFX	Bronze	↓★★★★	4.0	-2.2	8.0	10.0	6.1	47	48	46	29	36	2.3	11.43 (96)	Avg
Vanguard Windsor Inv VWNDX	Bronze	★★★	1.7	-5.8	8.1	10.1	5.7	86	81	43	27	45	1.8	12.88 (93)	+Avg
Mid-Cap Growth		—	0.8	-6.2	8.1	7.8	6.8	—	—	—	—	—	—	13.46 (75)	—
Akre Focus Retail AKREX	Silver	★★★★★	3.4	1.5	10.9	14.7	—	20	6	16	1	—	0.0	11.86 (84)	-Avg
American Century Heritage Inv TWHIX	Bronze	★★★★	0.6	-5.3	8.9	7.7	9.1	56	44	41	50	12	0.0	13.13 (76)	Avg
Artisan Mid Cap Investor ARTMX	Silver	★★★★	-1.0	-3.5	8.9	9.3	9.5	75	27	42	26	10	0.0	15.11 (63)	+Avg
Baron Asset Retail BARAX	—	★★★★	1.4	-2.2	10.0	9.8	6.9	43	22	27	19	50	0.0	12.81 (80)	Avg
Baron Growth Retail BGRFX	Bronze	★★★	3.1	-4.4	7.1	8.9	6.9	22	36	67	33	50	0.0	12.35 (72)	-Avg
Baron Opportunity Retail BIOPX	—	★★★★	-3.6	-7.8	5.7	5.4	7.3	92	65	82	89	36	0.0	17.04 (59)	High
Buffalo Mid Cap BUFMX	Neutral	★★★	0.3	-7.7	7.1	6.6	6.6	60	63	68	71	59	0.0	12.84 (70)	Avg
Champlain Mid Cap Adv CIPMX	Silver	★★★★	8.0	2.7	11.7	10.3	—	1	3	8	13	—	0.0	12.43 (83)	-Avg
Columbia Acorn Select Z ACTWX	—	★★	1.6	-4.0	6.6	6.3	5.8	41	32	73	77	73	0.0	12.79 (76)	Avg
Columbia Acorn Z ACRNX	Neutral	↑★★★★	1.3	-6.3	5.3	6.4	6.4	46	51	86	76	62	0.0	13.73 (72)	Avg
Eventide Gilead N ETGLX	Neutral	★★★★	-5.5	-18.2	10.1	11.9	—	95	98	25	5	—	0.0	17.15 (58)	High
FAM Value Investor FAMVX	—	★★★★	5.8	2.0	10.4	9.9	6.6	6	4	22	17	60	0.0	11.27 (84)	Low
Russell 1000 Value Index			5.3	-0.3	9.0	10.5	5.9								
Russell MidCap Growth Index			2.2	-3.8	9.9	9.4	7.9								

Legend

Red = Lowest return in group

★ = New this month

Green = Highest return in group

↑↓ = Increase/decrease in rating

Italic = Extended performance

NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
WVALX	—	18.2	2.6	94,656	18	15	15	—	62	2	97	0	0	4	—	0.99	—	4,144	—
		19.6	2.3	36,876	23	17	14	35	47	18	82	0	0	7	NL	1.15	38.95	919	Hinton/Perkins (9.8/4.4)
PNBAX	—	16.5	2.0	77,590	20	13	12	—	61	2	97	0	1	5	—	1.07	—	2,340	—
		13.4	1.7	67,332	25	14	13	64	26	0	100	0	0	5	5.50	1.11	20.54	510	Management Team
AAGPX		12.9	1.4	44,944	25	13	12	209	32	2	98	0	0	14	NL	0.94	23.47	8,844	Management Team
TWEIX		18.3	2.2	45,055	16	15	14	86	88	1	78	3	18	3	NL	0.93	8.72	10,280	Management Team
TWVLX		16.9	1.7	53,069	22	20	15	119	48	2	98	0	0	4	NL	0.97	8.15	2,980	Management Team
AMRMX		17.2	3.0	69,664	18	15	12	218	27	5	91	1	3	8	5.75	0.58	35.82	37,364	Management Team
AWSHX		18.4	3.0	90,084	15	14	13	180	24	3	96	0	1	6	5.75	0.58	39.73	79,319	Management Team
ARTLX		13.6	1.3	27,257	24	18	16	38	74	8	92	0	0	17	NL	1.0	12.32	1,014	Management Team
AUXFX		17.7	2.3	57,830	30	24	20	110	4	13	87	0	0	10	NL	1.14	19.6	250	J. Jeffrey Auxier (16.8)
BVEFX		14.4	1.9	49,244	18	16	16	56	32	0	100	0	0	3	NL	0.79	17.16	363	Management Team
GSFTX		18.4	2.9	95,227	16	15	14	82	27	5	95	0	0	2	NL	0.77	18.45	9,056	Management Team
DHLAX		15.5	2.0	57,497	27	16	14	50	20	2	98	0	0	0	5.00	0.99	22.25	3,733	Management Team
DODGX		15.4	1.7	56,602	26	24	16	66	15	1	99	0	0	9	NL	0.52	164.16	54,582	Management Team
FAIRX		12.4	1.4	1,246	32	29	25	50	40	22	50	10	17	7	NL	1.04	18.81	2,925	Bruce Berkowitz (16.4)
FEQTX		16.9	1.8	66,284	23	16	15	103	49	2	98	0	0	10	NL	0.66	25.8	5,169	Scott Offen (4.6)
FEQIX		15.5	1.8	50,793	22	13	12	179	46	4	96	0	0	8	NL	0.71	52.68	7,855	Management Team
TEBIX		15.7	1.4	40,352	23	19	16	95	35	3	94	3	0	35	5.75	1.09	14.81	3,740	Management Team
ACSTX		13.8	1.4	52,381	29	16	14	82	17	5	95	0	0	11	5.50	0.83	21.9	11,975	Management Team
LCEAX		17.4	2.3	34,267	32	14	14	79	11	13	87	0	0	11	5.50	0.83	18.71	15,369	Management Team
ACGIX		14.8	1.5	54,239	31	13	13	88	23	3	97	0	0	11	5.50	0.84	24.06	7,852	Management Team
JVAAX		15.5	1.6	29,964	30	17	10	118	17	2	98	0	0	1	5.25	1.25	28.74	10,423	Management Team
JPLTX		16.3	2.1	73,032	25	16	15	66	39	6	94	0	0	6	NL	0.87	15.61	160	Perkins/Preloger (7.4/7.4)
SFLNX		16.9	2.1	57,490	14	14	12	623	12	1	99	0	0	2	NL	0.35	14.84	4,727	Management Team
SSHFX		16.1	1.6	46,495	26	24	11	38	39	3	97	0	0	15	NL	0.93	43.25	1,910	Management Team
PRFDX		15.4	1.8	47,912	21	14	12	116	27	2	96	1	1	7	NL	0.66	30.16	21,996	John Linehan (0.6)
TRVLX		14.5	1.7	43,929	21	19	12	100	68	2	97	0	1	4	NL	0.81	31.99	22,287	Mark Finn (6.4)
TGIGX		16.9	1.8	41,826	22	15	15	55	17	0	99	1	0	7	NL	1.14	16.92	1,070	Diane Jaffee (14.5)
TORYX		14.2	1.8	39,738	24	20	20	33	10	15	85	0	0	2	NL	1.08	48.17	411	Fialco/Torrey (8.1/25.4)
VEIPX		16.6	2.4	78,336	16	14	13	218	32	2	96	0	2	9	NL	0.26	31.1	20,761	Management Team
VHDYX		17.1	2.4	76,668	15	14	13	429	11	0	100	0	0	1	NL	0.16	27.93	15,822	Coleman/O'Reilly (0.2/0.2)
VUVLX		13.7	1.5	21,251	23	14	11	265	66	1	99	0	0	1	NL	0.26	16.66	1,344	Management Team
VVIAX		16.1	1.9	73,417	22	15	12	321	8	0	100	0	0	1	NL	0.08	32.99	38,201	Nejman/O'Reilly (0.1/21.4)
VWNFX		14.4	1.7	63,615	21	19	14	272	26	2	97	0	0	9	NL	0.34	34.84	45,413	Management Team
VWNDX		15.1	1.6	33,169	25	18	15	145	28	2	98	0	1	10	NL	0.39	19.47	16,728	Management Team
AKREX	—	23.1	3.5	9,493	20	19	19	—	61	3	97	0	0	4	—	1.23	—	1,214	—
		23.6	2.6	18,139	30	26	18	36	16	4	94	0	2	2	NL	1.34	23.91	4,935	Management Team
TWHIX		23.3	4.2	12,151	24	21	15	104	62	0	99	0	1	5	NL	1.0	21.35	5,127	Management Team
ARTMX		24.7	4.1	12,666	23	23	22	75	51	4	96	0	0	4	Clsd	1.19	39.6	8,124	Management Team
BARAX		28.8	3.8	9,351	23	22	18	59	13	2	98	0	0	2	NL	1.31	57.95	2,469	Andrew Peck (12.8)
BGRFX		26.5	3.5	4,385	26	17	16	65	6	3	96	0	0	3	NL	1.29	65.2	6,071	Ronald Baron (21.4)
BIOPX		50.6	4.4	17,867	49	17	9	44	41	0	100	0	0	6	NL	1.38	16.04	260	Management Team
BUFMX		24.4	3.8	7,406	23	20	19	64	12	11	89	0	0	2	NL	1.01	15.37	414	Carlsen/Male (1.3/14.4)
CIPMX		19.1	2.5	6,231	20	18	16	60	46	2	98	0	0	0	NL	1.28	14.31	835	Management Team
ACTWX		22.7	3.7	5,411	30	19	13	35	55	0	100	0	0	4	NL	0.86	15.48	361	Frank/Szafrański (0.5/1.1)
ACRNX		22.6	3.6	4,508	25	19	18	142	21	0	99	0	1	2	NL	0.81	19.59	6,135	Management Team
ETGLX		22.3	2.7	6,063	37	19	17	78	21	3	95	0	2	11	NL	1.38	24.14	1,503	Barksdale/Kuruville (5.6/7.9)
FAMVX		18.2	2.5	11,237	31	24	17	40	8	9	91	0	0	4	NL	1.18	63.52	1,009	Fox/Putnam (16.1/29.4)
		17.2	1.7	53,123															
		21.3	4.3	11,551															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 05-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst						(R ²)		
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	0.8	-6.2	8.1	7.8	6.8	—	—	—	—	—	13.46	(75)	—
Mid-Cap Growth (cont'd)																
Fidelity Mid-Cap Stock FMCSX	☉ Bronze	★★★★	6.2	-2.3	9.4	9.5	6.9	4	22	35	23	49	0.6	12.0	(78)	-Avg
Hennessy Focus Investor HFCSX	☉ Bronze	★★★★★	3.9	2.2	11.0	13.5	9.8	16	4	14	1	7	0.0	12.24	(82)	-Avg
Janus Enterprise T JAENX	☉ Bronze	★★★★★	6.0	1.7	12.5	11.3	9.8	5	5	5	8	7	0.2	10.98	(81)	Low
Meridian Contrarian Legacy MVALX	☉ Bronze	★★★★	2.9	-5.6	7.7	9.2	6.6	25	46	57	28	56	0.1	13.59	(81)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	☉ Gold	★★★★★	-1.9	-4.0	14.1	14.7	12.0	86	31	1	1	1	0.0	15.22	(63)	High
T. Rowe Price Mid-Cap Growth RPMGX	☉ Gold	★★★★★	2.6	1.0	13.5	11.6	10.1	29	7	1	6	3	0.0	12.14	(79)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	☉ Bronze	★★★★	-0.9	-7.8	8.5	9.2	8.0	75	65	47	28	23	0.6	13.1	(81)	Avg
Westport R WPPFRX	—	★★★★	5.7	-3.7	7.5	8.2	8.2	6	29	60	43	22	0.0	12.67	(89)	-Avg
Mid-Cap Blend			3.5	-5.1	7.4	8.0	6.5	—	—	—	—	—	—	12.51	(80)	—
Ariel Appreciation Investor CAAPX	—	★★★★	4.4	-7.3	8.5	9.4	8.0	48	74	42	30	19	1.0	14.96	(87)	High
Ariel Fund Investor ARGFX	☉ Bronze	★★	1.6	-7.7	9.9	9.1	6.3	77	75	12	37	59	0.6	16.06	(87)	High
ASTON/Fairpointe Mid Cap N CHTTX	☉ Silver	↓★★★★	3.1	-11.1	6.2	8.7	9.1	61	86	73	46	2	0.3	15.22	(76)	High
Fidelity Spartan Extended Mkt Index Inv FSEMXX	☉ Silver	★★★★	2.6	-6.1	8.1	8.8	7.7	67	67	49	43	29	1.3	13.76	(77)	+Avg
First Eagle Fund of America Y FEAFX	☉ Bronze	★★★★	-4.2	-11.6	6.0	7.8	7.9	93	88	75	63	24	0.0	12.56	(80)	Avg
FMI Common Stock FMIMX	☉ Gold	★★★★	8.9	-0.6	8.1	8.6	8.8	4	11	49	48	4	0.0	11.91	(79)	-Avg
Janus Contrarian T JSVAX	Neutral	★★	-6.1	-15.4	4.6	6.6	4.6	97	93	83	78	86	0.3	12.93	(61)	+Avg
Longleaf Partners Small-Cap LLSCX	☉ Silver	★★★★	11.2	-3.1	9.1	10.8	9.1	1	43	29	4	3	0.1	12.24	(60)	Avg
Osterweis OSTFX	Neutral	★★★	-0.2	-11.7	3.9	6.1	5.7	87	89	91	83	73	0.5	11.19	(83)	-Avg
Vanguard Capital Value Inv VCVLX	Neutral	★	1.1	-15.9	4.1	6.1	5.4	80	94	88	83	77	1.4	16.15	(78)	High
Vanguard Extended Market Idx Adm VEXAX	☉ Gold	★★★★	2.6	-6.0	8.1	8.9	7.5	67	66	47	42	34	1.6	13.81	(77)	+Avg
Vanguard Mid Cap Index Adm VIMAX	☉ Gold	★★★★	3.6	-2.6	10.4	10.0	7.8	57	38	6	14	25	1.6	12.07	(89)	Avg
Vanguard Strategic Equity Inv VSEQX	☉ Bronze	★★★★	1.6	-5.5	10.7	11.4	6.8	78	63	3	3	53	1.6	12.7	(84)	+Avg
Weitz Hickory WEHIX	☉ Silver	↓★★★	4.2	-6.1	3.8	6.6	5.6	50	69	91	77	75	0.0	11.22	(72)	-Avg
Westport Select Cap R WPSRX	—	★★★	7.2	-6.3	6.5	5.4	6.2	13	69	70	87	62	0.0	16.2	(67)	High
Westwood SMidCap Institutional WHGMX	—	★★★★	0.0	-10.0	5.7	6.5	8.7	85	84	77	80	6	0.1	13.41	(80)	+Avg
Mid-Cap Value			5.7	-3.3	7.8	8.5	6.6	—	—	—	—	—	—	12.54	(82)	—
American Century Mid Cap Value Inv ACMVX	☉ Silver	★★★★★	9.8	5.4	12.2	12.2	9.4	10	3	4	2	5	1.1	10.59	(87)	Low
Artisan Mid Cap Value Investor ARTQX	☉ Silver	★★★★	10.4	-2.9	5.1	7.6	7.8	6	47	90	73	18	0.4	12.32	(77)	Avg
Delafield Fund DEFIX	—	★★	7.3	-12.9	-1.0	2.4	5.6	20	96	98	98	80	0.0	17.43	(70)	High
Diamond Hill Small-Mid Cap A DHMAX	☉ Gold	★★★★★	6.8	1.5	10.5	10.9	8.7	27	17	12	7	10	0.1	11.52	(76)	-Avg
Fidelity Leveraged Company Stock FLVXX	☉ Bronze	★★	2.1	-10.1	5.3	7.5	6.3	95	91	89	76	63	0.9	14.03	(81)	+Avg
Fidelity Low-Priced Stock FLPSX	☉ Silver	★★★★	1.6	-3.8	8.2	9.6	7.8	97	56	51	34	18	1.2	10.02	(87)	Low
Fidelity Value FDLVX	Neutral	★★★★	6.4	-5.9	8.8	9.8	6.3	37	75	33	25	62	1.0	12.61	(86)	Avg
FPA Capital FPPTX	☉ Bronze	★	3.8	-14.0	-1.6	0.6	3.9	79	97	99	99	95	0.3	13.51	(51)	Avg
GoodHaven GOODX	Neutral	★	11.7	-7.4	-5.2	3.3	—	2	84	99	98	—	0.0	12.77	(35)	-Avg
Harbor Mid Cap Value Investor HIMVX	☉ Bronze	★★★★	2.5	-6.5	9.2	10.4	6.8	92	81	26	14	43	1.0	12.73	(85)	Avg
Perkins Mid Cap Value T JMCVX	☉ Bronze	↑★★★★	6.2	1.6	7.3	7.0	7.0	41	16	69	82	37	1.3	10.41	(89)	Low
T. Rowe Price Mid-Cap Value TRMCX	☉ Gold	★★★★★	11.5	2.6	10.9	10.6	8.6	2	13	7	10	10	1.1	11.58	(82)	-Avg
Vanguard Selected Value Inv VASVX	☉ Gold	★★★★	3.9	-4.2	8.7	9.9	8.0	78	59	36	23	16	1.8	12.67	(82)	Avg
Small Growth			-0.6	-8.3	6.6	6.9	6.5	—	—	—	—	—	—	15.65	(59)	—
Artisan Small Cap Investor ARTSX	☉ Silver	★★★	-1.3	-7.7	7.3	8.8	6.2	55	49	41	19	62	0.0	17.25	(38)	+Avg
Baron Small Cap Retail BSCFX	☉ Bronze	★★★★	1.7	-7.4	5.5	6.9	6.5	26	46	70	53	55	0.0	14.03	(74)	-Avg
Brown Capital Mgmt Small Co Inv BCSIX	☉ Gold	★★★★★	-0.3	2.9	13.1	11.2	12.1	46	5	2	3	1	0.0	16.19	(57)	+Avg
Buffalo Small Cap BUFSX	Neutral	↓★★★	-3.2	-9.5	1.9	5.9	5.8	72	59	95	71	70	0.0	15.63	(61)	Avg
Century Small Cap Select Inv CSMVX	—	★★★	-3.9	-13.3	4.9	5.1	5.0	77	79	76	81	83	0.0	16.52	(59)	+Avg
Champlain Small Company Adv CIPXX	☉ Silver	↑★★★★★	4.4	1.7	8.0	8.6	8.9	13	8	28	21	3	0.0	14.51	(62)	-Avg
Russell MidCap Growth Index			2.2	-3.8	9.9	9.4	7.9									
S&P MidCap 400 Index			7.5	-0.4	9.7	10.0	8.5									
Russell MidCap Value Index			7.9	-0.5	10.0	10.7	7.6									
Russell 2000 Growth Index			2.3		6.9	7.9	6.3									

Legend
 Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)	
							Cash	Stock	Bond	Other	Foreign						
FMCSX	23.1	3.5	9,493	20	19	19	61	3	97	0	0	4	1.23	—	1,214	—	
HFCSX	20.8	2.6	13,462	30	26	13	25	4	16	84	0	0	7	1.47	71.85	2,412	Management Team
JAENX	23.8	4.1	8,544	31	26	16	84	17	6	93	0	1	11	0.92	90.84	7,678	Brian Demain (8.6)
MVALX	20.9	2.1	6,760	31	19	12	59	76	10	90	0	0	7	1.11	32.98	555	Cordisco/England (2.7/14.4)
POAGX	18.5	2.3	6,145	34	29	17	151	15	5	95	0	0	13	0.62	31.77	6,469	Management Team
RPMGX	22.8	3.4	10,004	26	18	17	136	27	5	93	0	1	2	0.77	75.22	24,210	Brian Berghuis (23.9)
VMGRX	19.9	2.7	9,366	25	23	15	103	93	4	96	0	0	4	0.43	22.24	4,201	Management Team
WPFXX	19.8	3.5	16,785	28	25	17	30	3	1	99	0	0	9	1.23	30.32	438	Edmund Nicklin, Jr. (18.4)
CAAPX	17.7	2.0	6,631	17	16	14	65	3	97	0	0	3	1.13	—	1,586	—	
ARGFX	15.6	1.9	3,813	28	21	20	40	25	1	99	0	0	0	1.02	60.39	2,003	Management Team
CHTTX	17.0	1.5	4,588	30	23	13	45	31	0	100	0	0	3	1.11	35.41	3,659	Management Team
FSEMXX	19.6	1.9	3,242	15	15	14	3249	12	0	100	0	0	2	0.1	51.05	15,900	Management Team
FEAFX	15.8	2.7	12,780	25	24	15	38	32	8	93	0	-1	7	1.31	34.12	3,178	Management Team
FMIMX	17.0	2.1	3,214	49	15	12	42	29	5	95	0	0	4	1.07	24.83	1,008	Management Team
JSVAX	15.5	1.8	7,281	26	16	13	40	70	4	95	0	1	2	1.04	17.47	2,879	Daniel Kozlowski (4.9)
LLSCX	22.4	1.4	4,045	36	17	11	20	46	21	76	3	0	8	0.91	30.01	4,104	Management Team
OSTFX	19.4	2.5	22,321	25	20	11	32	29	23	77	0	0	14	0.99	25.41	681	Management Team
VCLVX	17.3	1.5	13,301	20	18	15	152	90	0	99	0	1	11	0.5	11.04	972	Higgins/Palmer (7.9/6.4)
VEVAX	19.5	1.9	3,217	15	15	14	3285	6	0	100	0	0	2	0.09	65.01	44,286	Butler/Geiger (18.4/0.1)
VIMAX	19.4	2.3	11,015	18	15	14	355	15	0	100	0	0	1	0.08	153.7	66,301	Butler/Johnson (18.0/0.1)
VSEQX	14.6	1.9	3,858	18	16	12	403	70	0	99	0	0	1	0.21	28.74	5,755	Management Team
WEHIX	21.0	2.0	4,307	44	16	11	35	27	20	80	0	0	6	1.23	48.18	290	Weitz/Weitz (4.4/13.4)
WPSRX	18.3	2.3	4,343	43	16	13	21	0	1	98	0	1	0	1.43	14.14	196	Knuth/Nicklin, Jr. (18.4/18.4)
WHGMX	18.8	2.5	3,532	18	17	16	61	56	3	97	0	0	0	0.96	14.49	468	Management Team
ACMVX	16.3	1.6	9,166	20	15	13	61	4	96	0	0	5	1.17	—	1,424	—	
ARTQX	14.8	1.5	8,264	21	19	18	55	31	10	90	0	0	3	1.19	20.7	4,766	Management Team
DEFIX	15.0	1.7	2,684	38	20	20	44	19	6	94	0	0	5	1.26	25.7	444	Delafield/Sellecchia (22.5/22.5)
DHMAX	17.6	1.8	5,250	27	20	14	58	21	8	92	0	0	2	1.25	19.53	1,832	Management Team
FLVCX	11.4	1.6	15,272	24	15	13	112	4	2	97	0	0	5	0.79	40.63	3,574	Thomas Soviero (12.9)
FLPSX	12.8	1.5	5,576	29	17	13	880	9	11	89	0	0	37	0.79	48.52	40,305	Management Team
FDVLX	16.0	1.6	8,424	21	12	11	270	80	4	96	0	0	10	0.84	101.86	8,183	Management Team
FPPTX	13.3	1.1	3,189	32	31	13	30	45	28	71	2	0	0	0.73	33.6	781	Ahitov/Bryan (2.9/8.5)
GOODX	17.0	0.8	5,451	23	17	17	29	18	1	69	0	30	17	1.1	21.63	264	Pitkowsky/Trauner (5.1/5.1)
HIMVX	12.7	1.4	5,920	20	13	13	209	12	1	99	0	0	1	1.25	19.35	782	Management Team
JMCVX	17.7	2.0	7,337	19	17	12	81	49	5	95	0	0	2	0.69	16.34	4,035	Management Team
TRMCX	17.6	1.6	8,641	22	12	12	95	45	8	92	0	0	9	0.8	27.81	11,828	David Wallack (15.4)
VASVX	13.8	1.5	9,649	26	18	15	123	24	5	95	0	0	10	0.39	26.87	9,322	Management Team
ARTSX	25.2	3.3	2,815	24	17	17	76	3	97	0	0	3	1.32	—	836	—	
BSCFX	29.4	3.3	3,701	23	20	18	75	14	1	98	0	1	3	1.3	28.67	3,540	Clifford Greenberg (18.7)
BCSIX	40.8	3.6	2,404	63	27	6	39	11	4	96	0	0	0	1.26	71.2	2,818	Management Team
BUFSX	32.2	4.3	2,197	32	20	16	63	17	2	98	0	0	7	1.0	17.08	890	Cuellar/Male (1.3/18.1)
CSMVX	20.9	3.0	1,893	25	20	18	63	69	3	97	0	0	5	1.42	20.85	182	Alexander Thorndike (16.4)
CIPSX	19.0	2.0	1,716	23	19	17	79	37	4	96	0	0	1	1.38	16.53	1,064	Management Team
	21.3	4.3	11,551														
	18.5	1.6	9,870														
	22.5	3.1	1,703														

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

Bold # = Cheapest Quintile

- Defensive
- Consumer Def
- Healthcare
- Utilities

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 05-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	-0.6	-8.3	6.6	6.9	6.5	—	—	—	—	—	15.65	(59)	—
Small Growth (cont'd)			—	—	—	—	—	—	—	—	—	—	—	—	—	—
Columbia Acorn USA Z AUSAX	—	★★★★	0.6	-7.1	6.6	6.8	6.0	36	43	55	54	65	0.0	15.22	(62)	Avg
Conestoga Small Cap Investors CCASX	Silver	↑★★★★★	-1.4	1.5	8.3	8.6	8.1	56	8	22	22	10	0.0	16.59	(53)	+Avg
Janus Triton T JATX	Bronze	★★★★★	4.0	-1.9	11.5	11.0	11.1	14	14	2	4	1	0.1	13.62	(73)	-Avg
Janus Venture T JAVTX	Bronze	★★★★★	0.3	-5.9	10.1	10.6	8.9	40	34	8	6	3	0.0	15.18	(67)	Avg
Kalmar Growth-with-Value Sm Cp Inv KGSCX	—	★★★★	4.2	-6.4	3.3	5.7	6.2	13	38	88	74	62	0.0	16.1	(64)	Avg
LKCM Small Cap Equity Instl LKSCX	Silver	★★	-0.8	-10.5	3.4	4.0	4.6	51	62	87	91	89	0.0	15.23	(60)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	Silver	★★★★	-2.3	-6.9	6.6	7.5	8.3	65	41	54	40	6	0.0	16.41	(50)	+Avg
Meridian Growth Legacy MERDX	Bronze	★★★★	5.6	-2.8	8.0	8.1	8.6	7	18	27	28	4	0.0	13.05	(68)	Low
Meridian Small Cap Growth Investor MISGX	Bronze	NR	3.1	-7.8	—	—	—	18	50	—	—	—	0.0	—	(—)	
Neuberger Berman Genesis Inv NBGNX	Bronze	★★★★	5.3	1.5	8.3	8.4	8.1	8	9	23	23	10	0.4	12.84	(73)	Low
Royce Premier Invmt RYPRX	Bronze	★★★	8.1	-5.5	4.0	4.3	6.7	3	30	82	89	47	0.7	14.7	(73)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	★★	-3.3	-10.6	4.9	4.7	4.2	73	62	77	85	94	0.0	16.46	(63)	+Avg
T. Rowe Price New Horizons PRNHX	Silver	★★★★★	-0.5	-3.3	11.2	12.5	10.2	48	19	3	1	1	0.0	14.53	(63)	Avg
T. Rowe Price QM US Small-Cap Gr Eq PRDSX	Silver	★★★★★	1.7	-4.3	10.9	10.5	9.4	27	21	5	6	2	0.0	14.09	(71)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	Neutral	★★★★	3.5	-1.9	8.3	9.4	8.3	16	14	22	11	7	0.1	13.97	(68)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	↓★★★★	1.6	-8.4	7.1	8.0	6.5	27	54	44	29	54	0.5	14.66	(73)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	Silver	★★★★	1.9	-7.1	7.0	<i>8.1</i>	<i>7.8</i>	25	42	46	<i>28</i>	<i>16</i>	1.1	14.11	(69)	-Avg
Wasatch Core Growth WGROX	Gold	★★★★	0.1	-2.4	8.1	10.0	7.2	41	16	26	8	32	0.0	13.08	(65)	Low
Wasatch Small Cap Growth Investor WAAEX	Gold	↓★★★★	-2.3	-7.7	5.0	7.1	7.0	66	48	76	48	38	0.0	14.37	(57)	-Avg
William Blair Small Cap Growth N WBSNX	—	★★★	2.2	-5.3	7.3	9.0	5.5	23	29	39	17	76	0.0	14.61	(59)	-Avg
Small Blend			—	3.4	-5.1	6.2	7.2	5.9	—	—	—	—	—	14.45	(68)	—
AMG Managers Skyline Special Equities SKSEX	Bronze	★★★★	3.8	-5.2	8.6	11.0	7.3	44	50	19	1	19	0.0	15.14	(65)	+Avg
ASTON/River Road Select Value N ARSMX	—	↓★★★★	10.3	2.3	5.1	8.5	—	3	4	75	36	—	0.0	12.85	(71)	Low
ASTON/River Road Small Cap Value N ARSVX	—	↓★★★★	8.3	2.8	5.8	8.4	5.2	4	3	69	38	66	0.0	12.44	(68)	Low
Berwyn BERWX	Silver	★★	2.2	-13.6	-0.8	4.7	5.1	64	95	96	88	70	0.0	14.61	(55)	Avg
Bogle Small Cap Growth Inv BOGLX	—	★★★★	4.2	-9.0	6.8	9.1	5.3	41	85	52	24	64	0.0	17.07	(73)	High
Bridgeway Ultra-Small Company Market BRSIX	—	★★★★	0.3	-8.9	6.4	8.7	4.1	88	84	59	32	89	0.9	14.78	(51)	Avg
Broadview Opportunity BVAOX	Silver	★★★★	3.4	-7.7	5.9	6.9	8.0	48	78	67	64	7	0.0	13.83	(66)	-Avg
DFA US Micro Cap I DFSCX	Gold	★★★★	3.1	-3.1	8.3	9.5	6.4	52	33	26	17	35	0.9	14.81	(63)	+Avg
DFA US Small Cap I DFSTX	Gold	★★★★	4.1	-2.6	8.4	9.5	7.4	42	31	23	17	17	1.1	14.36	(70)	Avg
Dreyfus Opportunistic Small Cap DSCVX	—	↑★★★★	1.7	-6.9	7.5	7.6	10.0	72	72	38	52	2	0.3	18.25	(60)	High
Fidelity Small Cap Discovery FSCRX	Gold	★★★★★	6.4	-2.1	7.7	10.8	10.5	12	27	36	2	1	0.5	13.54	(69)	-Avg
Fidelity Small Cap Stock FSLCX	Bronze	★★★★	3.1	-2.1	9.5	5.1	6.0	53	26	8	86	46	0.5	13.03	(77)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★★	1.6	-5.1	7.6	7.2	5.6	73	48	38	59	58	0.4	14.0	(69)	Avg
Mairs & Power Small Cap MSCFX	Silver	↑★★★★★	11.7	5.1	10.9	—	—	1	1	1	—	—	0.4	13.76	(69)	-Avg
Perritt MicroCap Opportunities Investor PRCGX	—	★★	-0.2	-6.0	5.4	6.2	4.6	92	60	74	76	81	0.0	12.68	(59)	Low
Royce Micro-Cap Invmt RYOTX	—	★	0.3	-11.2	-1.1	-1.9	2.9	89	92	96	97	97	0.0	14.41	(59)	-Avg
Royce Pennsylvania Mutual Invmt PENNX	Neutral	★★★★	7.8	-4.9	4.2	5.2	5.4	5	46	82	84	61	0.8	14.49	(71)	Avg
Royce Total Return Invmt RYTRX	—	★★★★	8.0	-1.2	5.6	7.2	6.1	5	20	71	59	44	0.7	12.71	(75)	Low
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	5.6	-1.0	7.1	8.7	6.2	21	20	45	31	37	0.1	13.46	(70)	-Avg
T. Rowe Price Small-Cap Value PRSVX	Bronze	↑★★★★	6.4	1.8	6.0	8.1	6.6	12	5	65	42	32	0.7	13.44	(68)	-Avg
Vanguard Explorer Value Inv VEVFX	—	★★★★	5.4	-1.5	7.8	9.7	—	24	22	34	13	—	0.8	13.78	(76)	-Avg
Vanguard Small Cap Index Adm VSMAX	Gold	★★★★	4.7	-4.0	8.5	9.4	7.7	32	39	21	18	10	1.6	13.69	(77)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	Gold	★★★★★	5.2	0.1	10.0	10.6	7.8	28	11	3	4	9	1.4	13.94	(69)	Avg
Small Value			—	5.2	-3.8	5.9	7.4	5.8	—	—	—	—	—	14.16	(67)	—
AllianzGI NFJ Small-Cap Value A PCVAX	Silver	★★★★	5.0	-5.6	3.9	5.9	6.9	47	70	80	82	21	1.4	12.66	(76)	-Avg
American Beacon Small Cp Val Inv AVPAX	Bronze	★★★★	5.0	-3.0	7.2	8.4	6.4	48	46	36	25	31	0.5	14.21	(72)	Avg
American Century Small Cap Value Inv ASVIX	—	↑★★★★★	4.1	-1.6	7.6	8.3	7.7	62	33	28	29	10	0.4	14.75	(72)	+Avg
Russell 2000 Growth Index				2.3		6.9	7.9	6.3								
Russell 2000 Index				2.4	-5.8	7.0	7.9	6.3								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

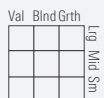
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	25.2	3.3	2,815	24	17	17	—	76	3	97	0	0	3	—	1.32	—	836	—
AUSAX		24.1	3.1	2,385	20	20	19	103	35	0	99	0	1	3	NL	1.18	22.33	700	Doyle/Litfin (2.4/0.4)
CCASX		33.9	4.0	1,512	36	27	16	47	11	6	94	0	0	0	NL	1.1	35.24	706	Mitchell/Monahan (13.7/2.3)
JATX		24.8	3.6	3,254	29	24	17	118	27	4	94	0	1	3	Clsd	0.92	22.87	6,694	Jonathan Coleman (3.0)
JAVTX		24.7	3.4	2,386	27	24	18	114	40	5	94	0	1	8	Clsd	0.92	61.79	2,597	Jonathan Coleman (3.0)
KGSCX		25.6	2.8	1,840	26	24	20	77	50	0	100	0	0	2	NL	1.36	15.18	181	Draper/Walker (19.1/19.1)
LKSCX		24.4	2.6	2,319	24	16	14	79	62	2	98	0	0	3	NL	0.97	19.7	497	Management Team
LCGRX		27.2	3.4	2,110	26	22	17	96	78	3	97	0	0	4	Clsd	1.19	19.52	1,105	Burns/Slavik (11.3/11.2)
MERDX		25.4	3.0	2,359	32	23	20	85	46	7	93	0	0	4	Clsd	0.84	32.42	1,249	Meade/Schaub (2.7/2.7)
MISGX		24.3	2.3	952	35	21	19	107	45	6	93	0	1	5	NL	1.39	11.6	311	Meade/Schaub (2.4/2.4)
NBGNX		22.2	3.3	3,140	22	19	16	145	13	2	98	0	0	6	NL	1.01	32.42	10,352	Management Team
RYPRX		19.4	2.5	2,832	41	17	15	61	13	0	93	0	7	6	NL	1.13	15.43	2,329	Management Team
RYVPX		23.9	2.4	1,351	30	18	16	87	45	4	90	0	6	11	NL	1.48	10.83	502	Brown/Skiner III (3.1/12.4)
PRNHX		28.4	3.5	4,197	23	22	19	268	34	6	89	0	6	6	Clsd	0.79	42.24	14,970	Henry Ellenbogen (6.2)
PRDSX		23.0	3.4	3,277	23	19	18	292	9	3	97	0	0	1	NL	0.82	26.13	2,363	Sudhir Nanda (9.7)
OTCFX		20.9	2.0	1,994	18	17	16	326	20	5	94	0	1	4	Clsd	0.9	39.96	8,513	Gregory McCrickard (23.7)
VEXPX		21.0	2.5	2,706	22	21	19	726	62	3	97	0	0	4	NL	0.49	81.76	10,844	Management Team
VSGAX		25.2	2.5	2,947	20	16	16	706	23	0	100	0	0	0	NL	0.08	43.47	15,300	Coleman/OReilly (0.1/11.4)
WGROX		21.4	3.5	2,384	23	19	18	69	39	6	92	0	1	7	NL	1.17	52.97	1,231	Lambert/Taylor (11.3/15.4)
WAAEX		24.4	3.1	1,960	27	20	19	109	31	1	96	0	3	16	Clsd	1.22	40.34	1,851	Cardon/Taylor (29.4/3.3)
WBSNX		23.5	2.8	1,325	23	17	17	87	91	4	96	0	0	7	NL	1.5	22.96	365	Balkin/Brewer (7.9/16.4)
	—	18.0	2.0	2,717	17	17	15	—	62	2	98	0	0	2	—	1.2	—	850	—
SKSEX		16.2	1.7	1,633	32	21	19	73	31	5	95	0	0	5	Clsd	1.33	37.05	1,413	Management Team
ARSMX		17.7	1.5	2,114	30	24	16	63	58	2	98	0	0	2	NL	1.52	6.88	44	Management Team
ARSVX		16.6	1.4	1,370	26	25	19	58	60	6	94	0	0	3	NL	1.39	11.96	266	Management Team
BERWX		16.9	1.3	551	29	24	13	42	11	7	93	0	0	3	NL	1.23	27.22	124	Management Team
BOGLX		15.2	1.3	1,447	21	14	13	208	196	1	99	0	1	8	NL	1.35	25.17	134	John Bogle (16.7)
BRSEX		13.7	1.1	148	23	18	15	637	32	0	100	0	0	1	NL	0.78	12.94	338	Management Team
BVAOX		18.5	1.9	2,283	23	23	16	75	41	12	88	0	0	5	NL	1.23	32.38	663	Management Team
DFSCX		17.2	1.7	807	20	20	17	1621	12	1	99	0	0	2	NL	0.52	18.01	5,017	Management Team
DFSTX		18.1	1.9	1,601	19	18	17	2034	11	1	99	0	0	2	NL	0.37	29.45	12,128	Management Team
DSCVX		17.0	1.9	1,637	23	23	19	75	74	1	99	0	0	12	Clsd	1.09	29.16	810	Management Team
FSCRX		14.3	1.4	2,113	23	20	16	66	13	2	98	0	0	1	Clsd	1.06	28.12	5,359	Janssen/Myers (0.2/10.2)
FSLCX		16.0	1.8	2,180	21	21	15	140	64	3	97	0	0	16	NL	0.66	17.9	1,987	Lionel Harris (4.5)
FDSCX		17.8	2.0	2,345	18	17	15	212	48	5	95	0	0	6	NL	0.77	23.43	1,433	Management Team
MSCFX		20.0	2.0	1,616	27	20	16	48	23	2	98	0	0	2	NL	1.06	21.75	226	Adams/Steinkopf (4.7/1.4)
PRCGX		14.9	1.3	268	21	19	17	91	20	0	100	0	0	3	NL	1.22	31.58	265	Corbett/Metrou (19.4/2.2)
RYOTX		18.7	1.5	391	26	20	18	179	41	6	92	0	2	8	NL	1.5	11.12	240	Hartman/Stoeffel (3.1/1.1)
PENNX		18.5	1.9	1,571	27	21	18	314	21	0	97	0	3	7	NL	0.93	10.06	2,742	Management Team
RYTRX		16.8	1.8	1,958	25	24	17	290	11	2	93	0	5	7	NL	1.22	12.83	2,841	Management Team
STSCX		18.2	2.0	3,189	26	14	12	61	6	2	98	0	0	0	NL	1.09	73.81	1,114	Management Team
PRSVX		19.6	1.6	1,458	24	15	13	305	32	3	96	0	1	2	NL	0.92	38.66	7,344	J. Wagner (1.9)
VEVFX		18.1	1.5	2,291	26	15	14	176	35	6	94	0	0	3	NL	0.65	30.0	305	Management Team
VSMAX		19.4	1.9	2,894	16	14	14	1491	11	1	99	0	0	1	NL	0.08	55.41	56,029	Coleman/OReilly (0.1/0.1)
VTMSX		19.5	1.9	1,466	17	17	16	607	33	1	99	0	0	0	NL	0.11	46.54	3,915	Butler/Coleman (0.1/0.1)
	—	16.4	1.5	2,433	23	18	13	—	78	3	96	0	0	3	—	1.3	—	874	—
PCVAX		14.4	1.7	2,207	23	21	11	129	42	5	93	0	3	3	Clsd	1.19	21.03	4,229	Management Team
AVPAX		15.4	1.4	1,953	25	18	17	598	47	3	97	0	0	4	NL	1.16	22.82	5,804	Management Team
ASVIX		17.1	1.6	1,355	22	19	15	136	95	3	97	0	0	4	Clsd	1.25	7.9	1,419	John/Lewis (4.0/1.6)
		22.5	3.1	1,703															
		19.6	1.8	1,555															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 05-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category		
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst									
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr					
Morningstar 500 Domestic Equity																	
Small Value (cont'd)			—	5.2	-3.8	5.9	7.4	5.8	—	—	—	—	—	14.16	(67)	—	
Dean Small Cap Value DASCX	—	★★★★	9.2	2.1	8.2	9.2	6.0	6	12	20	18	41	0.2	13.63	(64)	-Avg	
DFA US Small Cap Value I DFSVX	Gold	★★★★	4.5	-6.0	6.2	8.4	5.6	57	72	54	26	55	1.4	15.29	(68)	+Avg	
DFA US Targeted Value I DFFVX	Gold	★★★★	5.4	-4.8	7.3	8.8	6.4	43	64	35	20	31	1.3	14.64	(74)	Avg	
Diamond Hill Small Cap A DHSCX	Gold	★★★★	3.7	-3.1	6.5	7.6	6.0	68	47	47	51	40	0.3	10.68	(72)	Low	
Fidelity Small Cap Value FCPVX	Bronze	★★★★★	6.9	3.6	9.3	11.1	8.7	26	7	9	2	2	0.8	12.81	(68)	-Avg	
Perkins Small Cap Value T JSCVX	Silver	★★★★★	7.4	1.4	8.9	7.6	8.0	20	15	12	49	8	0.6	11.88	(75)	Low	
Royce Opportunity Invmt RYPNX	Bronze	★★	4.3	-10.5	2.8	5.5	5.4	59	90	87	87	65	0.0	16.16	(63)	+Avg	
Royce Small-Cap Value Service RYVFX	—	★★	3.4	-9.4	2.1	1.5	4.8	70	86	91	98	77	0.5	13.76	(59)	-Avg	
Royce Special Equity Invmt RYSEX	Gold	★★★★	7.7	-5.9	3.1	6.4	7.2	17	72	85	74	16	1.1	13.81	(62)	-Avg	
Third Avenue Small Cap Value Instl TASCX	—	★★★★	8.6	-2.3	6.5	7.5	4.7	9	40	48	51	78	0.0	13.74	(71)	Avg	
Vanguard Small Cap Value Index Admiral VSIAX	Silver	★★★★★	7.2	-1.4	9.7	10.4	7.3	22	30	7	6	16	2.1	13.74	(79)	Avg	
Allocation																	
American Funds 2020 Trgt Date Retire A AACTX	Silver	TE	★★★★	3.3	0.2	6.3	6.8	—	28	10	2	2	—	1.1	6.94	(96)	Avg
American Funds American Balanced A ABALX	Silver	MA	★★★★	3.5	3.0	7.9	9.3	7.0	23	2	4	2	7	1.6	7.86	(91)	Avg
American Funds Income Fund of Amer A AMECX	Silver	AL	↑★★★★	4.4	0.4	6.6	7.7	6.3	9	8	18	9	5	3.1	8.19	(94)	Low
Arbitrage R ARBFX	Bronze	NE	↓★★★★	2.0	0.9	1.8	1.7	2.9	32	35	39	32	22	0.0	1.82	(2)	Low
ASTON/Montag & Caldwell Balanced N MOBAX	—	MA	★★★★	0.8	2.2	6.1	6.7	6.2	92	5	27	32	17	0.6	6.5	(68)	Low
Berwyn Income BERIX	Silver	CA	★★★★★	4.2	0.4	4.2	5.2	7.1	20	13	24	19	1	2.2	4.53	(79)	Low
Calamos Market Neutral Income A CVSIX	Neutral	NE	★★★★	1.6	0.5	2.7	3.1	3.3	40	37	23	11	10	1.0	3.56	(0)	Avg
Dodge & Cox Balanced DODBX	Gold	MA	★★★★	3.8	-1.6	7.6	8.8	5.7	20	44	5	4	33	2.3	8.91	(88)	High
Fidelity Balanced FBALX	Bronze	MA	★★★★★	2.3	-0.9	8.0	8.2	6.3	60	30	4	8	15	1.6	8.31	(92)	+Avg
Fidelity Four-in-One Index FFNOX	Silver	AL	★★★★	2.4	-2.0	7.1	7.6	5.8	47	25	10	10	18	2.1	9.89	(96)	+Avg
Fidelity Puritan FPURX	Bronze	MA	↑★★★★★	1.1	-0.6	8.2	8.1	6.6	89	25	3	8	13	2.2	8.36	(87)	+Avg
Fidelity Strategic Real Return FSRRX	Bronze	XY	★	5.4	-2.8	-1.2	0.2	2.4	9	93	93	87	85	3.0	5.2	—	—
FPA Crescent FPACX	Gold	MA	↓★★★★	1.9	-1.7	5.3	6.8	6.7	76	46	50	29	11	0.9	7.44	(89)	Avg
Franklin Income A FKINX	Bronze	CA	↓★★★	5.8	-4.8	2.7	4.8	5.5	8	90	75	31	15	5.5	9.34	(87)	High
Franklin Mutual Shares A TESIX	Bronze	XM	★★★★	3.4	-5.3	6.0	7.3	4.5	10	68	56	24	55	1.8	10.44	—	—
Gateway A GATEX	Silver	XR	★★	0.9	0.6	3.5	3.7	3.2	55	25	61	68	1	1.2	4.48	—	—
Greenspring GRSPX	—	MA	★★	5.7	-0.5	1.7	3.8	4.6	3	24	97	92	71	2.2	8.36	(74)	+Avg
Invesco Equity and Income A ACEIX	Bronze	MA	★★★★	2.7	-2.1	6.3	7.6	6.1	44	54	23	15	21	2.2	8.73	(88)	+Avg
Janus Balanced T JABAX	Neutral	MA	★★★★★	-0.3	-2.3	6.0	6.9	7.3	96	58	30	28	4	1.6	7.16	(89)	-Avg
JPMorgan Income Builder A JNBAX	Bronze	CA	★★★★	3.0	-1.3	3.3	5.0	—	49	55	54	23	—	4.1	6.79	(91)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	★★★★	1.8	-1.5	6.4	4.5	5.1	52	19	2	18	5	0.0	7.0	(67)	-Avg
Mairs & Power Balanced Inv MAPOX	Silver	MA	★★★★★	6.6	2.9	6.7	8.7	7.0	2	3	18	4	6	2.5	7.87	(92)	Avg
Manning & Napier Pro-Blend Cnsvr Term S EXDAX	Bronze	CA	★★★★	3.5	-0.8	2.6	3.7	5.1	35	42	78	72	29	1.4	4.93	(94)	-Avg
Manning & Napier Pro-Blend Extd Term S MNBAX	Bronze	MA	★★★★	3.8	-2.9	4.0	4.8	5.3	19	69	80	77	46	0.6	8.15	(94)	+Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	Bronze	CA	★★★★	3.4	-2.3	3.0	3.9	4.9	37	72	66	64	36	0.8	6.46	(95)	+Avg
Merger Investor MERFX	Silver	NE	↑★★★★	1.2	-1.5	1.6	1.5	2.9	49	54	40	37	19	0.8	3.01	(0)	Avg
MFS Total Return A MSFRX	Bronze	MA	★★★★	4.6	1.7	7.0	7.5	5.8	10	7	13	16	29	2.4	6.82	(94)	-Avg
Natixis ASG Global Alternatives A GAFAX	Bronze	GY	★	-8.6	-17.2	-0.4	0.5	—	97	98	74	73	—	0	7.53	—	—
Oakmark Equity & Income I OAKBX	Silver	MA	★★★★	2.1	-5.0	6.0	5.9	6.5	72	89	28	48	13	1.1	8.81	(91)	High
Pax Balanced Individual Investor PAXWX	—	MA	★★★★	2.5	0.3	6.2	5.5	4.5	51	13	25	59	74	0.8	7.67	(93)	Avg
Permanent Portfolio Permanent I PRPFX	—	CA	↓★★★	8.0	0.2	0.4	0.1	5.1	1	18	94	99	29	1.0	7.81	(41)	High
Russell 2000 Value Index				5.8	-2.8	6.0	7.4	5.2									
S&P 500 Index				3.6		11.1	11.7	7.4									
BarCap US Agg Bond TR USD				3.3	3.0	2.9	3.2	4.8									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- CA Allocation—30% to 50% Equity
- GY Multi-Alternative
- LO Long-Short
- MA Allocation—50% to 70% Equity
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- TD Target Date 2011–2015
- TE Target Date 2016–2020
- TG Target Date 2021–2025
- TH Target Date 2026–2030
- TI Target Date 2031–2035
- TJ Target Date 2036–2040
- TK Target Date 2041–2045
- TL Target Date 2050+
- TV Tactical Allocation
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity
- XR Option Writing

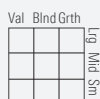
Current Portfolio Style

Costs

Operations

Current Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
	16.4	1.5	2,433	23	18	13	78	3	96	0	0	3	1.3	—	874	—		
DASCX	16.0	1.6	1,611	25	23	16	65	128	4	96	0	0	NL	1.25	14.79	213	Steven Roth (7.9)	
DFSVX	15.4	1.1	1,385	26	21	14	1183	9	2	98	0	0	3	NL	0.52	31.78	12,682	Management Team
DFVFX	15.7	1.3	2,170	26	21	13	1499	15	1	99	0	0	2	NL	0.37	20.76	7,877	Management Team
DHSCX	16.1	1.6	2,781	30	27	10	74	17	20	80	0	0	5	Clsd	1.31	32.03	1,761	Management Team
FCPVX	14.5	1.4	2,106	31	17	15	59	34	0	98	0	2	4	Clsd	1.19	17.89	3,166	Derek Janssen (3.3)
JSCVX	18.3	2.0	2,164	22	21	16	89	86	5	95	0	0	2	NL	0.81	19.55	1,425	Management Team
RYPNX	17.5	1.2	641	33	19	18	253	27	5	94	0	1	3	NL	1.17	11.02	1,454	Hench/Zaino (12.1/18.2)
RYVFX	14.2	1.6	1,252	34	20	19	64	60	5	95	0	0	5	NL	1.48	9.0	485	Jay Kaplan (12.4)
RYSEX	15.7	1.7	1,371	46	18	15	45	15	8	92	0	0	0	NL	1.15	19.33	1,461	Dreifus/McBoyle (18.1/1.7)
TASCX	15.2	1.5	1,742	35	19	15	59	29	6	92	0	1	4	NL	1.14	20.37	310	Bui/Rewey, III (3.4/1.9)
VSIAX	16.7	1.6	2,854	18	17	12	860	16	0	99	0	0	1	NL	0.08	45.33	17,587	Coleman/O'Reilly (0.1/0.1)
	2.1	0.2	4,911	—	—	—	—	33	14	51	33	3	18	—	1.16	—	1,940	—
AACTX	17.6	2.5	59,700	15	15	13	21	8	6	53	39	2	21	5.75	0.71	11.42	6,751	Management Team
ABALX	18.7	2.5	101,600	16	15	14	1495	82	10	56	33	0	7	5.75	0.58	24.56	91,768	Management Team
AMECX	18.6	2.9	67,333	15	15	13	1684	45	4	70	22	3	18	5.75	0.55	20.96	97,701	Management Team
ARBFX	22.0	2.2	5,899	22	15	14	90	514	46	53	0	1	9	NL	1.45	12.78	1,867	Management Team
MOBAX	21.5	3.4	88,012	29	21	19	75	35	6	57	37	0	0	NL	1.36	22.85	39	Canakaris/Donahue (21.6/3.2)
BERIX	18.6	2.0	5,778	39	14	12	99	45	38	23	26	14	8	NL	0.67	13.34	1,683	Management Team
CVSIX	16.1	2.3	92,816	19	16	15	500	37	7	35	10	48	0	4.75	1.11	12.93	3,750	Management Team
DODBX	15.4	1.7	56,692	26	24	16	382	20	1	69	30	1	10	NL	0.53	96.04	14,082	Management Team
FBALX	20.2	2.4	41,581	18	16	13	1132	128	3	65	29	3	7	NL	0.56	21.63	28,073	Management Team
FFNOX	17.1	2.0	36,157	16	14	13	4	9	1	84	14	0	28	NL	0.22	36.88	4,345	Dierdorf/Sharpe (7.3/6.9)
FPURX	21.0	2.7	62,511	21	18	15	1161	106	5	70	25	0	8	NL	0.56	20.46	25,506	Management Team
FSRRX	31.3	2.2	7,687	—	—	—	5	14	2.4	12	77	1	8	—	0	15.02	—	Management Team
FPACX	15.9	1.4	46,208	34	29	14	122	48	36	55	5	4	9	NL	1.09	31.66	17,104	Management Team
FKINX	15.6	2.0	80,089	16	16	15	484	44	3	54	32	11	25	4.25	0.61	2.17	77,687	Management Team
TESIX	15.0	1.5	38,119	—	—	—	564	58	-6	0	102	5	0	—	0.9	6.99	—	Michael A. Gomez
GATEX	18.2	2.5	74,870	—	—	—	279	10	3	96	0	0	0	5.75	0.94	29.85	—	Management Team
GRSPX	17.5	1.8	3,841	31	16	16	106	25	12	66	17	4	5	NL	0.96	23.45	292	Charles Carlson (29.3)
ACEIX	14.8	1.5	54,481	32	13	12	417	69	9	64	20	7	8	5.50	0.8	9.84	13,397	Management Team
JABAX	18.0	3.3	68,790	20	18	17	487	75	1	58	39	2	6	NL	0.83	28.73	13,303	Management Team
JNBAX	15.8	1.7	31,263	21	21	9	2490	48	3	35	58	4	31	4.50	0.75	9.81	11,944	Management Team
LCORX	13.7	2.1	14,346	24	23	15	309	78	43	41	15	1	10	NL	1.21	17.91	944	Management Team
MAPOX	18.0	2.9	49,114	24	21	17	310	14	4	66	30	0	3	NL	0.73	86.01	739	Earley/Kaliebe (1.4/10.4)
EXDAX	19.6	3.0	40,734	20	17	11	633	51	20	33	47	0	10	NL	0.9	13.19	1,247	Management Team
MNBAX	20.5	3.3	29,222	24	22	10	590	66	11	55	34	0	16	NL	1.08	16.28	1,240	Management Team
EXBAX	20.5	3.3	28,985	24	22	10	611	56	15	41	43	0	13	NL	1.07	13.15	1,366	Management Team
MERFX	20.7	2.1	18,989	25	21	13	130	157	40	52	4	3	0	NL	1.37	15.5	4,094	Behren/Shannon (9.3/9.3)
MSFRX	16.0	2.0	60,046	22	15	13	830	45	5	61	34	0	9	5.75	0.74	17.81	7,235	Management Team
GAFAX	—	—	—	—	—	—	341	23	1.3	14	30	55	0	—	0.79	8.65	—	Management Team
OAKBX	13.7	1.7	34,739	30	18	16	285	25	10	63	17	10	7	NL	0.75	29.16	16,760	Management Team
PAXWX	17.9	2.6	75,702	20	17	17	293	61	3	56	32	9	11	NL	0.93	22.31	1,878	Management Team
PRPFX	25.6	2.2	21,302	30	15	13	119	5	5	36	28	30	12	NL	0.8	37.31	2,889	Michael Cuggino (13.1)
	17.6	1.3	1,426															
	18.6	2.6	73,665															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

Historical Performance

Historical Risk

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category	Total Return % 05-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
						3 Yr	5 Yr	10 Yr								
Allocation (cont'd)	—	—	—	2.4	-2.3	3.5	4.2	4.0	—	—	—	—	—	—	6.86 (79)	—
PIMCO All Asset All Authority D PAUDX	Bronze	TV	★★	6.3	-7.5	-4.3	-0.4	3.6	13	72	94	85	53	4.8	8.65 (62)	Avg
PIMCO All Asset D PASDX	Gold	TV	★★★★	5.9	-5.1	-1.1	1.5	4.2	16	43	78	67	31	3.4	8.3 (76)	Avg
PIMCO Emerging Local Bond Instl PELBX	Neutral	XP	★★★★	7.6	-7.1	-7.8	-4.0	—	17	66	57	47	—	5.7	12.17 —	—
PIMCO Inflation Response MultiAsst Instl PIRMX	—	CA	★	6.7	-2.6	-1.5	—	—	2	75	96	—	—	2.9	7.64 (48)	High
PIMCO RAE Fundamental Advantage PLUS D PFSDX	—	NE	★★	2.0	-5.1	-2.2	0.5	—	30	77	83	58	—	6.1	3.52 (5)	Avg
T. Rowe Price Balanced RPBAX	Silver	MA	★★★★	2.1	-1.8	6.4	7.0	6.2	70	48	22	24	17	1.9	8.06 (96)	+Avg
T. Rowe Price Capital Appreciation PRWCX	Gold	MA	★★★★★	5.3	5.8	11.3	11.0	8.8	7	1	1	1	1	1.3	7.45 (87)	Avg
T. Rowe Price Personal Strat Gr TRSGX	Silver	AL	★★★★	1.5	-3.2	7.0	7.7	6.3	77	40	11	9	5	1.5	10.1 (95)	+Avg
T. Rowe Price Personal Strat Inc PRSIX	Silver	CA	★★★★	2.9	-0.3	4.7	5.4	5.8	53	26	12	16	7	1.9	5.96 (97)	Avg
T. Rowe Price Retirement 2015 TRRGX	Silver	TD	★★★★	3.4	-0.7	5.4	5.9	5.7	22	42	5	6	1	1.9	7.26 (99)	High
Vanguard Balanced Index Adm VBIAX	Gold	MA	★★★★★	3.6	1.6	7.5	8.2	6.8	21	8	6	8	11	2.0	6.96 (94)	-Avg
Vanguard LifeStrategy Income Inv VASIX	Gold	XY	★★★★	3.5	2.0	4.1	4.1	4.7	32	2	8	24	23	2.0	3.29 —	—
Vanguard Managed Payout Investor VPGDX	—	XM	★★★★	3.0	-1.3	5.4	5.6	—	17	4	75	83	—	1.7	6.96 —	—
Vanguard STAR Inv VGSTX	Silver	MA	★★★★	2.5	-1.4	6.3	6.9	6.1	52	40	23	26	21	2.0	7.88 (97)	Avg
Vanguard Target Retirement 2025 Inv VTTVX	Gold	TG	★★★★★	3.0	-1.4	6.2	6.6	5.7	36	32	6	11	8	2.1	7.96 (98)	Avg
Vanguard Tax-Managed Balanced Adm VTMFX	—	CA	★★★★★	3.0	3.2	7.3	7.9	6.4	49	2	1	1	3	2.0	5.63 (92)	Avg
Vanguard Wellesley Income Inv VWINX	Gold	CA	★★★★★	5.3	4.9	6.2	7.4	7.4	11	1	3	3	1	2.9	4.73 (81)	-Avg
Vanguard Wellington Inv VWELX	Gold	MA	★★★★★	4.2	1.9	7.5	8.5	7.3	15	6	6	5	4	2.5	7.58 (93)	Avg
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★	3.8	0.1	4.9	6.7	6.9	20	15	61	31	9	1.4	6.26 (86)	Low
U.S. Specialty Funds																
AllianzGI Technology Institutional DRGTX	Bronze	ST	★★★★★	-1.4	-3.0	14.3	9.0	9.9	71	63	37	60	26	0.0	15.43 (65)	Avg
Cohen & Steers Realty Shares CSRSX	Bronze	SR	★★★★	3.2	9.1	10.5	9.3	7.3	87	46	14	51	23	2.4	14.88 (21)	Avg
Davis Financial A RPFGX	—	SF	★★★★	1.8	0.5	9.8	9.8	5.0	27	21	22	26	23	0.5	12.59 (79)	-Avg
Fidelity Real Estate Investment Port FRESX	Bronze	SF	★★★★	5.5	13.2	11.0	10.6	7.0	14	1	7	7	33	1.5	15.09 (18)	+Avg
Fidelity Select Energy FSENX	—	EE	★★★★	15.2	-11.2	-3.8	-2.7	1.5	13	2	12	8	25	1.0	21.2 (45)	-Avg
Fidelity Select Health Care FSPHX	—	SH	★★★★	-6.2	-13.3	19.1	18.4	13.3	43	55	9	19	26	0.0	16.88 (39)	Avg
Fidelity Select Technology FSPTX	—	ST	★★★★	1.4	-0.9	13.4	9.6	10.1	41	40	49	47	20	0.1	14.48 (71)	-Avg
Franklin Utilities A FKUTX	Gold	SU	★★★★	15.1	10.9	11.5	11.7	9.2	9	21	9	4	4	2.7	11.96 (11)	Avg
Harbor Commodity Real Return ST Instl HACMX	—	BB	★★★★	9.6	-16.9	-15.0	-12.6	—	39	76	74	51	—	2.1	15.64 (88)	+Avg
PIMCO Commodity Real Ret Strat D PCRDX	Silver	BB	★★★	9.9	-16.8	-15.1	-12.7	-4.7	22	73	76	55	28	5.4	15.57 (87)	+Avg
T. Rowe Price Global Technology PRGTX	Bronze	ST	★★★★★	1.5	10.7	24.9	17.3	14.5	37	1	1	1	1	0.0	16.0 (78)	+Avg
T. Rowe Price Health Sciences PRHSX	Neutral	SH	★★★★★	-7.6	-12.9	19.5	20.4	16.0	62	50	2	7	1	0.0	17.17 (35)	+Avg
T. Rowe Price Media & Telecomms PRMTX	—	SC	★★★★★	2.4	6.7	14.6	13.2	13.2	85	31	1	1	6	0.2	14.17 (78)	High
T. Rowe Price New Era PRNEX	—	SN	★★★★	15.0	-7.9	-1.9	-3.5	1.4	25	15	23	28	16	1.3	17.52 (57)	Avg
T. Rowe Price Real Estate TRREX	Gold	SR	★★★★	2.9	8.5	10.6	9.7	6.7	93	60	13	30	43	2.2	14.26 (23)	Avg
T. Rowe Price Science & Tech PRSCX	—	ST	★★★★	1.6	3.2	15.9	10.3	9.8	35	20	24	35	27	0.0	15.38 (76)	Avg
Third Avenue Real Estate Value Instl TAREX	Silver	GR	★★★★	2.6	-4.8	6.8	7.8	4.8	75	85	13	3	4	0.7	11.66 (75)	-Avg
Vanguard Energy Inv VGENX	Neutral	EE	★★★★	17.0	-9.7	-4.6	-3.5	1.8	8	1	25	23	17	2.2	20.42 (53)	-Avg
Vanguard Health Care Inv VGHCX	Gold	SH	★★★★	-3.9	-5.2	18.5	17.2	11.8	22	11	12	31	42	1.0	12.39 (52)	Low
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★	51.6	2.0	-6.5	-16.3	-4.3	93	100	80	65	77	1.7	32.54 (10)	Low
Vanguard REIT Index Adm VVGLX	Gold	SR	★★★★★	6.2	10.6	10.2	10.2	7.4	5	10	25	13	15	3.3	15.02 (18)	+Avg
BarCap US Agg Bond TR USD				3.3	3.0	2.9	3.2	4.8								
Dow Jones Moderate Portfolio Index				3.8	-0.5	5.2	5.5	5.5								
S&P 500 Index				3.6		11.1	11.7	7.4								

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance

★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- BB Commodities Broad Basket
- CA Allocation—30% to 50% Equity
- EE Equity Energy
- GR Global Real Estate
- IH World Allocation
- LO Long-Short
- MA Allocation—50% to 70% Equity
- NE Market Neutral
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- SU Utilities
- TA Target-Date 2000-2010
- TD Target Date 2011-2015
- TE Target Date 2016-2020
- TG Target Date 2021-2025
- TH Target Date 2026-2030
- TI Target Date 2031-2035
- TJ Target Date 2036-2040
- TK Target Date 2041-2045
- TL Target Date 2050+
- TV Tactical Allocation
- RI Retirement Income
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity

Current Portfolio Style

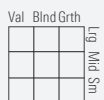
Costs

Operations

Current Equity Style Box	Price/ Earn Ratio	Price/ Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Hold- ings	Turn- over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)	
				Cash	Stock	Bond			Other	Foreign									
	2.1	0.2	4,911				33	14	51	33	3	18		1.16		1,940			
PAUDX	19.8	2.6					45	39	58	28	15	-2	-34	NL	1.64	8.08	8,691	Robert Arnott (12.6)	
PASDX	19.5	1.5					43	40	36	21	28	15	-7	NL	1.26	10.76	19,588	Robert Arnott (13.8)	
PELBX							10	29	12	33	17	7	30		0.02	17.55		Ameriks/Shtekhman	
PIRMX	20.0	1.6	15,325	77	7	11	3	378	290	22	7	44	27	-15	NL	0.7	8.33	977	Johnson/Worah (1.4/4.7)
PFSDX							444	602	161	0	-64	4	-130	NL	1.29	9.56	655	Management Team	
RPBAX	16.7	1.9	45,098	17	17	15	1489	65	3	65	32	0	28	NL	0.64	21.82	3,935	Charles Shriver (5.1)	
PRWCX	20.6	3.1	45,110	27	21	19	241	67	19	59	18	4	6	Clsd	0.7	26.37	25,235	David Giroux (9.9)	
TRSGX	16.6	1.9	35,420	18	17	15	1554	52	3	78	18	0	35	NL	0.78	28.26	1,645	Charles Shriver (5.1)	
PRSEX	16.7	1.9	35,688	18	17	15	1643	73	15	39	45	1	31	NL	0.58	17.77	1,591	Charles Shriver (5.1)	
TRRGX	17.0	2.0	33,621	17	15	13	19	14	6	51	42	1	29	NL	0.62	14.15	9,571	Clark/Lee (12.2/0.8)	
VBIAX	18.5	2.4	41,448	17	14	14	11876	61	2	59	39	0	5	NL	0.08	30.13	27,493	Management Team	
VASIX	16.5	1.9	29,630				150	20	4	71	4	2	19	5.75	1.07	26.66		Management Team	
VPGDY	16.1	1.8	5,860				58		297		-216	0		5.75	1.52	9.58		Management Team	
VGSTX	16.7	2.0	37,747	19	17	17	12	8	4	61	34	1	25	NL	0.34	23.87	18,581	Coleman/Nejman (3.2/3.2)	
VTTVX	16.5	1.9	29,589	17	14	12	5	24	1	65	33	1	39	NL	0.15	16.09	30,327	Coleman/Nejman (3.2/3.2)	
VTMFY	18.4	2.4	52,270	17	14	14	2318	9	1	48	51	0	0	NL	0.11	27.53	2,746	Management Team	
VWINX	17.6	2.5	101,835	14	14	13	1450	59	3	37	59	1	17	NL	0.23	25.66	44,940	Keogh/Reckmeyer (8.2/9.4)	
VWELX	16.1	2.1	98,481	22	20	13	1285	39	1	65	33	1	14	Clsd	0.26	38.1	89,249	Bousa/Keogh (13.4/10.2)	
WHGIX	17.8	2.4	49,080	19	16	16	65	24	19	52	15	14	2	NL	0.9	14.56	2,336	Freeman/Williams (10.4/10.4)	
DRGTX	23.6	4.3	74,520	79	7	6	152	165	3	97	0	0	1	NL	1.26	53.51	1,236	Chen/Price, Jr. (20.4/20.4)	
CSRSX	44.2	2.7	11,868	97	1	1	46	58	0	100	0	0	0	NL	0.96	72.4	5,636	Management Team	
RPFGX	13.8	1.2	47,566	90	4	4	31	5	3	97	0	0	14	4.75	0.86	40.1	805	Christopher Davis (2.4)	
RFSX	35.3	2.3	11,812	100	0	0	51	34	1	98	0	1	0	NL	0.78	42.78	4,830	Steve Buller (18.4)	
FSENX	34.4	1.5	14,457	97	1	1	90	79	2	98	0	0	3	NL	0.8	40.42	2,442	John Dowd (9.8)	
FSPHX	21.6	2.7	21,058	96	3	1	113	76	1	99	0	0	13	NL	0.73	194.25	7,591	Edward Yoon (7.7)	
FSPTX	25.2	2.9	24,578	85	6	3	229	130	3	97	0	0	24	NL	0.78	119.75	3,024	Charlie Chai (9.3)	
FKUTX	18.1	1.8	17,322	94	5	1	56	9	2	98	1	0	5	4.25	0.73	17.63	6,006	Kohli/Schmicker (17.4/6.4)	
HACMX							194	784	15	0	68	17	17	NL	0.94	3.67	80	Management Team	
PCRDY							459	111	2	0	73	26	-4	NL	1.19	6.8	6,074	Management Team	
PRGTX	31.2	5.0	28,261	73	18	9	66	219	4	95	0	1	33	NL	0.91	13.77	2,744	Joshua Spencer (4.0)	
PRHSX	21.4	2.5	23,563	95	3	1	138	31	1	98	0	1	4	Clsd	0.76	63.64	11,802	Bakri/Tamaddon (0.2/3.2)	
PRMTX	32.4	3.8	56,755	44	29	25	78	13	4	94	0	3	23	NL	0.79	72.28	3,552	Paul Greene II (3.0)	
PRNEX	21.1	1.8	13,229	50	29	8	129	76	2	97	1	0	34	NL	0.67	31.37	3,260	Shawn Driscoll (2.7)	
TRREX	41.5	2.6	12,365	97	2	1	39	6	6	93	0	1	0	NL	0.76	28.17	6,020	David Lee (18.6)	
PRSCX	25.5	2.2	26,593	67	22	7	70	82	11	87	1	2	29	NL	0.84	34.8	3,433	Kennard Allen (7.4)	
TAREX	16.0	1.1	6,703	73	10	10	54	17	5	92	0	3	45	NL	1.1	29.49	2,127	Management Team	
VGENX	21.9	1.2	31,765	97	2	1	151	23	6	94	0	0	29	NL	0.37	48.06	9,916	Management Team	
VGHCX	23.5	2.7	43,145	95	4	1	91	18	2	97	0	1	20	NL	0.36	206.64	47,877	Jean Hynes (8.0)	
VGPMX	34.4	1.0	2,599	98	2	0	64	8	2	96	0	1	89	NL	0.35	9.46	2,629	Jamie Horvat (2.2)	
VGSLX	32.5	2.3	10,078	99	1	0	153	11	0	99	0	0	0	NL	0.12	118.63	50,052	Nejman/OReilly (0.0/20.0)	

18.6 2.6 73,665

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
			Morningstar Rating	Total Return % 05-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst								
						3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 International Equity																	
Foreign Stock			—		0.3	-7.2	3.2	2.8	2.8	—	—	—	—	—	12.58	(86)	—
American Beacon Intl Equity Inv AAPIX	—	FV	★★★★	-0.8	-11.2	1.7	1.7	1.9	53	55	39	27	16	1.2	13.36	(92)	Avg
American Century International Gr Inv TWIEX	🥉 Bronze	FG	★★★	-2.0	-9.5	2.3	2.7	3.4	80	67	56	43	43	0.5	12.52	(85)	Avg
American Funds Europacific Growth A AEPGX	🏆 Gold	FG	★★	-0.8	-9.7	3.0	2.3	3.9	59	71	42	55	27	1.7	11.86	(91)	-Avg
American Funds Intl Gr and Inc A IGAAX	🏆 Gold	FB	↑★★★★	1.2	-11.1	0.4	1.6	—	19	65	76	46	—	3.0	11.74	(93)	Low
Ariel International Investor AINTX	Neutral	FV	★★★★★	0.6	-4.5	5.8	—	—	33	5	1	—	—	0.2	10.97	(91)	Low
Artisan International Investor ARTIX	🥈 Silver	FG	★★★	-2.7	-12.6	2.2	4.5	3.8	88	93	60	15	32	0.5	13.1	(82)	+Avg
Artisan International Small Cap Investor ARTJX	🏆 Gold	FR	★★★	-2.9	-6.5	2.8	5.6	6.1	92	86	78	30	15	0.1	14.09	(64)	+Avg
Artisan International Value Investor ARTKX	🏆 Gold	FB	★★★★★	2.6	-4.9	6.1	7.0	6.7	9	7	3	3	1	0.8	11.47	(85)	Low
Causeway International Value Inv CIVVX	🏆 Gold	FB	★★★	-1.7	-12.1	1.2	2.0	2.5	76	75	60	32	27	1.7	12.58	(89)	Avg
Columbia Acorn International Z ACINX	🥈 Silver	FR	★★★	0.9	-7.6	2.4	3.0	5.3	38	89	84	79	34	1.3	11.36	(90)	-Avg
DFA International Small Company I DFISX	🥈 Silver	FQ	↑★★★★	3.3	-1.4	7.0	4.4	4.5	29	12	25	59	23	2.5	12.71	(85)	Avg
Dodge & Cox International Stock DODFX	🏆 Gold	FB	↑★★★★	-1.3	-18.2	0.5	1.3	2.6	67	98	74	53	26	2.3	15.56	(94)	High
Fidelity Diversified International FDIVX	🥉 Bronze	FG	★★★	-1.0	-7.7	4.8	3.9	2.8	66	48	15	23	60	1.0	12.43	(86)	Avg
Fidelity International Discovery FIGRX	🥉 Bronze	FG	★★★★	-2.4	-7.5	3.7	3.7	3.1	83	46	28	26	48	1.1	12.46	(85)	Avg
Fidelity International Growth FIGFX	🥉 Bronze	FG	★★★★	0.4	-5.4	5.0	4.9	—	35	24	14	11	—	0.7	11.66	(86)	-Avg
Fidelity Overseas FOSFX	🥉 Bronze	FB	★★★★★	0.8	-3.6	7.2	5.8	3.1	26	5	2	4	18	1.0	12.07	(87)	Avg
Fidelity Spartan International Idx Inv FSIIX	🥈 Silver	FB	★★★	-0.8	-10.0	2.1	2.0	2.0	51	48	41	30	39	2.8	12.91	(95)	Avg
First Eagle Overseas A SGOVX	🥉 Bronze	FB	★★★★★	5.0	-0.6	4.5	4.2	5.6	2	2	6	6	3	0.2	9.2	(85)	Low
FMI International FMIJX	🥈 Silver	FB	★★★★★	3.7	-2.4	6.9	9.3	—	5	3	3	1	—	1.7	8.05	(69)	Low
Harbor International Institutional HAINX	🏆 Gold	FB	★★★	1.9	-11.7	0.5	1.1	3.9	12	71	75	58	10	1.7	13.92	(94)	High
Harding Loevner International Eq Inv HLMNX	🥈 Silver	FG	★★★★	2.1	-7.3	2.5	2.5	4.4	14	43	52	47	12	0.7	13.86	(92)	+Avg
IVA International A IVIOX	🥈 Silver	FQ	★★★	0.1	-5.4	3.7	3.9	—	89	64	74	67	—	2.5	6.49	(91)	Low
JOHCM International Select II JOHAX	—	FG	★★★★★	2.2	-15.2	6.9	5.8	—	13	99	5	8	—	0.1	12.64	(65)	+Avg
Litman Gregory Masters Intl Instl MSILX	—	FB	★★★	-4.5	-17.8	-0.9	-0.1	2.6	96	97	91	85	26	1.8	13.17	(89)	+Avg
Longleaf Partners International LLINX	Neutral	FB	★	3.5	-8.9	-1.9	-0.5	1.0	5	32	93	90	72	1.7	17.3	(83)	High
Manning & Napier World Opportunities A EXWAX	🥉 Bronze	FB	↓★★	2.5	-9.2	-1.1	-1.3	2.4	9	36	93	93	28	1.8	13.9	(91)	+Avg
Neuberger Berman International Eq Inv NIQVX	🥈 Silver	FB	↑★★★★★	1.2	-4.7	4.5	2.7	2.4	19	6	6	17	30	0.4	11.79	(87)	-Avg
Oakmark International I OAKIX	🏆 Gold	FB	★★★★	-4.0	-14.5	-0.2	3.5	4.3	95	91	86	9	6	2.3	15.3	(90)	High
Oakmark International Small Cap I OAKEX	🥉 Bronze	FQ	↓★★	2.3	-9.9	3.5	3.3	3.9	43	97	78	75	37	2.4	14.38	(86)	High
Oppenheimer International Growth A OIGAX	🥈 Silver	FG	★★★★	0.9	-5.0	3.8	4.5	5.3	29	18	25	17	1	0.9	12.84	(86)	Avg
T. Rowe Price International Discovery PRIDX	🥈 Silver	FR	★★★★	0.5	-1.0	8.1	6.9	6.3	52	24	15	17	13	0.6	10.85	(84)	Low
T. Rowe Price International Gr & Inc TRIGX	Neutral	FV	↓★★★★	0.0	-11.6	1.7	1.3	1.8	38	57	39	35	21	2.1	12.36	(93)	-Avg
T. Rowe Price International Stock PRITX	Neutral	FG	★★★	1.4	-8.7	3.2	2.3	3.3	23	58	39	52	43	1.1	13.12	(94)	+Avg
T. Rowe Price Overseas Stock TROX	🥉 Bronze	FB	★★★★	0.0	-11.1	2.3	2.2	—	37	64	36	27	—	2.1	12.16	(95)	-Avg
Tweedy, Browne Global Value TBGVX	🥈 Silver	FV	★★★★★	1.0	-5.0	3.1	5.4	5.0	30	7	20	1	1	0.8	8.48	(83)	Low
USAA International USIFX	🥉 Bronze	FG	★★★★	-1.2	-9.7	2.1	2.5	3.7	70	73	65	45	32	1.3	12.81	(91)	Avg
Vanguard Developed Markets Idx Admiral VTMGX	🏆 Gold	FB	↑★★★★	-0.1	-9.1	2.5	2.3	2.1	40	34	31	26	34	2.9	12.9	(96)	Avg
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	🏆 Gold	FB	↑★★★★	0.8	-11.1	0.9	<i>0.3</i>	—	26	64	67	79	—	2.9	13.13	(98)	+Avg
Vanguard FTSE All-Wld ex-US SmCap Idx Inv VFSVX	🥈 Silver	FQ	★★	3.1	-6.3	3.1	1.0	—	31	89	84	90	—	2.4	12.98	(89)	Avg
Vanguard International Explorer Inv VINEX	Neutral	FQ	★★★	0.1	-2.9	7.7	4.4	4.2	91	35	12	57	34	1.5	11.7	(84)	-Avg
Vanguard International Growth Inv VWIGX	🥈 Silver	FG	★★★	-0.2	-9.7	2.9	2.3	3.7	45	71	46	52	35	1.4	14.77	(95)	High
Vanguard International Value Inv VTRIX	🥉 Bronze	FV	★★★	0.3	-13.5	0.4	1.1	1.7	34	75	62	41	25	2.1	13.95	(96)	+Avg
Vanguard Total Intl Stock Index Admiral VTIAX	🏆 Gold	FB	★★	1.0	-10.7	1.0	0.5	<i>2.0</i>	22	59	64	76	37	2.8	13.04	(98)	Avg
Virtus Foreign Opportunities A JVIAX	🥉 Bronze	FG	★★★★	2.9	1.6	3.0	4.9	4.5	5	1	44	12	11	0.9	11.63	(78)	Low
World Stock			—	1.5	-5.2	5.3	5.3	4.4	—	—	—	—	—	—	12.18	(81)	—
American Funds Capital World Gr&Inc A CWGIX	🏆 Gold	—	★★★	2.0	-5.0	5.6	5.8	5.4	41	43	47	42	26	2.4	11.36	(91)	-Avg
American Funds New Perspective A ANWPX	🏆 Gold	—	★★★★	-0.6	-3.1	7.5	7.6	6.8	78	27	14	12	5	0.7	11.86	(86)	Avg
American Funds SMALLCAP World A SMCWX	🥉 Bronze	—	★★★	0.5	-7.9	6.1	6.3	6.1	59	72	37	32	11	0.0	12.82	(66)	+Avg
Artisan Global Equity Investor ARTHX	—	—	★★★★	-0.9	-9.2	4.6	9.2	—	83	83	66	2	—	0.0	12.75	(73)	+Avg
MSCI World Index				1.8	-4.0	6.5	6.5	4.5									
MSCI EAFE Index				-0.6	-10.1	2.0	1.9	1.7									

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

FA Foreign-Small/Mid Value
 FB Foreign-Large Blend
 FG Foreign-Large Growth
 FQ Foreign Small/Mid Blend
 FR Foreign-Small/Mid Growth
 FV Foreign-Large Value
 SC Communications
 SF Financial
 SH Health
 SN Natural Resources
 SP Equity Precious Metals
 SR Real Estate
 SU Utilities
 ST Technology

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Other													
	—	0.9	5,889	54	7	1	17	15	1	—	13	4	96	-1	0	—	1.32	—	1,696	—	
AAIPX	■	4.4	32,162	62	4	0	13	9	1	179	33	5	95	0	0	NL	1.07	17.38	2,587	Management Team	
TWIEX	■	9.3	23,386	70	3	0	15	7	0	111	62	1	96	0	3	NL	1.17	11.15	1,616	Gandhi/Gendelman (8.2/1.2)	
AEPGX	■	7.0	33,556	41	4	2	12	26	2	481	30	8	86	1	5	5.75	0.83	45.02	123,030	Management Team	
IGAAAX	■	5.3	26,793	45	7	3	8	22	2	180	25	1	88	2	8	5.75	0.91	28.59	10,632	Management Team	
AINTX	■	9.1	29,290	54	7	0	13	10	1	86	34	11	89	0	0	NL	1.26	12.63	139	Rupal Bhansali (4.4)	
ARTIX	■	9.2	40,002	59	14	1	11	7	0	74	45	4	94	0	2	Clsd	1.17	27.9	16,966	Management Team	
ARTJX	■	6.1	2,242	79	3	0	7	4	0	41	43	6	94	0	0	Clsd	1.52	23.43	918	Hamker/Yockey (4.3/14.4)	
ARTKX	■	7.4	24,513	56	15	3	5	12	0	53	23	10	90	0	0	Clsd	1.21	32.55	11,384	O'Keefe/Samra (9.6/13.7)	
CIVVX	■	4.4	39,724	69	1	0	13	12	0	60	28	4	96	0	0	NL	1.15	13.75	5,733	Management Team	
ACINX	■	9.6	4,513	46	6	1	22	22	1	140	50	0	99	0	1	NL	0.98	39.49	6,110	Egan/Mendes (13.1/13.1)	
DFISX	■	4.6	1,540	54	8	0	22	12	1	4126	0	1	97	0	1	NL	0.54	17.7	9,869	Management Team	
DODFX	■	4.6	35,591	40	11	7	12	12	7	84	18	0	97	0	3	Clsd	0.64	36.02	55,225	Management Team	
FDIVX	■	6.3	27,664	54	15	1	14	11	3	225	31	1	99	0	0	NL	1.0	34.7	20,914	William Bower (15.2)	
FIGRX	■	6.8	17,445	58	6	0	17	11	3	214	60	2	98	0	0	NL	0.99	38.47	10,092	William Kennedy (11.6)	
FIGFX	■	10.4	36,511	52	20	1	14	10	2	94	26	2	98	0	0	NL	0.97	11.18	1,704	Jed Weiss (8.6)	
FOSEFX	■	7.9	15,597	64	9	0	18	6	1	176	28	2	98	0	0	NL	1.04	41.17	5,302	Vincent Montemaggiore (4.3)	
FSIIX	■	5.2	31,414	63	1	0	22	12	1	957	1	1	99	0	0	NL	0.2	35.61	14,665	Management Team	
SGOVX	■	6.3	13,020	29	6	3	21	13	1	162	12	16	73	1	10	Clsd	1.16	23.07	14,191	Brooker, Jr./McLennan (6.2/7.7)	
FMIJX	■	12.0	20,022	40	20	0	11	10	0	47	9	16	81	0	3	NL	0.98	29.23	3,880	Management Team	
HAINX	■	5.9	44,884	71	11	2	8	3	0	80	25	2	96	0	2	NL	0.76	60.53	40,196	Management Team	
HLMNX	■	10.5	38,370	52	6	1	17	15	5	55	12	4	96	0	0	NL	1.16	17.44	5,781	Management Team	
IIVOX	■	9.0	6,462	18	3	0	12	18	0	98	27	37	52	4	7	Clsd	1.25	15.6	3,819	de Lardemelle/de Vaulx (7.7/7.7)	
JOHAX	■	9.3	23,620	56	4	0	21	9	2	44	50	7	93	0	0	Clsd	1.3	18.22	3,556	Lees/Richyal (6.8/6.8)	
MSILX	■	3.9	29,508	68	7	2	9	7	0	53	51	5	93	0	2	NL	0.99	15.41	1,026	Management Team	
LLINX	■	3.7	9,607	42	1	5	4	49	0	22	52	-5	100	0	5	NL	1.28	12.78	1,016	Management Team	
EXWAX	■	11.5	35,179	48	20	9	3	16	0	44	71	3	97	0	0	NL	1.09	6.94	1,401	Management Team	
NIQVX	■	7.1	13,067	64	7	0	12	7	5	95	25	3	96	0	1	NL	1.25	20.54	1,484	Benjamin Segal (10.9)	
OAKIX	■	2.8	26,425	65	2	1	17	10	0	70	48	3	96	0	1	Clsd	0.95	20.5	25,328	Herro/Taylor (23.7/7.4)	
OAKEX	■	3.5	2,120	58	6	2	8	22	0	65	46	3	95	0	2	Clsd	1.35	14.5	2,606	Herro/Manelli (20.6/5.0)	
OIGAX	■	8.4	15,704	74	8	1	6	6	1	109	10	2	97	0	1	5.75	1.14	36.41	23,026	Dunphy/Evans (4.2/20.2)	
PRIDX	■	5.0	1,894	40	1	3	21	24	1	219	39	8	91	0	1	NL	1.2	54.21	4,500	Justin Thomson (17.4)	
TRIGX	■	5.6	19,491	56	2	1	16	15	3	122	25	8	92	0	0	NL	0.84	13.07	11,920	Jonathan Matthews (5.9)	
PRITX	■	6.6	28,636	46	7	3	14	24	2	126	32	5	95	0	0	NL	0.83	15.5	14,584	Richard Clattenburg (1.2)	
TROX	■	5.1	31,354	59	2	1	18	13	0	163	12	6	93	0	0	NL	0.84	8.99	11,678	Raymond Mills (9.4)	
TBGVX	■	5.9	28,940	59	11	1	1	8	0	193	8	19	81	0	0	NL	1.37	24.7	9,023	Management Team	
USIFX	■	5.6	16,152	62	5	0	20	9	1	579	17	1	99	0	1	NL	1.12	26.4	3,430	Management Team	
VTMGX	■	5.0	21,516	55	7	0	21	14	1	3750	3	1	98	0	1	NL	0.09	11.76	53,877	Franquin/Louie (3.2/0.1)	
VFWAX	■	4.8	25,072	45	6	3	17	22	4	2536	3	0	97	0	3	NL	0.13	27.13	24,942	Franquin/Hales (0.2/0.2)	
VFSVX	■	4.9	1,388	37	14	2	15	27	2	3425	9	1	98	0	2	NL	0.31	36.5	3,338	Miller/Perre (0.7/0.2)	
VINEX	■	7.1	1,747	55	1	0	23	14	0	327	42	4	93	0	3	NL	0.42	16.96	2,980	Dobbs/Thomas (16.4/5.9)	
VWIGX	■	5.7	30,821	44	8	2	11	22	2	172	29	1	95	0	3	NL	0.47	21.06	21,369	Management Team	
VTRIX	■	4.2	29,268	49	3	2	22	15	4	157	36	3	95	0	3	NL	0.46	31.17	7,823	Management Team	
VTIAX	■	4.8	18,433	44	7	3	17	22	3	5997	3	0	99	0	1	NL	0.12	24.41	203,422	Louie/Perre (0.2/7.7)	
JVIAX	■	12.8	53,965	58	19	0	5	16	2	45	32	0	98	0	2	5.75	1.41	29.18	1,547	Management Team	
	—	6.4	41,172	28	52	1	6	8	1	—	55	3	97	0	0	—	1.3	—	1,551	—	
CWGIX	■	8.1	45,479	30	44	1	3	14	1	421	35	2	93	1	5	5.75	0.77	44.0	82,081	Management Team	
ANWPX	■	11.1	55,125	28	48	0	5	7	2	337	27	9	90	0	1	5.75	0.75	35.79	59,177	Management Team	
SMCWX	■	7.2	2,763	18	44	2	6	16	2	609	33	2	88	1	9	5.75	1.07	43.86	27,842	Management Team	
ARTHX	■	10.9	31,538	27	64	0	3	5	0	58	78	1	99	0	0	NL	1.37	15.9	276	Management Team	

Equity Style Box

Val	Blnd	Grth
■	■	■
■	■	■
■	■	■

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	Total Return % 05-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr				10 Yr
World Stock (cont'd)			—	1.5	-5.2	5.3	5.3	4.4	—	—	—	—	—	—	12.18 (81)	—
Artisan Global Opportunities Inv ARTRX	Silver	★★★★★	★★★★★	3.3	0.4	8.5	9.3	—	27	13	7	2	—	0.1	13.54 (75)	+Avg
Artisan Global Value Investor ARTGX	Silver	★★★★★	★★★★★	4.0	-2.1	6.7	9.3	—	19	21	22	2	—	0.3	11.53 (83)	-Avg
BBH Global Core Select N BBGNX	—	★★★	★★★	4.7	-1.4	4.9	—	—	13	18	60	—	—	0.6	10.28 (82)	Low
Dodge & Cox Global Stock DODWX	Gold	★★★	★★★	1.9	-10.1	5.5	6.0	—	43	88	50	36	—	1.7	14.16 (90)	High
Fidelity Worldwide FWWFX	—	★★★★	★★★★	-0.7	-4.4	6.7	6.9	6.1	79	37	22	20	12	0.6	12.31 (73)	Avg
Franklin Mutual Global Discovery A TEDIX	Silver	★★★★	★★★★	1.2	-7.8	4.3	5.7	5.8	50	71	70	45	19	1.5	10.45 (84)	Low
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★	★★★★	1.9	-2.4	7.1	6.0	6.0	42	23	18	38	13	0.1	12.31 (85)	Avg
Janus Global Research T JAWWX	Bronze	★★★	★★★	-0.3	-9.7	6.3	5.5	6.7	74	86	33	52	7	0.7	12.66 (84)	+Avg
MFS Global Equity A MWEFX	Gold	★★★★	★★★★	4.0	-2.5	6.5	7.9	6.8	20	24	26	10	5	0.7	12.16 (85)	Avg
Oakmark Global I OAKGX	Gold	★★★	★★★	-5.2	-12.5	2.6	5.1	5.0	99	96	88	59	37	1.2	14.66 (82)	High
Oakmark Global Select I OAKWX	Silver	★★★★	★★★★	-3.5	-6.3	5.1	7.5	—	96	58	57	13	—	0.8	14.11 (83)	+Avg
Old Westbury Small & Mid Cap OWSMX	—	★★★★	★★★★	3.2	-1.1	6.5	5.8	7.8	29	17	27	41	2	0.7	10.99 (81)	-Avg
Oppenheimer Global A OPPAX	Silver	★★★	★★★	-4.6	-10.4	5.2	5.3	4.8	97	89	57	56	45	0.7	13.68 (81)	+Avg
Oppenheimer Global Opportunities A OPGIX	—	★★★★	★★★★	3.8	12.6	12.5	8.3	6.9	22	1	1	6	4	0.1	16.57 (36)	High
Perkins Global Value T JGVAX	Bronze	★★★★	★★★★	1.8	-3.6	4.6	6.2	4.9	44	31	66	34	40	2.0	8.38 (83)	Low
Tweedy, Browne Value TWEBX	Silver	★★★★	★★★★	2.8	-4.9	3.2	6.0	5.3	32	42	84	37	31	1.0	10.07 (82)	Low
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★★	★★	1.1	-9.0	0.8	3.2	—	51	82	95	83	—	2.7	11.55 (91)	-Avg
USAA World Growth USAWX	Silver	★★★★★	★★★★★	4.1	-2.5	6.6	8.0	6.9	19	23	24	8	4	0.7	12.18 (84)	Avg
Vanguard Global Equity Inv VHGX	Bronze	★★★★	★★★★	1.2	-4.6	6.4	6.4	4.4	50	39	30	29	55	1.7	11.66 (87)	Avg
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR	NR	3.5	3.0	—	—	—	25	6	—	—	—	1.7	— (—)	—
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★★	★★★★	2.3	-5.3	5.6	5.4	—	37	45	48	55	—	2.1	11.8 (93)	Avg
Regional Stock																
Matthews Asia Dividend Investor MAPIX	Silver	DP	★★★	3.3	-6.0	2.8	5.1	—	3	28	50	13	—	1.6	11.92 (83)	Low
Matthews Asian Growth & Inc Investor MACSX	Silver	PJ	★★★★	3.9	-6.7	-0.5	2.8	6.5	10	4	61	21	60	2.4	11.2 (82)	Low
Matthews China Investor MCHFX	Bronze	CH	★★★	-13.9	-29.3	-2.8	-4.6	7.4	100	85	83	95	26	1.1	20.82 (56)	+Avg
Matthews Emerging Asia Investor MEASX	—	PJ	★★★★★	4.2	1.4	5.6	—	—	7	2	2	—	—	0.0	10.5 (52)	Low
Matthews India Investor MINDX	—	EI	★★★	0.2	-6.9	15.7	6.7	10.7	88	88	6	14	1	0.1	22.31 (23)	+Avg
Matthews Pacific Tiger Investor MAPTX	Silver	PJ	★★★★	1.2	-9.6	3.4	3.8	8.9	29	13	5	4	1	1.6	14.78 (68)	Avg
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	-0.9	-12.3	0.3	1.0	8.2	57	24	35	33	15	1.3	14.28 (75)	Avg
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★	-0.1	-9.7	2.4	1.9	2.3	40	47	66	71	60	3.2	13.95 (89)	+Avg
Diversified Emerg. Mkts.																
American Funds New World A NEWFX	Gold	★★★★★	★★★★★	1.2	-8.8	-0.6	0.0	5.0	67	9	7	5	10	0.6	12.36 (93)	Low
Causeway Emerging Markets Investor CEMVX	Bronze	★★★	★★★	0.6	-21.0	-5.0	-3.8	—	74	93	57	38	—	1.5	16.65 (79)	+Avg
DFA Emerging Markets Value I DFEVX	Bronze	★★	★★	4.6	-19.0	-7.0	-7.1	3.2	23	83	86	92	41	2.7	18.7 (76)	High
Harding Loevner Emerging Markets Advisor HLEMX	Silver	★★★★	★★★★	5.5	-11.9	-2.0	-0.9	4.2	14	22	16	11	20	0.5	15.64 (84)	Avg
Lazard Emerging Markets Equity Open LZOEK	Silver	★★★	★★★	7.6	-15.0	-5.8	-4.2	3.7	5	49	69	46	30	1.2	18.3 (75)	High
Oppenheimer Developing Markets A ODMAX	Silver	★★★★	★★★★	1.9	-13.2	-3.6	-2.2	5.8	55	32	28	18	3	0.4	16.23 (84)	Avg
Parametric Emerging Markets Investor EAEMX	Bronze	★★★	★★★	5.5	-14.0	-4.9	-4.3	—	14	38	55	48	—	0.0	14.78 (82)	-Avg
Seafarer Overseas Gr and Income Investor SFGIX	Bronze	★★★★★	★★★★★	6.6	-9.7	0.6	—	—	10	11	3	—	—	1.0	14.68 (77)	Avg
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	★★★★	★★★★	4.8	-12.3	-2.5	-3.0	3.2	21	26	18	26	38	0.5	16.6 (77)	+Avg
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	★★★	★★★	2.6	-18.4	-4.4	-4.8	3.0	45	77	45	57	44	3.1	16.87 (78)	+Avg
Virtus Emerging Markets Opportunities A HEMZX	Bronze	★★★★★	★★★★★	4.3	-6.0	-2.6	0.8	6.6	24	2	18	2	1	0.7	14.21 (62)	-Avg
World Allocation																
American Funds Capital Income Bldr A CAIBX	Silver	★★★★	★★★★	5.1	-1.0	5.4	6.1	5.4	13	10	6	4	22	3.5	8.74 (87)	Avg
BlackRock Global Allocation Inv A MDLOX	Gold	★★★	★★★	0.1	-5.6	2.8	3.1	5.1	87	65	51	56	32	1.1	7.22 (93)	-Avg
First Eagle Global A SGENX	Bronze	★★★★★	★★★★★	6.0	0.9	5.5	5.9	6.9	8	3	5	7	3	0.1	8.58 (89)	Avg
Franklin Mutual Quest A TEQIX	Silver	★★★★	★★★★	5.5	-4.5	4.4	5.8	5.4	10	51	19	7	25	4.2	8.59 (88)	Avg
IVA Worldwide A IWVAX	Silver	★★★	★★★	1.0	-3.9	3.3	3.3	—	79	39	39	51	—	1.3	5.9 (89)	Low
PIMCO Global Multi-Asset D PGMDX	—	★	★	-0.3	-6.4	-0.8	-0.6	—	90	73	89	92	—	0.0	9.37 (74)	Avg
T. Rowe Price Global Allocation RPGAX	—	★★★★★	★★★★★	2.3	-3.0	4.7	—	—	50	31	14	—	—	0.9	7.85 (96)	Avg
MSCI Emerging Markets Index				2.9	-17.6	-4.9	-5.4	2.5								
MSCI World Index				1.8	-4.0	6.5	6.5	4.5								
MSCI Pacific Index				-1.6	-9.2	2.2	3.3	1.8								

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
DP Diversified Pacific/Asia Stock
EI India Equity
ES Europe Stock
FA Foreign-Small/Mid Value

FB Foreign-Large Blend
FG Foreign-Large Growth
FR Foreign-Small/Mid Growth
FV Foreign-Large Value
JS Japan Stock

LS Latin America Stock
PJ Pacific/Asia ex-Japan Stock
TV Tactical Allocation

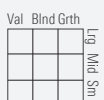
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/ Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Hold- ings	Turn- over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-		Other	Cash			Stock	Bond	Other						
							Japan	Japan													
	—	6.4	41,172	28	52	1	6	8	1	—	55	3	97	0	0	—	1.3	—	1,551	—	
ARTRX	■	13.7	24,532	17	56	3	8	9	0	53	55	8	92	0	0	NL	1.19	20.19	1,519	Management Team	
ARTGX	■	6.2	47,283	27	53	3	0	9	0	49	19	9	91	0	0	NL	1.29	14.81	1,772	O'Keefe/Samra (8.4/8.4)	
BBGNX	■	13.9	39,956	37	53	0	0	0	0	40	31	9	91	0	0	NL	1.25	11.32	115	Hartch/Lombardi (3.2/3.2)	
DODWX	■	6.0	44,092	21	53	5	2	11	4	88	20	1	96	0	3	NL	0.63	10.66	5,937	Management Team	
FWWFX	■	9.7	24,437	26	58	0	7	5	2	312	151	1	99	0	0	NL	0.96	22.06	1,557	DuFour/Kennedy (8.7/10.4)	
TEDIX	■	6.3	40,584	33	48	0	0	6	2	171	21	6	90	3	2	5.75	1.24	29.21	23,285	Management Team	
HLMGX	■	9.3	30,994	18	55	2	10	7	5	72	45	2	98	0	0	NL	1.18	31.36	835	Management Team	
JAWWX	■	8.4	31,731	18	67	0	4	6	0	134	51	0	95	0	5	NL	0.88	61.56	2,479	Carmel Wellso (1.4)	
MWVFX	■	11.3	42,250	38	57	1	1	1	1	98	8	1	98	0	0	5.75	1.22	35.64	2,271	Mannheim/Morley (24.2/6.7)	
OAKGX	■	4.5	28,448	37	42	1	10	8	0	39	36	2	98	0	0	Clsd	1.12	25.69	2,552	McGregor/Taylor (12.6/10.7)	
OAKWX	■	6.8	53,971	39	48	0	4	5	0	23	48	3	97	0	0	NL	1.13	14.91	2,124	Herro/Nygren (9.7/9.7)	
OWSMX	■	7.6	3,362	17	50	1	8	11	2	5556	50	10	89	0	0	NL	1.13	15.35	5,363	Management Team	
OPPAX	■	5.2	37,049	36	45	1	13	5	0	88	11	0	100	0	0	5.75	1.14	71.7	9,230	Rajeev Bhaman (11.8)	
OPGIX	■	13.7	3,003	47	43	0	7	1	0	94	16	3	97	0	0	5.75	1.19	46.52	3,519	Frank Jennings (20.7)	
JGVAX	■	4.8	41,082	27	46	3	6	3	0	77	25	15	85	0	0	NL	0.89	13.22	227	Chessen/Kolb (2.4/11.0)	
TWEBX	■	4.3	63,988	40	43	0	0	5	0	73	6	11	89	0	0	NL	1.37	20.37	521	Management Team	
TBHDX	■	7.3	68,620	64	21	0	0	8	0	30	7	7	93	0	0	NL	1.36	8.98	330	Management Team	
USAWX	■	10.6	39,097	38	57	1	1	1	1	103	9	0	99	0	1	NL	1.17	27.2	1,179	Mannheim/Morley (13.9/6.7)	
VHGEX	■	6.1	20,988	18	54	1	9	12	2	824	36	3	95	0	2	NL	0.57	23.93	4,318	Management Team	
VMVFX	■	8.1	8,506	18	56	2	3	16	1	403	57	2	96	0	2	NL	0.27	11.7	1,499	Management Team	
VTWSX	■	6.6	29,495	21	55	1	8	10	2	7479	7	0	100	0	0	NL	0.25	23.91	7,023	Franquin/Louie (3.2/0.2)	
MAPIX	■	5.9	10,637	0	2	0	32	64	0	68	35	0	100	0	0	NL	1.05	15.86	4,699	Management Team	
MACSX	■	10.3	14,187	3	4	0	6	77	0	60	16	0	90	0	10	NL	1.09	16.65	2,924	Horrocks/Lowe (7.1/4.4)	
MCHFX	■	2.3	25,599	0	0	0	0	87	0	38	66	0	99	0	1	NL	1.14	15.86	571	Management Team	
MEASX	■	8.0	692	0	0	0	0	100	0	66	12	0	100	0	0	NL	1.5	11.74	136	Harvey/Ishida (3.1/3.1)	
MINDX	■	23.3	3,646	0	5	0	0	90	5	50	9	0	100	0	0	NL	1.11	26.49	1,541	Asnani/Shroff (5.6/9.9)	
MAPTX	■	2.6	13,036	3	3	0	0	93	0	66	12	0	99	0	1	NL	1.07	23.82	6,741	Gupta/Shroff (1.1/8.4)	
PRASX	■	6.9	20,378	2	0	0	0	93	0	82	53	3	96	0	1	NL	0.94	15.13	2,517	Anh Lu (2.0)	
VEUSX	■	5.8	29,449	98	1	0	0	0	0	1239	13	0	98	0	1	NL	0.12	62.08	19,672	Franquin/Hales (0.2/0.2)	
	—	5.2	18,255	3	2	13	0	61	16	—	77	3	98	-1	0	—	1.52	—	1,192	—	
NEWFX	■	8.0	21,305	19	13	4	4	32	7	494	41	3	80	7	10	5.75	1.04	50.59	23,070	Management Team	
CEMVX	■	2.8	15,776	0	0	10	0	73	20	139	100	-4	104	0	0	NL	1.48	9.72	2,610	Management Team	
DFEVX	■	2.4	6,398	0	0	16	0	65	16	2271	6	1	97	0	2	NL	0.56	21.28	14,550	Management Team	
HLEMX	■	5.7	18,193	3	1	17	0	54	20	81	30	3	97	0	0	NL	1.45	41.39	2,392	Management Team	
LZOEX	■	2.9	19,871	0	0	13	0	58	23	83	14	3	96	0	1	Clsd	1.37	14.87	9,914	Management Team	
ODMAX	■	6.7	21,560	7	1	14	1	56	12	93	36	5	92	0	3	Clsd	1.3	30.98	28,072	Lech/Leverenz (0.7/9.1)	
EAEMX	■	3.9	5,819	3	1	18	0	40	33	1670	8	2	95	0	3	NL	1.36	12.13	3,187	Atwill/Seto (2.0/9.2)	
SFGIX	■	6.3	6,534	0	0	19	3	45	18	54	28	9	85	4	2	NL	1.15	11.03	1,244	Andrew Foster (4.2)	
PRMSX	■	6.1	23,472	3	0	14	0	64	16	97	15	2	98	0	0	NL	1.24	29.86	8,918	Gonzalo Pangaro (7.7)	
VEMAX	■	3.9	13,810	0	0	15	0	64	17	3992	7	0	99	0	1	NL	0.15	27.99	63,910	Miller/Perre (0.2/7.7)	
HEMZK	■	13.3	39,690	20	3	13	0	59	5	62	27	0	99	0	1	5.75	1.56	9.05	7,550	Management Team	
	—	6.2	36,971	14	25	1	4	6	1	—	70	15	54	34	-3	—	1.27	—	2,811	—	
CAIBX	■	8.7	50,468	26	46	0	1	6	0	1449	63	2	80	16	2	5.75	0.59	58.17	99,618	Management Team	
MDLOX	■	5.4	33,524	11	32	1	8	3	0	870	84	19	56	22	3	5.25	1.14	17.85	46,470	Management Team	
SGENX	■	7.3	23,834	15	42	1	12	5	0	181	11	15	76	0	9	5.00	1.11	54.43	47,630	Brooker, Jr./McLennan (5.2/7.7)	
TEQIX	■	3.2	17,925	13	29	0	0	2	1	155	30	16	48	31	5	5.75	1.07	15.08	4,967	Luh/Tumulty (5.4/12.5)	
IVWAX	■	9.9	22,889	12	22	0	7	9	0	99	30	40	49	4	7	Clsd	1.25	16.49	8,440	de Lardemelle/de Vaulx (7.7/7.7)	
PGMDX	■	7.1	44,106	8	28	0	0	1	0	315	380	-34	53	65	16	NL	1.57	10.9	736	Sundstrom/Worah (0.8/2.3)	
RPGAX	■	6.5	26,895	16	25	1	5	9	1	1366	33	6	57	27	10	NL	1.2	10.75	161	Charles Shriver (3.0)	

Equity Style Box



Bold # = Cheapest Quintile

Morningstar 500 Bond Funds			Historical Performance											Historical Risk			
			Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 05-31-16					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
					YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
High-Quality Bond			—	3.0	1.7	1.8	2.7	4.0	—	—	—	—	—	—	3.24 (62)	—	
AMG GW&K Core Bond Service MBDFX	—	CI	★★★★	4.0	2.7	2.5	3.2	5.7	14	17	46	52	12	2.1	3.36 (92)	+Avg	
AMG Managers Bond Service MGFIX	—	CI	★★★★	4.2	1.7	2.5	4.1	6.1	7	63	48	11	4	2.8	3.57 (45)	High	
Baird Aggregate Bond Inst BAGIX	🥈 Silver	CI	★★★★★	3.7	3.1	3.3	4.3	5.3	24	7	7	7	24	2.4	2.87 (98)	Avg	
Dodge & Cox Income DODIX	🥇 Gold	CI	★★★★	3.5	1.8	2.9	3.6	5.4	35	60	22	29	21	—	2.77 (57)	Avg	
DoubleLine Total Return Bond I DBLTX	—	CI	★★★★★	2.1	2.6	3.2	4.8	—	93	22	9	2	—	3.4	2.47 (83)	-Avg	
Fidelity GNMA FGMNX	🥇 Gold	GI	★★★★★	2.0	2.2	2.8	2.9	5.1	58	25	8	13	7	2.0	2.49 (71)	Avg	
Fidelity Government Income FGOVX	🥇 Gold	GI	★★★★	2.7	2.4	2.3	2.8	4.6	9	14	23	18	23	1.4	2.75 (92)	+Avg	
Fidelity Intermediate Bond FTHRX	🥈 Silver	CI	↓★★	2.9	2.1	2.1	2.8	4.3	72	46	67	75	68	1.6	2.18 (91)	Low	
Fidelity Investment Grade Bond FBNDX	🥈 Silver	CI	★★★	4.3	1.5	2.4	3.4	4.5	5	71	50	40	63	2.9	3.1 (83)	+Avg	
Fidelity Mortgage Securities FMSFX	—	CI	★★★	2.3	2.6	3.1	3.1	4.1	89	23	13	55	74	2.2	2.35 (81)	-Avg	
Fidelity Spartan US Bond Idx Investor FBIDX	🥉 Bronze	CI	★★★	3.4	2.9	2.7	3.1	4.6	43	11	30	54	59	2.0	2.91 (99)	Avg	
Fidelity Total Bond FTBFX	🥇 Gold	CI	★★★★	4.5	2.4	2.9	3.7	5.3	4	34	17	22	22	3.2	3.12 (79)	+Avg	
Harbor Bond Institutional HABDX	🥉 Bronze	CI	★★★★	2.8	1.5	2.2	3.1	5.7	74	70	62	57	11	2.5	3.39 (78)	+Avg	
Harbor Real Return Instl HARRX	—	IP	★★★	3.6	-0.3	-0.7	1.6	4.3	42	68	61	35	15	0.6	5.47 (65)	+Avg	
Janus Flexible Bond T JAFIX	Neutral	CI	★★★★	2.7	1.4	2.5	3.6	5.9	79	75	45	30	7	2.5	2.56 (93)	-Avg	
Loomis Sayles Investment Grade Bond A LIGRX	🥇 Gold	CI	↓★★	4.1	-0.7	1.1	3.0	5.9	10	96	94	61	7	2.4	5.06 (24)	High	
Metropolitan West Total Return Bond M MWTRX	🥇 Gold	CI	★★★★★	2.8	1.9	2.6	4.3	6.4	77	56	37	8	2	1.7	2.67 (93)	-Avg	
PIMCO Investment Grade Corp Bd Instl PIGIX	🥈 Silver	TW	★★★★★	5.1	2.9	3.8	5.6	7.8	41	29	21	13	10	3.3	4.62 (75)	+Avg	
PIMCO Low Duration D PLDDX	🥉 Bronze	CS	★★★	0.9	0.5	0.6	1.3	3.5	79	66	72	54	25	1.7	1.63 (27)	+Avg	
PIMCO Real Return D PRRDX	🥈 Silver	IP	★★★	3.6	-0.3	-0.9	1.6	4.3	41	70	72	37	17	1.6	5.66 (68)	High	
PIMCO Short-Term D PSHDX	🥈 Silver	UB	↑★★★★★	0.8	1.0	0.9	1.1	2.2	21	7	9	26	11	1.6	1.09 (0)	High	
PIMCO Total Return Instl PTTRX	🥉 Bronze	CI	★★★★	2.5	2.0	2.1	3.4	6.1	85	53	67	43	5	2.8	3.55 (77)	High	
Scout Core Plus Bond Instl SCPZX	🥈 Silver	CI	★★★★★	4.3	2.7	2.2	4.2	7.0	6	20	66	9	1	1.7	2.35 (51)	-Avg	
T. Rowe Price Corporate Income PRPIX	—	TW	★★★★	5.1	2.9	3.7	5.0	5.9	45	26	23	28	40	2.8	4.33 (81)	Avg	
T. Rowe Price GNMA PRGMX	—	GI	★★★	1.6	1.6	2.1	2.3	4.4	84	59	38	47	31	1.9	2.3 (68)	Avg	
T. Rowe Price New Income PRCIX	🥉 Bronze	CI	★★★★	3.4	2.5	2.5	3.2	5.1	39	27	44	51	31	2.2	2.89 (93)	Avg	
T. Rowe Price Short-Term Bond PRWBX	Neutral	CS	★★★	1.1	0.7	0.8	1.1	2.9	69	53	57	67	49	1.2	0.91 (52)	Avg	
TCW Total Return Bond I TGLMX	🥉 Bronze	CI	★★★★★	2.4	2.4	3.2	4.9	7.1	86	33	10	1	1	2.6	2.53 (82)	-Avg	
USAA Income USAIX	—	CI	★★★★	4.6	2.2	2.8	3.9	5.5	3	42	28	17	17	3.2	3.02 (81)	+Avg	
Vanguard GNMA Inv VFIIIX	🥇 Gold	GI	★★★★	2.3	2.6	3.2	2.9	4.9	32	9	1	12	12	2.2	2.4 (75)	Avg	
Vanguard Inflation-Protected Secs Inv VIPSX	🥇 Gold	IP	★★★★	4.0	1.3	0.2	2.2	4.3	21	6	17	7	13	-0.2	4.86 (77)	+Avg	
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	4.3	3.7	3.2	4.4	6.1	6	2	9	5	5	2.2	4.19 (97)	High	
Vanguard Interm-Term Invmt-Grade Inv VFICX	🥈 Silver	TW	★★★★	4.1	3.8	3.5	4.4	5.9	79	15	32	51	42	2.4	3.4 (90)	-Avg	
Vanguard Interm-Term Treasury Inv VFITX	—	GI	↓★★★★	3.1	3.1	2.2	2.9	5.1	2	2	33	8	6	1.2	3.48 (86)	High	
Vanguard Long-Term Investment-Grade Inv VWESX	Under Review	TW	★★★★★	8.8	8.2	6.5	8.0	8.0	5	1	1	2	9	3.6	7.75 (84)	High	
Vanguard Long-Term Treasury Inv VUSTX	—	GL	↓★★★★	8.4	8.2	6.8	8.3	7.9	32	30	31	27	47	2.3	10.38 (79)	Avg	
Vanguard Short-Term Bond Index Adm VBIRX	🥈 Silver	CS	★★★★	1.6	1.3	1.3	1.5	3.4	33	13	24	43	30	1.2	1.29 (80)	Avg	
Vanguard Short-Term Federal Inv VSGBX	🥈 Silver	GS	★★★★	1.2	1.1	1.0	1.1	3.1	29	10	23	28	22	0.9	1.02 (76)	Avg	
Vanguard Short-Term Investment-Grade Inv VFSTX	🥈 Silver	CS	★★★★	2.2	2.0	1.9	2.1	3.6	12	2	5	16	21	1.6	1.33 (69)	Avg	
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★	1.1	0.9	0.8	0.8	2.7	36	22	37	45	43	0.6	0.94 (65)	Avg	
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	↓★★★★	1.6	0.5	-0.2	—	—	94	42	37	—	—	-0.9	1.75 (36)	Low	
Vanguard Total Bond Market Index Adm VBTIX	🥈 Silver	CI	★★★	3.5	3.1	2.8	3.2	4.9	35	7	25	50	41	2.1	2.87 (99)	Avg	
Western Asset Core Bond I WATFX	🥈 Silver	CI	★★★★	3.7	3.3	3.7	4.0	5.5	27	4	3	13	15	2.3	2.93 (90)	Avg	
Western Asset Core Plus Bond I WACPX	🥈 Silver	CI	★★★★★	3.4	2.9	3.7	4.4	6.1	43	12	2	6	5	3.1	3.19 (82)	+Avg	
High-Yield Bond			—	5.7	-2.5	1.8	4.2	5.9	—	—	—	—	—	—	5.75 (9)	—	
Eaton Vance Income Fund of Boston A EVIBX	🥈 Silver	—	★★★	6.0	-0.2	3.2	5.1	6.4	41	19	14	19	31	4.9	5.1 (13)	-Avg	
Fairholme Focused Income FOCIX	Neutral	—	★★★★	10.4	0.8	2.4	6.2	—	1	8	37	3	—	—	11.12 (2)	High	
Fidelity Capital & Income FAGIX	🥈 Silver	—	★★★★★	3.3	-3.2	4.3	5.0	7.8	92	69	2	24	1	4.6	6.42 (8)	+Avg	
BarCap US Agg Bond TR USD				3.3	3.0	2.9	3.2	4.8									
BofAML US HY Master II TR				8.1	-0.9	2.9	5.3	7.3									

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance

★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CI Intermediate-Term Bond
 CL Long-Term Bond
 CS Short-Term Bond
 GI Intermediate Government Bond
 GL Long Government Bond
 GS Short Government Bond
 IP Inflation-Protected Bond
 TW Corporate Bond
 UB Ultrashort Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.1	—	—	8	4	0	0	21	14	0	86	0	—	0.76	—	1,734	—
MBDFX	5.6	5.0	A	61	39	0	0	175	1	0	98	1	NL	0.56	10.21	436	Mary Kane (1.2)
MGFIX	5.1	5.0	BBB	20	69	11	0	10	18	0	78	3	NL	0.99	26.94	2,438	Management Team
BAGIX	5.5	5.0	A	57	42	1	0	39	5	0	95	0	NL	0.3	10.9	8,389	Management Team
DODIX	4.4	5.0	BBB	49	39	11	0	24	5	0	94	1	NL	0.43	13.62	44,854	Management Team
DBLTX	2.9	5.0	BB	74	5	14	7	13	13	0	87	0	NL	0.47	10.84	59,661	Barach/Gundlach (6.1/6.1)
FGMNX	—	4.0	AAA	100	0	0	0	450	0	0	100	0	NL	0.45	11.64	6,266	Castagliuolo/Irving (6.4/11.6)
FGOVX	—	4.0	AA	99	0	0	1	83	0	0	100	0	NL	0.45	10.51	4,767	Castagliuolo/Irving (6.4/9.4)
FTHRX	—	5.0	A	50	47	4	0	53	3	0	94	3	NL	0.45	10.94	3,182	Foley/Galusza (2.6/6.9)
FBNDX	—	5.0	A	55	37	8	0	182	4	0	91	6	NL	0.45	7.82	8,084	Jeffrey Moore (11.5)
FMSFX	—	5.0	A	93	2	0	4	439	5	0	95	0	NL	0.45	11.39	1,104	Castagliuolo/Irving (6.4/8.2)
FBIDX	—	5.0	AA	78	22	0	0	75	4	0	95	0	NL	0.2	11.76	22,813	Bettencourt/Small (2.0/1.1)
FTBFX	—	5.0	BBB	46	37	17	0	140	8	0	92	0	NL	0.45	10.59	23,703	Management Team
HABDX	—	5.0	—	—	—	—	—	586	7	0	90	3	NL	0.51	11.73	2,716	Management Team
HARRX	—	6.4	—	—	—	—	—	531	8	0	91	1	NL	0.54	9.19	114	Banet/Worah (1.3/8.4)
JAFIX	5.6	5.0	BBB	58	32	8	2	124	3	0	95	2	NL	0.69	10.47	9,325	Management Team
LIGRX	4.4	5.0	BBB	33	54	9	4	23	13	1	76	10	4.25	0.83	11.2	7,224	Management Team
MWTRX	4.8	5.0	BBB	72	22	5	1	246	4	0	94	2	NL	0.69	10.84	76,995	Management Team
PIGIX	6.1	7.0	—	—	—	—	—	87	-45	0	139	5	NL	0.5	10.26	8,002	Mark Kiesel (13.5)
PLDDX	1.2	2.2	—	—	—	—	—	186	19	0	78	3	NL	0.75	9.88	10,454	Mather/Schneider (1.7/1.7)
PRRDX	7.4	6.4	—	—	—	—	—	102	-7	0	105	2	NL	0.85	10.87	10,946	Banet/Worah (1.4/8.4)
PSHDX	0.3	0.6	—	—	—	—	—	1753	5	0	89	5	NL	0.7	9.75	12,300	Jerome Schneider (5.4)
PTTRX	4.6	5.0	—	—	—	—	—	478	6	0	90	4	NL	0.46	10.2	87,125	Management Team
SCPZX	5.6	5.0	A	74	22	4	0	187	20	0	80	1	NL	0.4	32.48	878	Management Team
PRPIX	7.5	7.0	BBB	8	78	14	0	48	4	0	95	2	NL	0.62	9.6	816	David Tiberii (12.8)
PRGMX	3.0	4.0	AAA	100	0	0	0	430	2	0	98	0	NL	0.59	9.47	1,552	Andrew McCormick (8.2)
PRCIX	5.3	5.0	BBB	60	32	8	1	144	11	0	88	1	NL	0.59	9.58	29,050	Daniel Shackelford (13.5)
PRWBX	1.9	2.2	A	53	42	5	0	53	13	0	87	1	NL	0.52	4.73	5,524	Reinartz/Wiese (1.3/21.4)
TGLMX	4.7	5.0	BB	79	6	13	2	287	13	0	86	1	NL	0.49	10.28	10,531	Management Team
USAIX	6.0	5.0	BBB	34	57	7	3	10	2	1	90	6	NL	0.53	13.01	6,427	Management Team
VFIIX	3.4	4.0	AA	99	0	0	1	706	0	4	95	2	NL	0.21	10.79	26,414	Michael Garrett (9.4)
VIPSX	8.1	6.4	AAA	100	0	0	0	43	0	0	100	0	NL	0.2	13.36	23,876	Gemma Wright-Casparius (4.7)
VBILX	6.5	5.0	A	60	40	0	0	51	1	0	99	0	NL	0.09	11.62	22,523	Joshua Barrickman (8.1)
VFICX	5.5	7.0	A	37	62	1	1	70	1	0	99	0	NL	0.2	9.92	25,381	Gregory Nassour (8.0)
VFITX	5.3	4.0	AAA	100	0	0	0	142	0	0	100	0	NL	0.2	11.52	6,522	Gemma Wright-Casparius (1.4)
VWESX	13.4	7.0	A	41	56	0	2	35	5	0	95	0	NL	0.21	10.56	14,894	Nassour/St. John (2.4/2.0)
VUSTX	16.9	15.6	AAA	100	0	0	0	117	0	0	100	0	NL	0.2	13.06	3,891	Gemma Wright-Casparius (1.4)
VBIRX	2.7	2.2	AA	75	25	0	0	52	3	0	97	0	NL	0.09	10.53	42,449	Barrickman/Pu (3.2/3.2)
VSGBX	2.3	2.2	A	95	0	0	5	314	14	0	86	0	NL	0.2	10.79	5,484	Brian Quigley (1.4)
VFSTX	2.6	2.2	A	44	53	2	1	75	11	0	89	0	NL	0.2	10.7	54,761	Gregory Nassour (8.0)
VFISX	2.3	2.2	A	97	0	0	3	211	16	0	84	0	NL	0.2	10.73	7,419	Gemma Wright-Casparius (1.4)
VTIPX	2.7	6.4	AAA	100	0	0	0	26	23	0	77	0	NL	0.17	24.52	14,223	Barrickman/Wright-Casparius (3.6/3.6)
VBTLX	5.8	5.0	AA	73	27	0	0	84	3	0	96	0	NL	0.06	10.9	158,230	Joshua Barrickman (3.2)
WATFX	5.5	5.0	BBB	61	32	2	5	85	2	0	98	0	NL	0.45	12.44	5,631	Management Team
WACPX	5.8	5.0	BB	47	32	14	6	93	3	0	95	1	NL	0.45	11.65	16,939	Management Team
—	3.7	—	B	3	6	88	3	72	6	1	92	1	—	1.07	—	1,289	—
EVIBX	3.6	3.7	B	0	5	93	2	36	8	0	90	3	4.75	1.0	5.58	6,087	Concannon/Weilheimer (1.6/20.4)
FOCIX	—	3.7	—	—	—	—	—	67	34	7	48	11	Clsd	1.01	10.6	213	Bruce Berkowitz (6.3)
FAGIX	—	3.7	B	8	6	63	23	41	9	18	72	1	NL	0.72	9.29	10,189	Mark Notkin (12.8)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

Historical Performance

Historical Risk

Morningstar 500 Bond Funds

Morningstar Analyst Rating	Morningstar Rating vs. Category	5=Best	Total Return % 05-31-16										30-Day Yld %	Historical Risk			
			ANNUALIZED					Total Return % Category Rank						Stand-ard Devia-tion (R ²)	Risk Relative to Category		
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr					
High-Yield Bond (cont'd)																	
	—		5.7	-2.5	1.8	4.2	5.9	—	—	—	—	—	—	5.75	(9)	—	
Fidelity High Income SPHIX	Silver	★★★★	7.3	-2.3	2.0	4.4	6.6	9	52	52	46	24	6.7	6.38	(9)	+Avg	
Hotchkis & Wiley High Yield A HWHAX	Bronze	★★★★	6.0	-3.6	1.8	4.7	—	42	74	59	34	—	8.0	5.98	(5)	Avg	
Janus High-Yield T JAHYX	Neutral	★★★★★	5.1	-0.7	2.6	4.6	6.6	70	28	31	36	23	5.2	5.11	(13)	-Avg	
Metropolitan West High Yield Bond M MWHYX	Bronze	★★★★	3.2	-1.0	1.2	3.3	6.5	92	33	77	82	28	3.5	4.65	(15)	-Avg	
PIMCO High Yield D PHYDX	Bronze	★★★★★	5.4	-0.5	2.8	4.7	6.2	66	25	25	34	39	5.0	5.44	(15)	-Avg	
<hr/>																	
T. Rowe Price High Yield PRHYX	Gold	★★★★★	6.4	-1.7	2.7	5.2	6.8	31	44	27	18	14	5.8	5.82	(9)	Avg	
Vanguard High-Yield Corporate Inv VVHEX	Silver	★★★★★	4.9	0.2	3.3	5.5	6.4	76	14	13	10	32	5.6	5.14	(17)	-Avg	
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Specialty Bond																	
American Funds Capital World Bond A CWBFX	Neutral	IB	★★★★	4.9	2.1	0.7	1.1	3.9	44	45	44	51	52	1.4	4.51	(41)	Avg
Calamos Convertible A CCVIX	Neutral	CV	★★	-0.3	-7.9	3.0	3.1	4.7	70	45	75	83	66	—	9.13	(83)	Avg
Dodge & Cox Global Bond DODLX	—	IB	NR	4.2	-1.2	0.7	—	—	51	78	—	—	—	—	5.49	(12)	
Eaton Vance Floating Rate A EVBLX	Bronze	BL	★★★★	5.1	0.4	1.8	3.0	3.4	11	41	54	60	43	3.9	3.09	(3)	Avg
Fidelity Floating Rate High Income FFRHX	Bronze	BL	★★★★★	4.6	0.2	1.8	2.8	3.8	28	49	53	73	19	4.4	3.13	(4)	Avg
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Fidelity New Markets Income FNMIX	Silver	EB	★★★★★	6.9	3.2	2.6	5.5	7.5	34	16	11	6	12	6.0	7.84	(12)	Avg
Fidelity Strategic Income FSICX	Silver	MU	★★★★★	5.0	0.5	2.4	3.5	6.0	25	39	29	49	24	3.8	4.39	(25)	Avg
FPA New Income FPNIX	Bronze	NT	★★★★	0.9	0.2	0.8	1.2	2.7	67	38	38	67	70	2.2	0.77	(43)	Low
Janus Global Unconstrained Bond D JUCDX	—	NT	NR	2.9	2.6	—	—	—	25	9	—	—	—	4.0	—	(—)	
Loomis Sayles Bond Retail LSBRX	Gold	MU	★★★★	4.5	-2.7	1.1	3.4	6.0	37	88	81	53	26	3.9	6.22	(9)	High
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Loomis Sayles Global Bond Retail LSLGX	Bronze	IB	★★★★	6.0	3.0	0.1	0.6	3.9	24	33	58	62	56	1.8	4.73	(28)	Avg
PIMCO Foreign Bond (Unhedged) D PFBDX	Bronze	IB	★★★★	6.9	3.5	0.5	0.5	4.4	12	27	50	67	38	1.6	6.44	(11)	+Avg
PIMCO Foreign Bond (USD-Hedged) D PFODX	Bronze	IB	★★★★★	3.6	3.5	4.8	6.0	6.1	66	26	2	2	4	1.1	3.17	(56)	-Avg
PIMCO Income D PONDY	Silver	MU	★★★★★	3.5	2.4	4.2	7.5	—	56	7	5	2	—	3.3	3.55	(28)	Avg
PIMCO Unconstrained Bond D PUBDX	Neutral	NT	★★★★	1.3	-2.1	-0.7	1.2	—	55	72	78	65	—	3.0	3.28	(6)	Avg
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T. Rowe Price International Bond RPIBX	Neutral	IB	★★	7.9	5.9	-0.3	-0.5	3.0	4	4	67	86	83	1.0	6.44	(11)	+Avg
T. Rowe Price Spectrum Income RPSIX	Bronze	MU	★★★★★	5.2	1.6	2.7	3.9	5.5	19	16	18	32	46	3.1	4.19	(25)	Avg
Templeton Global Bond A TPINX	Gold	IB	★★★★★	-1.1	-6.3	-0.9	1.2	6.4	97	97	77	49	2	3.9	6.25	(2)	+Avg
Vanguard Convertible Securities Inv VCVSX	Bronze	CV	★★★★★	1.1	-7.0	3.3	4.1	6.1	39	39	68	51	20	2.3	7.32	(79)	-Avg
Vanguard Total Intl Bd Idx Investor VTIBX	—	IB	★★★★★	4.0	4.4	4.5	—	—	56	15	4	—	—	0.6	2.75	(77)	-Avg
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Municipal Bond National																	
American Funds Tax-Exempt Bond A AFTEX	Bronze	MI	★★★★★	2.7	5.5	3.9	5.5	4.6	17	23	15	14	13	1.4	3.43	(98)	+Avg
Baird Quality Intermediate Muni Bd Inst BMBIX	—	MI	★★★★	1.5	3.7	2.4	2.9	4.2	92	82	79	91	45	1.4	2.48	(89)	Low
Fidelity Interm Muni Inc FLTMX	Gold	MI	★★★★	2.0	4.4	3.0	3.8	4.2	63	62	53	65	46	1.3	2.56	(98)	-Avg
Fidelity Limited Term Municipal Income FSTFX	Gold	MS	★★★★★	0.9	2.1	1.4	1.8	2.9	34	30	24	28	27	0.8	1.34	(78)	Avg
Fidelity Municipal Income FHIGX	Gold	ML	★★★★★	2.9	6.2	4.5	5.6	4.9	36	36	20	46	20	1.7	3.65	(99)	Avg
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Fidelity Tax-Free Bond FTABX	Gold	ML	★★★★★	3.1	6.5	4.6	5.7	5.1	24	28	15	42	14	1.7	3.68	(99)	Avg
Franklin Federal Tax-Free Income A FKTIX	Bronze	ML	★★★★	2.4	4.7	3.7	5.4	4.7	77	85	56	52	33	1.4	3.93	(97)	Avg
Franklin High Yield Tax-Free Inc A FRHIX	Bronze	HM	★★★★	3.3	6.1	4.1	6.2	5.0	74	76	71	83	23	2.4	5.03	(93)	Avg
T. Rowe Price Summit Municipal Intm PRSMX	Gold	MI	★★★★★	2.2	5.0	3.5	4.2	4.5	45	37	25	45	19	1.1	2.84	(97)	-Avg
T. Rowe Price Tax-Free High Yield PRFHX	Gold	HM	★★★★★	3.6	6.9	5.2	7.6	5.2	63	57	33	38	11	2.5	4.87	(94)	Avg
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T. Rowe Price Tax-Free Income Inv PRTAX	Gold	ML	★★★★★	2.7	5.6	4.1	5.5	4.9	51	58	40	47	28	1.4	3.74	(98)	Avg
T. Rowe Price Tax-Free Shrt-Interm PRFSX	Gold	MS	★★★★★	0.9	1.9	1.2	1.8	3.0	33	34	26	29	25	0.5	1.52	(68)	+Avg
USAA Tax Exempt Intermediate-Term USATX	Bronze	MI	★★★★★	2.5	5.2	3.5	4.9	4.7	24	30	24	22	10	1.5	2.69	(98)	-Avg
Vanguard High-Yield Tax-Exempt VVAHX	Silver	MI	★★★★★	3.6	7.4	5.0	6.4	5.2	2	4	5	4	2	2.3	4.04	(98)	High
Vanguard Interm-Term Tx-Ex Inv VWITX	Silver	MI	★★★★★	2.3	5.3	3.6	4.4	4.5	35	29	22	39	20	1.3	2.9	(98)	Avg
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Vanguard Long-Term Tax-Exempt VWLTX	Silver	ML	★★★★★	3.3	7.2	4.9	5.9	5.1	14	12	7	33	18	1.8	3.88	(99)	Avg
Vanguard Ltd-Term Tx-Ex VMLTX	Silver	MS	★★★★★	0.8	2.0	1.4	1.6	2.7	42	31	24	35	31	0.9	1.25	(69)	Avg
Vanguard Short-Term Tx-Ex VWSTX	Silver	MS	★★	0.4	0.8	0.6	0.7	1.9	80	76	67	79	76	0.7	0.42	(45)	Low
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BarCap Municipal TR USD				2.7	5.9	4.0	5.1	4.9									
BofAML US HY Master II TR				8.1	-0.9	2.9	5.3	7.3									

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
 CI Intermediate-Term Bond
 CV Convertibles Bond
 EB Emerging Market Bond
 HM High-Yield Muni
 IB World Bond
 MI Muni National, Intermediate
 ML Muni National, Long
 MS Muni National, Short
 MU Multisector Bond
 NT Nontraditional Bond
 XP Emerging Market Local Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration	Cat Avg Duration	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
SPHIX	3.7	—	B	3	6	88	3	72	6	1	92	1	—	1.07	—	1,289	—
HWHAX	4.5	3.7	B	0	6	88	6	44	4	2	89	5	3.75	0.95	11.34	2,436	Management Team
JAHYX	3.5	3.7	B	4	7	85	3	71	7	0	91	2	NL	0.87	8.16	1,988	Management Team
MWHYX	2.5	3.7	B	21	6	71	3	61	21	0	77	2	NL	0.85	9.25	1,063	Management Team
PHYDX	3.9	3.7	—	—	—	—	—	32	3	0	95	2	NL	0.9	8.52	10,395	Andrew Jessop (6.3)
PRHYX	3.5	3.7	B	3	2	92	3	59	4	1	88	8	Clsd	0.74	6.41	9,550	Mark Vaselkiv (19.9)
VWEHX	4.2	3.7	B	5	4	88	3	34	8	1	88	3	NL	0.23	5.68	18,412	Michael Hong (8.2)
CWBFX	6.3	5.5	BBB	46	46	7	2	185	6	0	93	0	3.75	0.93	19.75	12,459	Management Team
CCVIX	3.9	3.3	B	0	24	29	47	63	4	6	3	88	4.75	1.13	15.78	820	Management Team
DODLX	3.2	5.5	BBB	17	62	21	0	55	7	0	89	4	NL	0.6	10.08	74	Management Team
EVBLX	0.3	0.8	B	0	7	90	3	19	3	0	88	9	2.25	1.03	8.98	7,277	Page/Russ (15.3/8.5)
FFRHX	—	0.8	B	8	4	85	3	26	11	0	89	0	NL	0.7	9.39	9,191	Eric Mollenhauer (3.2)
FNMIX	—	5.6	BB	3	32	54	10	110	2	5	93	0	NL	0.86	15.16	4,299	John Carlson (20.9)
FSICX	4.7	4.1	BB	26	17	52	5	88	8	1	80	11	NL	0.71	10.5	7,356	Management Team
FPNIX	1.3	1.4	BBB	80	1	8	11	29	10	0	90	0	NL	0.49	9.99	5,291	Atteberry/Patwardhan (11.5/0.5)
JUCDX	-0.5	1.4	BB	7	44	43	6	107	48	8	45	0	NL	0.96	9.72	1,297	Gross/Palghat (1.6/0.9)
LSBRX	3.8	4.1	BB	26	32	32	10	22	12	8	68	12	NL	0.89	13.32	15,344	Management Team
LSGLX	6.7	5.5	BBB	32	59	8	1	117	7	0	86	8	NL	1.0	15.53	1,372	Management Team
PFBDX	7.4	5.5	—	—	—	—	—	327	7	1	87	6	NL	0.9	9.61	1,283	Management Team
PFODX	7.3	5.5	—	—	—	—	—	313	7	0	85	8	NL	0.9	10.22	7,543	Management Team
PONDY	3.4	4.1	—	—	—	—	—	52	-24	0	119	5	NL	0.79	11.88	57,856	Ivascyn/Murata (9.2/3.2)
PUBDX	-0.7	1.4	—	—	—	—	—	389	117	0	-21	4	NL	1.3	10.36	4,758	Management Team
RPIBX	7.5	5.5	BBB	30	60	8	2	60	3	0	91	6	NL	0.83	8.87	5,597	Husain/Orchard (2.4/0.4)
RPSIX	5.1	4.1	BB	38	28	32	1	17	5	12	80	3	NL	0.69	12.34	6,156	Charles Shriver (5.1)
TPINX	0.2	5.5	BB	17	52	31	0	43	45	-1	52	4	4.25	0.89	11.31	49,973	Desai/Hasenstab (5.4/14.4)
VCVSY	5.7	3.3	B	0	7	20	72	95	1	2	8	89	Clsd	0.38	12.21	1,525	Management Team
VTIBX	7.6	5.5	A	50	50	0	0	13	3	0	94	4	NL	0.17	10.92	55,756	Barrickman/Pu (3.0/3.0)
AFTSX	5.5	5.0	BBB	50	41	4	5	14	9	0	91	0	3.75	0.54	13.27	12,049	Management Team
BMBIX	4.3	5.0	AA	99	1	0	0	9	4	0	96	0	NL	0.3	11.8	1,214	Management Team
FLTMX	—	5.0	A	61	35	1	3	14	13	0	87	0	NL	0.36	10.61	6,036	Management Team
FSTFX	—	2.7	A	64	32	0	4	30	20	0	80	0	NL	0.48	10.66	3,985	Management Team
FHIGX	—	6.5	A	58	38	1	3	14	1	0	99	0	NL	0.48	13.64	5,707	Management Team
FTABX	—	6.5	A	66	31	0	2	9	1	0	99	0	NL	0.25	11.86	3,375	Management Team
FKTIX	—	6.5	A	70	27	2	0	5	2	0	98	0	4.25	0.62	12.48	11,044	Management Team
FRHIX	—	6.7	BBB	35	50	10	5	11	2	0	98	0	4.25	0.65	10.67	8,304	Management Team
PRSMX	5.0	5.0	A	55	40	2	2	11	3	0	97	0	NL	0.5	12.14	4,159	Charles Hill (22.6)
PRFHX	7.3	6.7	BB	10	56	15	19	13	0	1	99	0	NL	0.69	12.21	4,136	James Murphy (15.3)
PRTAX	5.8	6.5	A	35	59	1	5	8	1	0	99	0	NL	0.51	10.49	2,603	Konstantine Mallas (8.9)
PRFSX	2.9	2.7	A	67	32	0	1	14	12	0	88	0	NL	0.49	5.65	2,129	Charles Hill (21.3)
USATX	4.9	5.0	A	43	54	2	1	4	1	0	99	0	NL	0.55	13.68	4,518	Hoffmann/Shafer (0.5/13.0)
VWAHX	6.5	5.0	BBB	35	51	7	7	21	4	0	96	0	NL	0.2	11.55	10,226	Mathew Kiselak (5.8)
VWITX	4.8	5.0	A	76	22	1	1	12	5	0	95	0	NL	0.2	14.43	49,826	James D'Arcy (2.9)
VWLTX	6.4	6.5	A	70	28	1	1	18	0	0	100	0	NL	0.2	11.96	9,855	Mathew Kiselak (5.8)
VMLTX	2.5	2.7	A	74	25	1	1	16	10	0	90	0	NL	0.2	11.04	22,301	Marlin Brown (8.2)
VWSTX	1.2	2.7	A	78	19	1	2	32	20	0	80	0	NL	0.2	15.81	12,445	Justin Schwartz (0.2)

Fixed Income Style Box

Ltd	Mod	Ext

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

- AMG Funds 835-3879**
 AMG GW&K Core Bond Service MBDFX **42**
 AMG Managers Bond Service MGFIX **42**
 AMG Managers Skyline Special Eqts SKSEX **32**
 AMG Yacktman Focused Service YAFFX **26**
 AMG Yacktman Service YACKX **26**
 Akre Focus Retail 877-862-9556 AKREX **28**
 Allianz Funds 988-8380
 AllianzGI NFJ Large-Cap Value A PNBAX **28**
 AllianzGI NFJ Small-Cap Value A PCVAX **34**
 AllianzGI Technology Institutional DRGTX **36**
 Amana 888-732-6262
 Amana Growth Investor AMAGX **24**
 Amana Income Investor AMANX **26**
 American Beacon 658-5811
 American Beacon Intl Equity Inv AAIPEX **38**
 American Beacon Lg Cap Value Inv AAGPX **28**
 American Beacon Small Cp Val Inv AVPAK **34**
 American Century Investments 345-2021
 American Century Equity Income Inv TWEIX **28**
 American Century Growth Inv TWCWX **24**
 American Century Heritage Inv TWHIX **28**
 American Century International Gr Inv TWIEX **38**
 American Century Mid Cap Value Inv ACMVX **30**
 American Century Small Cap Value Inv ASVIX **34**
 American Century Ultra Inv TWCUX **24**
 American Century Value Inv TWWLX **28**
 American Funds 421-4225
 American Funds 2020 Trgt Date Retire AACTX **34**
 American Funds AMCAP A AMCPX **24**
 American Funds American Balanced A ABALX **34**
 American Funds American Mutual A AMRMX **28**
 American Funds Capital Income Bldr A CAIBX **40**
 American Funds Capital World Bond A CWBFX **44**
 American Funds Capital World Gr&Inc CWGIX **38**
 American Funds Europacific Growth A AEPGX **38**
 American Funds Fundamental Invs A ANCFX **26**
 American Funds Growth Fund of Amer AGTHX **24**
 American Funds Income Fund of Amer AMECX **34**
 American Funds Intl Gr and Inc A IGAAX **38**
 American Funds Invmt Co of Amer A AIVSX **26**
 American Funds New Economy A ANEFX **24**
 American Funds New Perspective A ANWPX **38**
 American Funds New World A NEWFX **40**
 American Funds SMALLCAP World A SMCWX **38**
 American Funds Tax-Exempt Bond A AFTEX **44**
 American Funds Washington Mutual AWSHX **28**
 Arbitrage R 295-4485 ARBFX **34**
 Ariel Investments, LLC 292-7435
 Ariel Appreciation Investor CAAPX **30**
 Ariel Fund Investor ARGFX **30**
 Ariel International Investor AINTX **38**
 Artisan 344-1770
 Artisan Global Equity Investor ARTHX **38**
 Artisan Global Opportunities Inv ARTRX **38**
 Artisan Global Value Investor ARTGX **38**
 Artisan International Investor ARTIX **38**
 Artisan International Small Cap Investor ARTJX **38**
 Artisan International Value Investor ARTKX **38**
 Artisan Mid Cap Investor ARTMX **28**
 Artisan Mid Cap Value Investor ARTQX **30**
 Artisan Small Cap Investor ARTSX **30**
 Artisan Value Investor ARTLX **28**
 Aston 992-8151
 ASTON/Fairpointe Mid Cap N CHTTX **30**
 ASTON/Montag & Caldwell Balanced MOBAX **34**
 ASTON/Montag & Caldwell Growth N MCGFX **24**
 ASTON/River Road Select Value N ARSMX **32**
 ASTON/River Road Small Cap Value N ARSVX **32**
 Auxier Focus Inv 877-328-9437 AUXFX **28**
- BBH 575-1265**
 BBH Core Select N BBTEX **26**
 BBH Global Core Select N BBNX **38**
 Baird 866-442-2473
 Baird Aggregate Bond Inst BAGIX **42**
 Baird Quality Interm Muni Bd Inst BMBIX **44**
 Baron Capital Group 992-2766
 Baron Asset Retail BARAX **28**
 Baron Growth Retail BGRFX **28**
 Baron Opportunity Retail BIOPX **30**
 Baron Small Cap Retail BSCFX **32**
 Becker Value Equity Retail 551-3998 BVEFX **28**
 Berwyn 888-995-5505
 Berwyn BERWX **32**
 Berwyn Income BERIX **34**
 BlackRock Global Allocation Inv 441-7762 MDLOX **40**
 Bogle Small Cap Growth 877-264-5346 BOGLX **32**
 Bridgeway 661-3550
 Bridgeway Blue Chip 35 Index BRLIX **26**
 Bridgeway Ultra-Small Company Market BRSIX **32**
 Broadview Opportunity 855-846-1463 BVAOX **32**
 Brown Capital Mgmt Sm Co 877-892-4226 BCSIX **32**
 Buffalo 492-8332
 Buffalo Mid Cap BUFMX **30**
 Buffalo Small Cap BUFSX **32**
- Calamos 582-6959**
 Calamos Convertible A CCVIX **44**
 Calamos Market Neutral Income A CVSIX **34**
 Causeway 866-947-7000
 Causeway Emerging Markets Investor CEMVX **40**
 Causeway International Value Inv CIVVX **38**
 Century Small Cap Select Inv 303-1928 CSMVX **32**
 Champlain Funds 866-773-3238
 Champlain Mid Cap Adv CIPMX **30**
 Champlain Small Company Adv CIPSX **32**
 Clipper 432-2504 CFIMX **26**
 Cohen & Steers Realty Shares 437-9912 CSRSX **36**
 Columbia 345-6611
 Columbia Acorn International Z ACINX **38**
 Columbia Acorn Select Z ACTWX **30**
 Columbia Acorn USA Z AUSAX **32**
 Columbia Acorn Z ACRNX **30**
 Columbia Dividend Income Z GSFTX **28**
 Conestoga Small Cap Investors 494-2755 CCASX **32**
- Davis Funds 279-0279**
 Davis Financial A RPFIX **36**
 Davis NY Venture A NYVTX **26**
 Dean Small Cap Value 888-899-8343 DASCX **34**
 Delafield Fund 697-3863 DEFIX **30**
 Diamond Hill Funds 888-226-5595
 Diamond Hill Large Cap A DHLAX **28**
 Diamond Hill Small Cap A DHSCX **34**
 Diamond Hill Small-Mid Cap A DHMAX **30**
 Dimensional Fund Advisors 888-576-1167
 DFA Emerging Markets Value I DFEVX **40**
 DFA International Small Company I DFISX **38**
 DFA US Micro Cap I DFSIX **32**
 DFA US Small Cap I DFSTX **32**
 DFA US Small Cap Value I DFSVX **34**
 DFA US Targeted Value I DFFVX **34**
 Dodge & Cox 621-3979
 Dodge & Cox Balanced DODBX **34**
 Dodge & Cox Global Bond DODLX **44**
 Dodge & Cox Global Stock DODWX **38**
 Dodge & Cox Income DODIX **42**
 Dodge & Cox International Stock DODFX **38**
 Dodge & Cox Stock DODGX **28**
 DoubleLine Tot Return Bnd 877-354-6311 DBLTX **42**
 Dreyfus 373-9387
 Dreyfus Appreciation Investor DGAGX **26**
 Dreyfus Opportunistic Small Cap DSCVX **32**
- Eaton Vance 262-1122**
 Eaton Vance Floating Rate A EVBLX **44**
 Eaton Vance Income Fund of Boston A EVIBX **42**
 Parametric Emerging Markets Investor EAEMX **40**
 Eventide Gilead N 877-771-3836 ETGLX **30**
- FAM Value Investor 932-3271 FAMVX 30**
 FMI Funds 811-5311
 FMI Common Stock FMIMX **30**
 FMI International FMIJX **38**
 FMI Large Cap FMIHX **26**
 FPA 982-4372
 FPA Capital FPPTX **30**
 FPA Crescent FPACX **34**
 FPA New Income FPNIX **44**
 FPA US Value FPPFX **26**
 Fairholme 866-202-2263
 Fairholme FAIRX **28**
 Fairholme Focused Income FOCIX **42**
 Fidelity Investments 544-8544
 Fidelity FFDIX **24**
 Fidelity Balanced FBALX **34**
 Fidelity Blue Chip Growth FBGRX **24**
 Fidelity Capital & Income FAGIX **44**
 Fidelity Capital Appreciation FDCAX **24**
 Fidelity Contrafund FCNTX **24**
 Fidelity Diversified International FDIVX **38**
 Fidelity Dividend Growth FDGFX **26**
 Fidelity Equity Dividend Income FEQIX **28**
 Fidelity Equity-Income FEQIX **28**
 Fidelity Floating Rate High Income FFRHX **44**
 Fidelity Focused Stock FTQGX **24**
 Fidelity Four-in-One Index FFNOX **34**
 Fidelity GNMA FGMNX **42**
 Fidelity Government Income FGOVX **42**
 Fidelity Growth & Income FGRIX **26**
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 Fidelity Growth Discovery FDSVX **24**
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 Fidelity Independence FDFIX **24**
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 Fidelity International Discovery FIGRX **38**
 Fidelity International Growth FIGFX **38**
 Fidelity Investment Grade Bond FBNDX **42**
 Fidelity Large Cap Stock FLCX **26**
 Fidelity Leveraged Company Stock FLVX **30**
 Fidelity Limited Term Municipal Income FSTFX **44**
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Research and recommendations for the serious fund investor


The Fantastic 48


It's time once more for my annual screen for fantastic funds. The idea is to be very picky and very quantitative. I set up a list of key tests that I have for a fund and then see how many pass. This year, only 48 funds out of a universe of nearly 8,000 passed my tests. The rules are strict. I don't let funds slide in just because they are pretty good. Here are the screens:

Cheapest quintile of category. Morningstar studies show that funds in the cheapest quintile of their Morningstar Category are a much better bet than the rest of the investment world, so this is the first test.

Manager investment of more than \$1 million in the fund. We found that funds where at least one manager has invested more than \$1 million of his own money are more likely to outperform than those without such alignment of interest.

Morningstar Risk rating below the High level. Our Morningstar Investor Return studies have found that highly volatile funds are much harder for investors to hold, and investor returns tend to trail total returns.

Morningstar Analyst Rating of  Bronze or higher. This fundamental, forward-looking rating factors in qualitative and quantitative measures.

Parent rating of  Positive. You want a good steward with a strong investment culture when you invest for the long haul.

Returns above the fund's benchmark. The best time period for looking at a fund is the manager's tenure rather than a standardized time period. So, I start with the earliest start date of the managers on a team and insist that the fund beat the benchmark over that time period. I used returns through May 2016. There is a minimum five-year manager tenure, too, to weed out those with less meaningful track records.

One new wrinkle this year is that if I thought a fund's prospectus benchmark was a bad fit or if we didn't have the benchmark's track record far enough back, I opted for the category benchmark. This was mainly done to address the fact that many balanced funds have one equity benchmark and one bond benchmark rather than a blend of the two. That means they have either a very high or very low bar depending on which was the primary benchmark. Our category benchmarks are blended mixes of stocks and bonds, which make them a better fit.

Finally, I throw out institutional share classes to help you get a list you can use. (There are three funds with "institutional" in their names but minimum investments of \$25,000 or less, which I don't consider to be institutional.)

I didn't exclude closed funds because many people still own them and would welcome confirmation that they are on the right track.

We have eight newly fantastic funds that I will highlight here.

Newly Fantastic

American Funds Capital Income Builder CAIBX

This fund is back on the list after spending a year on

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Russel Kinnel, Director of Manager Research and Editor

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Fantastic 48	Ticker	Prospectus Benchmark	Morningstar Analyst Rating	Overall Risk	Expense Ratio %	Start Month	Tenure Return Ann. %	Index Return Ann. %
American Funds AMCAP	AMCPX	S&P 500 TR	Gold	Below Average	0.68	1996/06	9.39	7.88
American Funds American Balanced	ABALX	S&P 500 TR	Silver	Average	0.58	1997/02	7.95	7.19
American Funds Capital Income Bldr	CAIBX	MSCI World NR	Silver	Average	0.59	1992/02	8.86	6.75
American Funds Capital Wrld Gr&Inc	CWGIX	MSCI World NR	Gold	Average	0.77	1993/04	10.33	6.88
American Funds Europacific Growth	AEPGX	MSCI EAFE Growth NR	Gold	Below Average	0.83	1992/01	8.27	3.99
American Funds Fundamental Invs	ANCFX	S&P 500 TR	Gold	Above Average	0.60	1993/04	10.24	8.99
American Funds Global Balanced	GBLAX	MSCI ACWI NR	Silver	Below Average	0.85	2011/03	5.78	5.27
American Funds Growth Fund of Amer	AGTHX	S&P 500 TR	Bronze	Below Average	0.65	1993/12	10.45	9.07
American Funds Invmt Co of Amer	AIVSX	S&P 500 TR	Silver	Below Average	0.58	1992/04	9.44	9.24
American Funds New Perspective	ANWFX	MSCI ACWI NR	Gold	Below Average	0.75	2001/01	6.76	4.16
American Funds New World	NEWFX	MSCI ACWI NR	Gold	Low	1.04	1999/07	7.24	3.72
American Funds Washington Mutual	AWSHX	S&P 500 TR	Gold	Below Average	0.58	1997/08	6.86	6.23
Baird Short-Term Bond	BSBIX	Barclays US Gov/Credit 1-3 Yr TR	Silver	Below Average	0.30	2004/09	2.95	2.57
Berwyn Income	BERIX	Citi USBIG	Silver	Low	0.64	2006/01	6.91	4.76
Diamond Hill Long-Short	DIAMX	Russell 1000 TR	Bronze	Average	1.39	2000/07	6.48	4.58
Dodge & Cox Balanced	DODBX	Barclays US Agg Bond TR	Gold	Above Average	0.53	1986/02	10.32	6.77
Dodge & Cox Global Stock	DODWX	MSCI World NR	Gold	Above Average	0.63	2008/06	3.63	3.34
Dodge & Cox Income	DODIX	Barclays US Agg Bond TR	Gold	Average	0.43	1989/02	6.90	6.55
Dodge & Cox International Stock	DODFX	MSCI EAFE NR	Gold	Above Average	0.64	2001/06	6.77	4.27
Dodge & Cox Stock	DODGX	S&P 500 TR	Gold	Above Average	0.52	1992/02	11.07	9.15
Fidelity Balanced	FBALX	Morningstar Mod Tgt Risk TR	Bronze	Above Average	0.55	2008/10	8.90	6.89
Fidelity Contrafund	FCNTX	S&P 500 TR	Silver	Low	0.70	1990/10	13.06	10.07
Fidelity Leveraged Company Stock	FLVFX	S&P 500 TR	Bronze	Above Average	0.78	2003/08	10.94	8.23
Fidelity Low-Priced Stock	FLPSX	Russell 2000 TR	Silver	Below Average	0.79	1990/01	13.74	9.11
Fidelity New Millennium	FMLIX	S&P 500 TR	Bronze	Average	0.71	2006/08	8.84	7.46
Fidelity Puritan	FPURX	Morningstar Mod Tgt Risk TR	Bronze	Above Average	0.55	2003/09	7.35	6.94
Fidelity Total Bond	FTBFX	Barclays US Agg Bond TR	Gold	Above Average	0.45	2005/01	4.84	4.48
Franklin Mutual Quest	MQIFX	MSCI World NR	Silver	Average	0.79	2004/01	7.32	6.07
Harbor Capital Appreciation	HACAX	Russell 1000 Growth TR	Gold	Above Average	0.64	1990/06	10.29	8.84
Harbor International	HAINX	MSCI EAFE NR	Gold	Above Average	0.74	2009/03	11.80	10.57
Mairs & Power Balanced	MAPOX	Barclays US Govt/Credit TR	Silver	Average	0.73	2006/02	7.06	4.73
Perkins Mid Cap Value	JMCVX	Russell Mid Cap Value TR	Bronze	Low	0.69	1998/09	12.16	10.32
Perkins Small Cap Value	JSCVX	Russell 2000 Value TR	Silver	Low	0.81	1985/03	11.95	10.51
PRIMECAP Odyssey Aggressive Grwth	POAGX	S&P 500 TR	Gold	Above Average	0.62	2004/12	12.02	7.41
PRIMECAP Odyssey Growth	POGRX	S&P 500 TR	Gold	Above Average	0.64	2004/12	9.51	7.41
T. Rowe Price Blue Chip Growth	TRBCX	S&P 500 TR	Silver	Above Average	0.71	1993/07	10.05	9.07
T. Rowe Price Capital Appreciation	PRWCX	S&P 500 TR	Gold	Above Average	0.70	2006/07	8.85	7.46
T. Rowe Price Mid-Cap Growth	RPMGX	Russell Mid Cap Growth TR	Gold	Average	0.77	1992/07	13.57	9.78
Vanguard Capital Opportunity	VHCOX	Russell Mid Cap Growth TR	Gold	Above Average	0.45	1998/03	12.71	7.13
Vanguard Dividend Growth	VDIGX	Russell 1000 TR	Gold	Low	0.33	2006/03	8.73	7.26
Vanguard Equity-Income	VEIPX	Russell 1000 Value TR	Silver	Below Average	0.26	2004/01	8.33	7.26
Vanguard Health Care	VGHGX	MSCI ACWI/Health Care NR	Gold	Low	0.36	2008/06	13.90	10.39
Vanguard PRIMECAP Core	VPCCX	MSCI US Prime Market 750 GR	Gold	Below Average	0.47	2005/01	9.31	7.45
Vanguard PRIMECAP	VPMCX	S&P 500 TR	Gold	Below Average	0.40	1985/07	12.89	10.60
Vanguard Selected Value	VASVX	Russell Mid Cap Value TR	Gold	Below Average	0.39	1999/04	10.01	9.71
Vanguard Wellesley Income	VWINX	Barclays US Credit A+ TR	Gold	Low	0.23	2007/02	6.82	5.25
Vanguard Windsor II	VWNAX	Russell 1000 Value TR	Bronze	Average	0.26	2004/01	7.36	7.26
Vanguard Windsor	VWVNX	Russell 1000 Value TR	Bronze	Above Average	0.39	2008/07	8.43	7.83



the outside. Its expense ratio had bounced up to 0.62%, but now it is down to 0.59%, which gets it into the cheapest quintile and back into the Fantastic 48. The Silver-rated fund is in American's sweet spot as the team is adept at generating income without taking on too much risk. The fund has about 80% of assets in dividend-paying stocks and the rest in bonds and cash. Assets are rather evenly split between the U.S. and overseas markets. Seven of the fund's managers have committed more than \$1 million of their own money to the fund.

American Funds Global Balanced GBLAX

This fund makes the Fantastic 48 in its first year of eligibility. Launched in February 2011, the fund targets a 60/40 split of global stocks and global bonds. It is run by three balanced managers, one equity specialist, and two bond specialists. The balanced managers have latitude to adjust their bond/stock mix. So far, it has gone nicely as the fund has handily beaten peers and modestly beaten the MSCI All-Country World Index. It is already up to \$10 billion under management.

Baird Short-Term Bond BSBIX

This fund has a \$25,000 minimum for institutional shares, so I think it is worth including despite the fact that it calls itself institutional. Baird's M.O. is to have straightforward well-run funds that avoid big risks. While other bond managers are throwing in all manners of exotic exposures, this fund is plain-vanilla. If you want to avoid both credit and interest-rate risk, this is a good choice.

Diamond Hill Long-Short DIAMX

This fund is closed, so it can only go on your watchlist, not your buy list. The fund builds on the firm's strengths in constructing great long equity portfolios and adds a short portfolio that is essentially the least attractive stocks as measured by its bottom-up value process. We rate Diamond Hill's long portfolios Gold and this fund Bronze because the short side has not yet impressed us as much as the long side.

Fidelity Balanced FBALX

My secondary test of beating a category benchmark helped this fund get in. The Bronze-rated fund has an 8.9% annualized return compared with 6.9% for the

Morningstar Moderate Target Risk Index since October 2008 when the fund adopted a sector-specialist format headed by Bob Stansky. The fund keeps sector weightings in line with the S&P 500's so that the fund has predictable exposure and stock selection can shine through. That part has been decent but not great. It's the fixed-income side run by Ford O'Neil and Fred Hoff that we really like.

Fidelity Puritan FPURX

Fidelity Puritan also beat the Morningstar Moderate Target Risk benchmark, though its record goes back to September 2003 when Harley Lank started as manager of the fund's high-yield sleeve. But more importantly, it has beaten the index and peers since lead manager Ramin Arani came on board in February 2007. Arani picks growth stocks for the stock-heavy fund, and he sets the fund's allocation between stocks, high-quality bonds, and high-yield bonds. He's made winning calls with stock selection and asset allocation.

Mairs & Power Balanced MAPOX

This fund is back on the list after a one-year absence. The fund's expense ratio is right at the 20th percentile of its peer group, so it may forever be on the cusp of the Fantastic 48. Its returns, however, are well ahead of the category and prospectus benchmark since lead manager Ron Kaliebe was named comanager in January 2006. The strategy mixes stable-growing, dividend-paying equities with investment-grade bonds. It's really an old-school balanced fund that can provide a pretty steady ride throughout a variety of markets.

T. Rowe Price Capital Appreciation PRWCX

This fund is closed, too, but I know that quite a few *FundInvestor* readers got in before it closed. David Giroux has done a remarkable job of stock selection and asset allocation. He uses a blue-chip growth-at-a-reasonable-price strategy for equities and then uses a little bit of everything for fixed income. The bond side includes high-yield, investment-grade, bank loans, Treasuries, and convertibles in an attempt to generate returns without taking on extreme risk. And, wow, the fund's 8.9% annualized gain has beaten the Morningstar Moderate Target Risk Index's 5.7% since July 2006. ■■■

Data through June 30, 2016. FINRA members: For internal or institutional use only.

Oakmark Equity & Income I

Benchmark 1: Morningstar Mod Tgt Risk TR USD
 Benchmark 2: Morningstar Mod Tgt Risk TR USD

Morningstar Analyst Rating 06-23-16

Silver

Morningstar Pillars

- Process ➔ Positive
- Performance ➔ Positive
- People ➔ Positive
- Parent ➔ Positive
- Price ● Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 06-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	7.91	-3.49	3.27	1.41	9.05
2013	6.18	0.99	8.18	7.11	24.25
2014	1.78	3.19	-1.87	3.75	6.93
2015	0.91	0.06	-6.95	1.55	-4.60
2016	0.77	-0.42	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-0.42	-2.82	-2.82	99	9,958
6 Mo	0.35	-4.25	-4.25	94	10,035
1 Yr	-5.18	-6.74	-6.74	96	9,482
3 Yr Avg	5.86	0.25	0.25	52	11,862
5 Yr Avg	5.68	-0.12	-0.12	61	13,181
10 Yr Avg	6.28	0.53	0.53	16	18,389
15 Yr Avg	7.32	1.07	0.03	2	28,872

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	3.87	55	1.88	72
5 Yr (estimated)	4.24	59	1.37	65
10 Yr (estimated)	5.07	16	1.14	50

Potential Capital Gain Exposure: 21% of assets

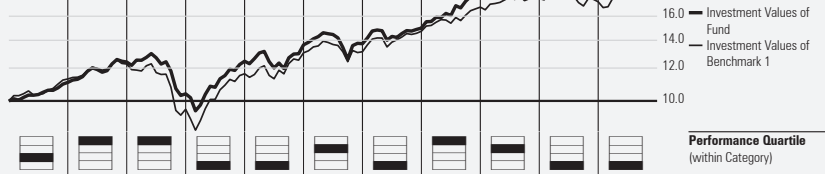
Morningstar's Take by Greg Carlson 06-23-16

While it just lost a promising comanager and has slumped recently, Oakmark Equity & Income's veteran skipper and proven approach continue to merit a Morningstar Analyst Rating of Silver. On May 6, 2016, Harris Associates, the fund's advisor, announced that Matt Logan (a comanager of this fund since April 2013) was leaving on May 15 to start his own firm. Logan had joined the firm straight out of college in 2006 as a research associate and was promoted to analyst in 2009. Although his departure represents a loss, the fund remains in good hands. Clyde McGregor has served as the lead manager since its 1995 inception. He's 63, but he has not announced any plans to retire and has comanagers Colin Hudson and Ed Wojciechowski—both in their 40s and promoted to comanagers along with Logan in 2013—on board as well.

The fund trailed more than 80% of its category peers in 2015, and is on pace to do so again in 2016 through June 20. (It moved to the new allocation 50% to 70% equity Morningstar Category, which essentially replaces the moderate allocation category, earlier this year.) Its recent struggles owe in part to a hefty stake in financials, which composed 30% of the equity portfolio (double the

Historical Profile

Return Above Avg
 Risk Average
 Rating ★★★★★
 Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	06-16	History
NAV	25.88	26.88	21.56	25.54	27.74	27.05	28.50	32.65	31.91	28.57	28.67	NAV
Total Return %	10.82	11.97	-16.18	19.84	9.50	0.64	9.05	24.25	6.93	-4.60	0.35	Total Return %
+/- Bmark 1	-2.14	3.34	6.01	-1.94	-2.83	0.05	-2.99	9.94	2.04	-2.80	-4.25	+/- Bmark 1
+/- Bmark 2	-2.14	3.34	6.01	-1.94	-2.83	0.05	-2.99	9.94	2.04	-2.80	-4.25	+/- Bmark 2
Income Return %	2.01	2.34	1.44	1.36	0.88	1.35	1.01	0.58	0.83	1.06	0.00	Income Return %
Capital Return %	8.81	9.64	-17.62	18.47	8.62	-0.71	8.04	23.66	6.10	-5.65	0.35	Capital Return %
Total Rtn % Rank Cat	58	6	4	78	87	39	88	21	39	89	94	Total Rtn % Rank Cat
Income \$	0.50	0.60	0.39	0.29	0.22	0.38	0.27	0.17	0.27	0.34	0.00	Income \$
Capital Gains \$	1.31	1.51	0.57	0.00	0.00	0.47	0.72	2.55	2.72	1.53	0.00	Capital Gains \$
Expense Ratio %	0.86	0.83	0.81	0.85	0.79	0.77	0.78	0.77	0.74	0.75	0.78	Expense Ratio %
Income Ratio %	1.88	2.14	1.93	1.59	1.04	0.93	0.84	0.89	0.85	1.06	0.95	Income Ratio %
Turnover Rate %	81	67	65	78	91	47	29	25	18	25	—	Turnover Rate %
Net Assets \$mil	10,851	12,830	11,538	15,609	18,079	17,596	17,461	19,298	19,776	16,841	15,446	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return%	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-5.18			
3 Yr	5.86	Avg	High	★★★★
5 Yr	5.68	Avg	+ Avg	★★★★
10 Yr	6.28	+ Avg	- Avg	★★★★
Incept	9.92			

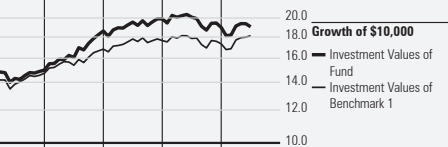
Other Measures

	Standard Index	Best Fit Index
Alpha	-0.7	0.5
Beta	1.19	0.77
R-Squared	89	92
Standard Deviation	8.84	
Mean	5.86	
Sharpe Ratio	0.68	

Ticker OAKBX Yield 1.1% Total Assets \$16,199 mil Mstar Category Allocation ~50% to 70% Equity

Investment Style

Equity



Performance Quartile (within Category)

History

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	06-16	History
NAV	25.88	26.88	21.56	25.54	27.74	27.05	28.50	32.65	31.91	28.57	28.67	NAV
Total Return %	10.82	11.97	-16.18	19.84	9.50	0.64	9.05	24.25	6.93	-4.60	0.35	Total Return %
+/- Bmark 1	-2.14	3.34	6.01	-1.94	-2.83	0.05	-2.99	9.94	2.04	-2.80	-4.25	+/- Bmark 1
+/- Bmark 2	-2.14	3.34	6.01	-1.94	-2.83	0.05	-2.99	9.94	2.04	-2.80	-4.25	+/- Bmark 2
Income Return %	2.01	2.34	1.44	1.36	0.88	1.35	1.01	0.58	0.83	1.06	0.00	Income Return %
Capital Return %	8.81	9.64	-17.62	18.47	8.62	-0.71	8.04	23.66	6.10	-5.65	0.35	Capital Return %
Total Rtn % Rank Cat	58	6	4	78	87	39	88	21	39	89	94	Total Rtn % Rank Cat
Income \$	0.50	0.60	0.39	0.29	0.22	0.38	0.27	0.17	0.27	0.34	0.00	Income \$
Capital Gains \$	1.31	1.51	0.57	0.00	0.00	0.47	0.72	2.55	2.72	1.53	0.00	Capital Gains \$
Expense Ratio %	0.86	0.83	0.81	0.85	0.79	0.77	0.78	0.77	0.74	0.75	0.78	Expense Ratio %
Income Ratio %	1.88	2.14	1.93	1.59	1.04	0.93	0.84	0.89	0.85	1.06	0.95	Income Ratio %
Turnover Rate %	81	67	65	78	91	47	29	25	18	25	—	Turnover Rate %
Net Assets \$mil	10,851	12,830	11,538	15,609	18,079	17,596	17,461	19,298	19,776	16,841	15,446	Net Assets \$mil

Portfolio Analysis 03-31-16

Total Stocks: 46	Share change since 12-31-15	Sector	YTD Ret %	% Assets
⊕ General Motors Co		Cnsmr Cyc	-14.55	4.27
⊖ Oracle Corp		Technology	12.87	4.06
⊕ Bank of America Corporati		Finan Svcs	-20.56	3.82
⊖ Nestle SA ADR		Cnsmr Def	—	3.30
CVS Health Corp		Hlth Care	-1.21	3.05
TE Connectivity Ltd		Technology	-10.52	2.79
Foot Locker Inc		Cnsmr Cyc	-14.91	2.42
Dover Corp		Industrl	14.43	2.41
⊖ Philip Morris Internation		Cnsmr Def	18.03	2.13

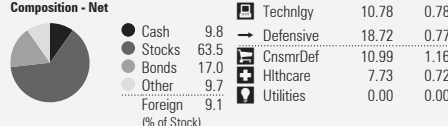
Total Fixed Income: 144	Date of Maturity	Amount 000	Value \$000	% Assets
US Treasury TIP 1.25%	07-15-20	456,030	490,220	2.89
US Treasury TIP	07-15-18	412,523	435,227	2.56
US Treasury TIP 2.125%	01-15-19	220,000	237,500	1.40

Equity Style	Value	Fixed-Income Style
Style: Large-Cap		Duration: —
Size: Large-Cap		Quality: —

Value Measures	Rel Category	Avg Eff Duration ¹	—
Price/Earnings	13.72	0.79	—
Price/Book	1.70	0.79	—
Price/Sales	1.09	0.71	—
Price/Cash Flow	5.56	0.67	3.22%
Dividend Yield %	2.68	1.00	—

¹ figure provided by fund as of 03-31-16

Growth Measures	% Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1	
Long-Term Emrgs	9.38	1.00	Cyclical	51.36	1.30
Book Value	2.10	0.85	BasicMat	1.46	0.28
Sales	-0.30	0.22	CnsmrCyc	17.73	1.59
Cash Flow	10.50	120.00	FinanSvcs	30.39	1.80
Historical Emrgs	13.51	-4.37	Real Est	1.78	0.28
Market Cap %			Sensitive	29.92	0.83
Giant	39.1	5.5	CommSvcs	0.00	0.00
Large	22.6	0.4	Energy	3.38	0.51
Mid	32.4	34,739	Industrl	15.76	1.35
			Technlgy	10.78	0.78
			Defensive	18.72	0.77
			CnsmrDef	10.99	1.16
			Hlthcare	7.73	0.72
			Utilities	0.00	0.00



Address:	Harris Associates LP Chicago, IL 60602-3790 800-625-6275	Minimum Purchase:	\$1000	Add: \$100	IRA: \$1000
Web Address:	www.oakmark.com	Min Auto Inv Plan:	\$500	Add: \$100	
Inception:	11-01-95	Sales Fees:	No-load		
Advisor:	Harris Associates L.P.	Management Fee:	0.75% mx./0.57% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.66% Dist:—		
		Expense Projections:	3Yr:\$240 5Yr:\$417 10Yr:\$930		
		Income Distribution:	Annually		

Data through June 30, 2016 FINRA members: For internal or institutional use only.

PRIMECAP Odyssey Aggressive Growth

Ticker POAGX **Yield** 0.0% **Total Assets** \$6,318 mil **Mstar Category** Mid-Cap Growth

Benchmark 1: Russell Mid Cap Growth TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 06-30-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 06-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	14.81	2.98	2.79	-0.26	21.22
2013	15.91	9.34	14.26	6.95	54.88
2014	4.65	4.06	-1.18	8.30	16.55
2015	5.92	0.43	-11.36	10.90	4.56
2016	-3.21	-0.41	—	—	—

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-0.41	-1.97	-2.87	89	9,959
6 Mo	-3.61	-5.76	-7.45	85	9,639
1 Yr	-5.25	-3.11	-9.25	40	9,475
3 Yr Avg	12.81	2.29	1.15	4	14,355
5 Yr Avg	15.00	5.02	2.90	1	20,111
10 Yr Avg	11.60	3.48	4.18	1	29,980
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	11.61	3	1.06	24
5 Yr (estimated)	14.14	1	0.75	22
10 Yr (estimated)	11.07	1	0.48	16

Potential Capital Gain Exposure: 28% of assets

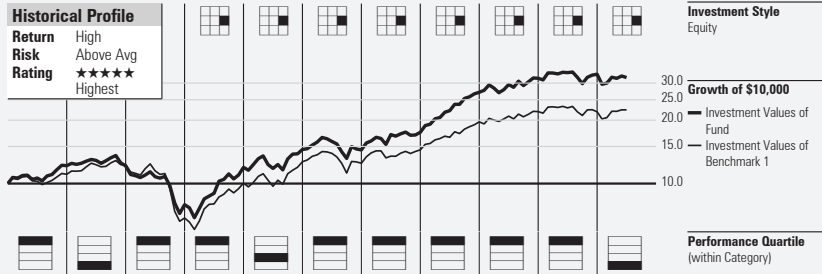
Morningstar's Take by David Kathman, CFA 06-30-16

Primecap Odyssey Aggressive Growth is one of six funds managed by the Primecap team, whose Vanguard Primecap VPMCX has achieved one of the fund industry's best track records during the past 30 years. The managers' patient, disciplined contrarian growth strategy emphasizes companies with strong growth potential but temporarily depressed valuations, and they're willing to hold on to stocks for a long time waiting for a turnaround. Each of the five portfolio managers independently runs a sleeve of assets, allowing them to follow their convictions within this broad strategy, and they don't hesitate to make significant sector and industry bets in areas where they see a lot of potential. In recent years, technology, biotech, and airline stocks have been the managers' favorites.

Within that framework, this fund is by far the most aggressive of the team's funds, which is why it's the only one of the six to be in the mid-cap growth Morningstar Category. (Four of them are in the large-growth category, while Primecap Odyssey Stock POSKX, the least risky of the bunch, is in large-blend.) Like its siblings, this fund is overweight relative to its peers in healthcare and tech

Historical Profile

Return High
Risk Above Avg
Rating ★★★★★ Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	06-16	History
14.34	14.22	9.30	13.99	16.47	16.07	19.48	29.65	32.93	32.40	31.23	NAV	
21.57	-0.19	-34.60	50.43	21.57	-0.45	21.22	54.88	16.55	4.56	-3.61	Total Return %	
10.91	-11.62	9.73	4.14	-4.82	1.20	5.41	19.14	4.65	4.76	-5.76	+/- Bmark 1	
5.77	-5.69	2.40	23.97	6.51	-2.57	5.22	22.49	2.86	3.18	-7.45	+/- Bmark 2	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19	0.01	0.00	Income Return %	
21.57	-0.19	-34.60	50.43	21.57	-0.45	21.22	54.88	16.36	4.56	-3.61	Capital Return %	
1	95	7	12	73	25	4	1	1	9	85	Total Rtn % Rank Cat	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.00	Income \$	
0.20	0.09	0.00	0.00	0.53	0.32	0.00	0.51	1.48	2.03	0.00	Capital Gains \$	
0.99	0.78	0.78	0.77	0.71	0.68	0.68	0.64	0.62	0.62	0.63	Expense Ratio %	
-0.33	-0.25	-0.46	-0.54	-0.45	-0.33	-0.32	-0.23	-0.09	0.17	-0.11	Income Ratio %	
12	6	24	20	15	11	14	11	13	15	—	Turnover Rate %	
159	331	219	441	914	1,086	1,688	5,030	6,376	6,684	6,318	Net Assets \$mil	

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-5.25	—	—	—
3 Yr	12.81	High	+Avg	★★★★★
5 Yr	15.00	High	High	★★★★★
10 Yr	11.60	High	+Avg	★★★★★
Incept	12.16	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	0.6	2.2
Beta	1.09	1.08
R-Squared	64	87
Standard Deviation	15.30	—
Mean	12.81	—
Sharpe Ratio	0.86	—

Portfolio Analysis 03-31-16

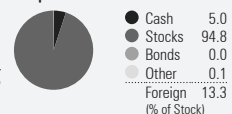
Total Stocks: 149

Share change since 12-31-15	Sector	YTD Ret %	% Assets
⊕ Dreyfus Treasury Secs Cas	—	—	5.03
⊖ Elie Mae Inc	Technology	52.17	3.88
⊖ Abiomed Inc	Hlth Care	21.06	3.72
⊕ Sony Corp ADR	Technology	—	3.01
United Continental Holdin	Industri	-28.38	2.98
⊕ BlackBerry Ltd	Technology	—	2.82
⊕ Delta Air Lines Inc	Industri	-27.60	2.66
⊕ American Airlines Group I	Industri	—	2.51
⊕ Nektar Therapeutics Inc	Hlth Care	-15.55	2.50
Dreamworks Animation SKG	Cnsmr Cyc	58.60	2.20
Shutterfly Inc A	Cnsmr Cyc	4.60	2.18
JetBlue Airways Corp	Industri	-26.89	2.16
⊕ Seattle Genetics Inc	Hlth Care	-9.96	2.13
Royal Caribbean Cruises L	Cnsmr Cyc	-32.91	2.01
⊕ Diagen NV	Hlth Care	-21.12	1.78
MarketAxess Holdings Inc	Finan Svcs	30.76	1.74
⊕ CarMax Inc	Cnsmr Cyc	-9.15	1.63
Roche Holding AG Dividend	Hlth Care	—	1.62
⊕ Adobe Systems Inc	Technology	1.97	1.54
⊕ comScore Inc	Industri	-41.97	1.52

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1	
Large	9.0	Cyclical	17.14	0.47	
Large	23.5	BasicMat	0.84	0.26	
Mid	29.2	CnsmrCyc	13.22	0.56	
Small	22.0	FinanSvcs	3.08	0.71	
Micro	16.2	Real Est	0.00	0.00	
Avg \$mil:	6,145	Sensitive	53.20	1.39	
		CommSvcs	1.66	4.05	
Value Measures	Rel Category	Energy	0.50	0.38	
Price/Earnings	18.51	0.81	Industri	16.93	0.86
Price/Book	2.31	0.68	Technlgy	34.11	2.04
Price/Sales	1.46	0.76	Defensive	29.66	1.16
Price/Cash Flow	5.97	0.52	CnsmrDef	1.07	0.10
Dividend Yield %	0.64	0.61	Hlthcare	28.59	1.95
Growth Measures	% Rel Category	Utilities	0.00	0.00	
Long-Term Erngs	17.42	1.36			
Book Value	2.14	0.29			
Sales	-1.79	-0.24			
Cash Flow	17.63	1.65			
Historical Erngs	34.30	3.30			

Composition - Net



Profitability

Return on Equity	11.88
Return on Assets	2.51
Net Margin	5.91

Address:	PRIMECAP Odyssey Funds Pasadena, CA 91101 800-729-2307	Minimum Purchase:	\$2000	Add: \$100	IRA: \$1000
Web Address:	www.odysseyfunds.com	Min Auto Inv Plan:	—	Add: \$100	—
Inception:	11-01-04	Sales Fees:	No-load	—	—
Advisor:	PRIMECAP Management Company	Management Fee:	0.60% mrx/0.55% mn.	—	—
Subadvisor:	None	Actual Fees:	Mgt:0.55% Dist:—	—	—
		Expense Projections:	3Yr:\$199 5Yr:\$346 10Yr:\$774	—	—
		Income Distribution:	Annually	—	—

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Data through June 30, 2016. FINRA members: For internal or institutional use only.

USAA World Growth

Benchmark 1: MSCI ACWI NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 07-05-16

Silver

Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊖ Neutral
- Price ⊖ Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

⊕ Positive ⊖ Negative ⊖ Neutral

Performance 06-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	14.33	-5.28	7.40	6.10	23.41
2013	8.86	0.34	8.28	7.99	27.74
2014	0.55	4.01	-3.86	3.14	3.71
2015	3.04	-0.25	-7.73	3.73	-1.62
2016	2.03	0.56	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	0.56	-0.43	1.21	57	10,056
6 Mo	2.60	1.37	3.62	29	10,260
1 Yr	-1.80	1.93	8.45	28	9,820
3 Yr Avg	6.97	0.94	5.81	28	12,242
5 Yr Avg	7.95	2.57	7.84	9	14,656
10 Yr Avg	6.67	2.41	4.80	5	19,081
15 Yr Avg	6.83	1.85	1.71	16	26,951

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	6.25	18	0.67	31
5 Yr (estimated)	7.37	6	0.53	31
10 Yr (estimated)	5.88	3	0.74	36

Potential Capital Gain Exposure: 31% of assets

Morningstar's Take by William Samuel Rocco 07-05-16

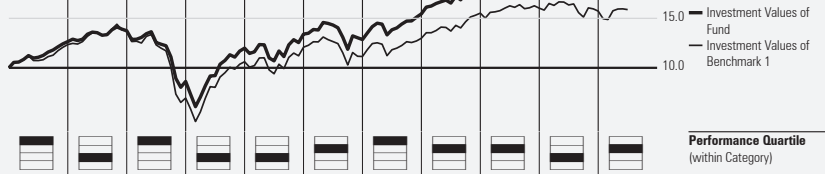
The management team at USAA World Growth won't be as strong after an upcoming retirement as it is now. But the team still will be much better than average after the transition, and this fund's other strengths remain intact. The fund retains its Morningstar Analyst Rating of Silver.

David Mannheim, who has run the fund with various comanagers as well as on his own since mid-2002, will retire in 12-24 months. Roger Morley, who became a comanager on the fund in 2009, will remain in place, and Ryan McAllister will become a comanager on this fund on Sept. 30, 2016. Mannheim is exceptionally seasoned and skilled, and McAllister has no portfolio-management experience yet, so the team won't be as robust once Mannheim leaves. (Mannheim, Morley, and McAllister all work for MFS, which has subadvised the fund since mid-2002.)

That said, the team will remain above-average after Mannheim retires. Morley is quite experienced and talented. McAllister has good credentials and will serve as a comanager for at least nine months before Mannheim departs, providing a good transition period. And the managers will be supported by the same sizable

Historical Profile

Return High
Risk Average
Rating ★★★★★
Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	06-16	History
NAV	19.96	20.31	12.86	16.81	18.70	17.72	21.66	27.03	27.33	26.14	26.82	NAV
Total Return %	23.96	9.32	-34.00	31.36	12.19	-4.35	23.41	27.74	3.71	-1.62	2.60	Total Return %
+/- Bmark 1	3.00	-2.35	8.20	-3.26	-0.48	3.00	7.28	4.94	-0.45	0.74	1.37	+/- Bmark 1
+/- Bmark 2	-2.69	-7.34	11.53	-10.08	1.03	9.36	6.58	12.45	7.58	4.04	3.62	+/- Bmark 2
Income Return %	2.55	0.95	1.08	0.65	0.92	0.88	1.12	0.87	1.05	0.72	0.00	Income Return %
Capital Return %	21.41	8.37	-35.08	30.71	11.26	-5.23	22.29	26.87	2.66	-2.34	2.60	Capital Return %
Total Rtn % Rank Cat	14	53	13	57	54	26	4	35	38	51	29	Total Rtn % Rank Cat
Income \$	0.42	0.18	0.21	0.08	0.15	0.16	0.20	0.19	0.28	0.19	0.00	Income \$
Capital Gains \$	1.71	1.35	0.31	0.00	0.00	0.00	0.01	0.44	0.43	0.56	0.00	Capital Gains \$
Expense Ratio %	1.26	1.30	1.24	1.42	1.34	1.29	1.30	1.25	1.19	1.17	—	Expense Ratio %
Income Ratio %	2.15	1.31	1.01	1.31	0.76	0.95	0.96	0.93	0.75	0.91	—	Income Ratio %
Turnover Rate %	44	29	28	20	15	17	12	12	9	9	—	Turnover Rate %
Net Assets \$mil	506	563	351	460	549	571	724	1,054	1,137	1,120	1,139	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-1.80			
3 Yr	6.97	+ Avg	Avg	★★★★
5 Yr	7.95	+ Avg	Avg	★★★★
10 Yr	6.67	High	-Avg	★★★★★
Incept	7.73			

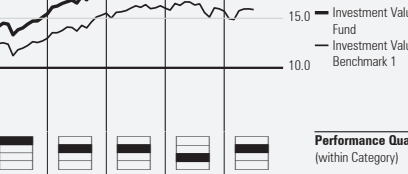
Other Measures

	Standard Index	Best Fit Index
Alpha	5.8	1.0
Beta	0.84	0.99
R-Squared	84	94
Standard Deviation	12.11	
Mean	6.97	
Sharpe Ratio	0.61	

Ticker USAWX Yield 0.7% Total Assets \$1,161 mil Mstar Category World Stock

Investment Style Equity

Performance Quartile (within Category)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	06-16	History
NAV	19.96	20.31	12.86	16.81	18.70	17.72	21.66	27.03	27.33	26.14	26.82	NAV
Total Return %	23.96	9.32	-34.00	31.36	12.19	-4.35	23.41	27.74	3.71	-1.62	2.60	Total Return %
+/- Bmark 1	3.00	-2.35	8.20	-3.26	-0.48	3.00	7.28	4.94	-0.45	0.74	1.37	+/- Bmark 1
+/- Bmark 2	-2.69	-7.34	11.53	-10.08	1.03	9.36	6.58	12.45	7.58	4.04	3.62	+/- Bmark 2
Income Return %	2.55	0.95	1.08	0.65	0.92	0.88	1.12	0.87	1.05	0.72	0.00	Income Return %
Capital Return %	21.41	8.37	-35.08	30.71	11.26	-5.23	22.29	26.87	2.66	-2.34	2.60	Capital Return %
Total Rtn % Rank Cat	14	53	13	57	54	26	4	35	38	51	29	Total Rtn % Rank Cat
Income \$	0.42	0.18	0.21	0.08	0.15	0.16	0.20	0.19	0.28	0.19	0.00	Income \$
Capital Gains \$	1.71	1.35	0.31	0.00	0.00	0.00	0.01	0.44	0.43	0.56	0.00	Capital Gains \$
Expense Ratio %	1.26	1.30	1.24	1.42	1.34	1.29	1.30	1.25	1.19	1.17	—	Expense Ratio %
Income Ratio %	2.15	1.31	1.01	1.31	0.76	0.95	0.96	0.93	0.75	0.91	—	Income Ratio %
Turnover Rate %	44	29	28	20	15	17	12	12	9	9	—	Turnover Rate %
Net Assets \$mil	506	563	351	460	549	571	724	1,054	1,137	1,120	1,139	Net Assets \$mil

Portfolio Analysis 02-29-16

Total Stocks: 94	Sector	Country	% Assets
Share change since 11-30-15	Hlth Care	United States	2.72
⊖ Thermo Fisher Scientific	Cnsmr Def	Switzerland	2.67
⊖ Nestle SA	Industrl	United States	2.51
⊖ Honeywell International I	Cnsmr Cyc	United States	2.50
⊕ Time Warner Inc	Technology	United States	2.48
⊖ Accenture PLC A	Cnsmr Def	United Kingdom	2.47
⊖ Reckitt Benckiser Group P	Cnsmr Cyc	United States	2.36
⊖ Walt Disney Co	Hlth Care	Germany	2.22
⊕ Bayer AG	Finan Svcs	United States	2.14
⊖ Visa Inc Class A	Hlth Care	United States	2.02
⊕ Medtronic PLC	Cnsmr Def	United Kingdom	1.99
⊖ Diageo PLC	Cnsmr Def	France	1.89
⊖ Danone SA	Cnsmr Cyc	France	1.89
⊖ LVMH Moet Hennessy Louis	Hlth Care	United States	1.85
⊕ Stryker Corp	Industrl	Canada	1.82
⊖ Canadian National Railway	Cnsmr Def	United States	1.81
⊖ Kellogg Co	Finan Svcs	United States	1.81
State Street Corp	Industrl	United States	1.79
⊖ 3M Co	Technology	United States	1.78
⊖ Oracle Corp	Cnsmr Def	Sweden	1.78
⊖ Svenska Cellulosa AB B			

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Giant	38.3	Cyclical	37.15	1.02
Large	51.1	BasicMat	5.99	1.17
Mid	9.9	CnsmrCyc	16.52	1.48
Small	0.8	FinanSvcs	14.64	0.88
Micro	0.0	Real Est	0.00	0.00
Avg \$mil:	39,097	Sensitive	26.60	0.72
		CommSvcs	2.20	0.43
Value Measures	Rel Category	Energy	1.51	0.22
Price/Earnings	17.12	Industrl	13.86	1.32
Price/Book	2.60	Technlgy	9.03	0.64
Price/Sales	2.04	Defensive	36.24	1.34
Price/Cash Flow	10.62	CnsmrDef	18.34	1.67
Dividend Yield %	2.36	Hlthcare	17.90	1.44
Growth Measures	% Rel Category	Utilities	0.00	0.00
Long-Term Erngs	8.72			
Book Value	2.05			
Sales	3.77			
Cash Flow	4.47			
Historical Erngs	4.42			

Regional Exposure

	% Stock
UK/W. Europe	38
N. America	58
Japan	1
Latn America	1
Asia X Japan	1
Other	1

Country Exposure

	% Stock
United States	56
Switzerland	8
UK	11
Germany	6
France	8

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Data through June 30, 2016 FINRA members: For internal or institutional use only.

Vanguard Long-Term Investment-Grade Inv

Ticker VWESX **Yield** 4.0% **Total Assets** \$15,271 mil **Mstar Category** Corporate Bond

Benchmark 1: Barclays US Corp IG TR USD
Benchmark 2: Barclays US Agg Bond TR USD

Morningstar Analyst Rating 06-24-16

Silver

Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **+** Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 06-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	0.44	5.57	4.66	0.62	11.66
2013	-0.61	-6.17	-0.30	1.25	-5.87
2014	6.34	4.62	0.82	5.35	18.17
2015	3.07	-7.63	2.63	0.09	-2.21
2016	6.77	6.05	—	—	—

Trailing	Total Return%	+/- Bmark	+/- Bmark	%Rank Cat	Growth of \$10,000
3 Mo	6.05	2.48	3.84	3	10,605
6 Mo	13.24	5.56	7.92	2	11,324
1 Yr	16.31	8.37	10.31	1	11,631
3 Yr Avg	9.72	4.30	5.66	1	13,208
5 Yr Avg	9.31	3.88	5.55	1	15,607
10 Yr Avg	8.40	2.16	3.27	9	22,400
15 Yr Avg	7.80	1.77	3.32	9	30,842

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	7.26	1	2.24	96
5 Yr (estimated)	6.99	1	2.12	85
10 Yr (estimated)	6.16	8	2.07	81

Potential Capital Gain Exposure: 15% of assets

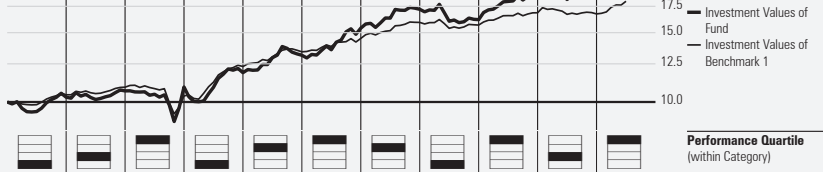
Morningstar's Take by Elizabeth Foos 06-24-16

On June 1, 2016, the lead manager of Vanguard Long-Term Investment-Grade, L.T. Hill, retired from Wellington Management Company, this fund's longtime subadvisor. Comanager Scott St. John, who has worked closely with Hill for a decade and was named to this fund in May 2014, assumed responsibility for the Wellington-run portion of the fund (90% of assets). St. John joined the firm in 2003 with prior experience as a fixed-income analyst. Because this duo worked together for some time, we don't expect the change to cause significant disruption to the team or its process. The fund's solid long-term record, strong team, and low expenses earn it a Morningstar Analyst Rating of Silver.

This fund has been successful at what it's designed to do. It was added to the new corporate-bond Morningstar Category in November 2013, but its defining features are unchanged. Among its new peers and former cohorts in the long-term bond category, this portfolio still stands out with a duration of 13.1 years (April 2016), well above the average for both categories. It places itself there mainly by staying within a year of its Barclays U.S. Long Credit A or Better Index's duration. That trait and the

Historical Profile

Return High
Risk High
Rating ★★★★★ Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	06-16	History
9.25	9.06	8.72	8.92	9.34	10.29	10.85	9.65	10.75	9.90	10.95	10.95	NAV
2.86	3.75	2.29	8.75	10.71	17.18	11.66	-5.87	18.17	-2.21	13.24	13.24	Total Return %
-1.44	-0.81	7.23	-9.93	1.72	9.03	1.84	-4.33	10.70	-1.53	5.55	5.55	+/- Bmark 1
-1.48	-3.21	-2.95	2.82	4.17	9.34	7.44	-3.84	12.20	-2.76	7.92	7.92	+/- Bmark 2
5.61	5.81	5.84	6.19	6.02	5.74	4.99	4.56	4.95	4.26	2.24	2.24	Income Return %
-2.76	-2.06	-3.54	2.56	4.69	11.44	6.67	-10.43	13.21	-6.47	11.00	11.00	Capital Return %
96	53	6	97	46	1	39	97	1	75	2	2	Total Rtn % Rank Cat
0.52	0.52	0.51	0.52	0.52	0.52	0.50	0.48	0.47	0.45	0.22	0.22	Income \$
0.00	0.00	0.00	0.00	0.00	0.08	0.12	0.09	0.15	0.18	0.03	0.03	Capital Gains \$
0.25	0.25	0.22	0.23	0.26	0.24	0.22	0.22	0.22	0.22	0.21	0.21	Expense Ratio %
5.35	5.73	5.78	6.09	6.01	5.53	5.25	4.57	4.64	4.30	4.18	4.18	Income Ratio %
9	15	15	24	21	19	29	21	26	21	35	35	Turnover Rate %
4,187	4,273	3,658	4,035	3,836	4,121	4,472	3,962	4,482	3,984	4,235	4,235	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	16.31			
3 Yr	9.72	High	High	★★★★★
5 Yr	9.31	High	High	★★★★★
10 Yr	8.40	High	High	★★★★
Incept	8.62			

Other Measures

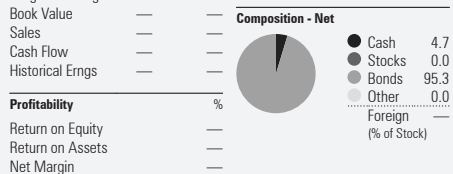
	Standard Index	Best Fit Index
Alpha	-0.4	1.0
Beta	2.50	0.93
R-Squared	82	96
Standard Deviation	7.30	
Mean	9.72	
Sharpe Ratio	1.30	

Portfolio Analysis 03-31-16

Total Stocks: 0
Share change since 12-31-15

	Sector	YTD Ret %	% Assets
Value Blend Growth			
Market Cap %			
Giant			
Large			
Mid			
Small			
Micro			
Avg \$mil:			

Value Measures	Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1
Price/Earnings	—	Cyclical	0.00	—
Price/Book	—	BasicMat	0.00	—
Price/Sales	—	CnsmrCyc	0.00	—
Price/Cash Flow	—	FinanSvcs	0.00	—
Dividend Yield %	—	Real Est	0.00	—
Growth Measures	% Rel Category	Sensitive	0.00	—
Long-Term Emrgs	—	CommSvcs	0.00	—
Book Value	—	Energy	0.00	—
Sales	—	Industrl	0.00	—
Cash Flow	—	Technlgy	0.00	—
Historical Emrgs	—	Defensive	0.00	—
Profitability	%	CnsmrDef	0.00	—
Return on Assets	—	Hlthcare	0.00	—
Return on Equity	—	Utilities	0.00	—
Net Margin	—			



Address:	Vanguard Fixed Income Securities Funds Valley Forge PA 19482 800-662-7447	Minimum Purchase:	\$3000	Add: \$1	IRA: —
Web Address:	www.vanguard.com	Min Auto Inv Plan:	—	Add: —	
Inception:	07-09-73	Sales Fees:	No-load		
Advisor:	Wellington Management Company LLP	Management Fee:	0.19%		
Subadvisor:	None	Actual Fees:	Mgt:0.19% Dist:—		
		Expense Projections:	3Yr:\$68 5Yr:\$118 10Yr:\$268		
		Income Distribution:	Monthly		

Putting Dividend Funds Through Their Paces

Morningstar Research | Alex Bryan

It isn't hard to understand the appeal of dividend strategies. Couple historically low interest rates with increasing numbers of income-seeking retirees and it is no surprise that funds with dividend strategies have grown in popularity during the past decade. But income investors will encounter a varied landscape. At the end of January 2016, there were 469 such U.S.-listed strategies across the open-end, closed-end, and exchange-traded fund universes, with \$745 billion in assets. These funds can look and behave differently from one another depending on how they manage the trade-off between current income and future dividend growth.

Dividend Growth vs. Dividend Income

Firms that pay out a greater share of their earnings have less cash to reinvest in their businesses to fuel future growth. They are also more likely to cut their dividends than those with lower payout ratios because they have a smaller buffer should earnings fall. Plus, high yields can sometimes be a sign of underlying financial distress. Dividend income portfolio managers can—and often do—take steps to limit risk by applying fundamental analysis or quantitative screens to filter out high-risk names.

In contrast, dividend growth managers are willing to accept lower current yields in exchange for potentially higher payouts in the future and generally favor firms with durable competitive advantages, long dividend growth histories, and strong profitability. In addition, they often target firms with healthy balance sheets that suggest they are capable of boosting dividends. One trade-off is that such quality firms tend to trade at higher price multiples than stocks with higher dividend yields. That is certainly the case currently with consumer staples companies such as **Coca-Cola** KO and **PepsiCo** PEP, two popular holdings of dividend growth funds.

To make these distinctions clearer, we sorted each dividend strategy into one of three equal-sized groups along the dividend income/growth spectrum: dividend income, growth and income, and dividend growth. This score is based on the following portfolio-level metrics:

- Payout ratio (forward dividend yield/earnings yield)
- Dividend yield (based on expected payments over the next year)
- Return on invested capital
- Dividend growth of each fund during the past five years
- Fund name (whether it is labeled as dividend growth)

Portfolio Comparison

As expected, dividend income funds had a much higher average (pre-expense) yield and payout ratio than the broad large-cap market and other two dividend groups. But their average dividend distributions slightly shrank during the trailing five years through December 2015, which could reflect the impact of dividend cuts or a shift to lower-yielding names. Consistent with this slight decline, they also invested in less-profitable firms and had less exposure to stocks with Morningstar Economic Moat Ratings of wide, which signifies a durable competitive advantage. Not surprisingly, income funds tended to exhibit a more pronounced value tilt than the other two groups.

There were differences in sector allocations as well. At the end of 2015, income-oriented funds had greater exposure to the utilities, real estate, and energy sectors than growth-oriented strategies and less exposure to financial, technology, and health-care stocks. These sector tilts aren't static. For instance, in December 2007, income funds had greater exposure to financial-services stocks than dividend growth funds, but this tilt reversed after the financial crisis when many stocks in this sector cut their dividends. But the managers in each group generally fish in the same pond over time.

Dividend growth funds' average valuations and payout ratios were comparable to the corresponding figures for the broad large-cap market, and the group's dividend yield wasn't much higher. But this was the only group with a higher dividend growth

Exhibit 1 U.S. Dividend Funds: Portfolio Snapshot

Name	Dividend Yield %	P/B	Forward P/E	Dividend Payout %	ROIC % (TTM) (Long)	Historical Dividend Growth %	Beta	
							Wide Moat	01/01/2011 to 12/31/2015
Dividend Growth	2.53	2.50	16.76	0.42	13.3	15.87	45.68	0.96
Dividend Growth and Income	3.17	2.17	15.86	0.50	12.44	5.66	43.96	0.93
Dividend Income	3.98	1.99	16.03	0.64	10.37	-1.96	36.06	0.85
Vanguard Large-Cap ETF	2.22	2.35	17.38	0.39	12.48	12.18	48.49	1.00

Source: Morningstar, Inc. Data as of 12/31/15.

rate than **Vanguard Large-Cap ETF** VV. Dividend growth funds also boasted the highest ROIC and greatest exposure to wide-moat stocks of the three groups. These strong and durable profits can potentially fuel future dividend growth.

Performance

Despite differences in their portfolios, we didn't find a huge difference in performance among the three groups from January 2006 through December 2015. During that time, the dividend income strategy group outpaced the dividend growth group by a small margin (49 basis points annualized), with comparable volatility. This result is interesting because large-value stocks underperformed over this period and income-oriented funds tended to have greater exposure to these stocks.

However, these long-term averages mask short-term variability in relative performance. The return gap between the income and dividend growth funds was larger over shorter horizons. For example, the dividend income group outpaced the dividend growth group by 1.9 percentage points annualized from January 2006 through December 2011. But dividend growth funds outperformed income funds by 1.8 percentage points from that point through December 2015. Dividend growth funds also tended to hold up a little better during the bear market from October 2007 through February 2009, beating their income counterparts by 1.4 percentage points annualized. Overall, one approach isn't uniformly better than the other.

Very few funds in any of the groups beat corresponding market-cap-weighted dividend benchmarks. We used Nasdaq U.S. Dividend Achievers Select Index to benchmark dividend growth funds. **Vanguard Dividend Appreciation** ETF VIG tracks that index. FTSE

High Dividend Yield Index, which is available through **Vanguard High Dividend Yield** ETF VYM, served as the benchmark for the income group. We used a blend of the two indexes for the income and growth group.

Fees largely explain the low success rates among the surviving funds. Gross of fees, these success rates were considerably higher. It is difficult to select managers who can overcome their fees and improve performance through fundamental analysis. However, we set the bar high by using indexes rather than index funds, as index funds would be after an expense ratio, too. All the funds that did outperform had lower-than-average fees and tended to hold up better than most of their peers during market downturns. This suggests that strong risk management and reasonable fees are critical for success for dividend investors of all stripes.

Fund Selection

To illustrate the importance of low fees, we divided each of the three U.S. dividend strategy groups into three fee subgroups from cheapest to most expensive. We then tracked the performance of each fee group, reconstituting the groups at the end of each year. Among dividend growth funds, the cheapest cohort outpaced the most expensive by 2.1 percentage points per year. Cheaper dividend income and growth-income groups also prevailed over their more expensive counterparts. Here, the corresponding return spreads between the cheapest and most expensive cohorts were 114 and 60 basis points, respectively. Investors can gauge risk by comparing a fund's performance against an appropriate benchmark during market downturns and by monitoring the valuations, profitability, and dividend payout ratios of its holdings. **Vanguard Dividend Growth** VDIGX and **American Century Equity Income** TWEIX were among the best performers in down markets over the past decade in the dividend growth and dividend income groups, respectively. For those who don't wish to select and monitor active managers, Vanguard Dividend Appreciation ETF and Vanguard High Dividend Yield ETF are good baseline U.S. dividend growth and income strategies, respectively. These index funds both charge a low 0.09% expense ratio. ■■■

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Looking at 11 That Failed to Make the Cut

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

The test to be in the Fantastic 48 is strict, and the following funds are proof. In total, 11 funds from the 2015 Fantastic list failed to make the cut this year. How you respond to that really should come down to why the funds fell off the list and how close they are to getting back on it. In most cases, the funds just fell over the line, and I wouldn't sell based on that. However, two had manager changes, and we downgraded them to Morningstar Analyst Ratings of Neutral. I would definitely review those two. I'll start there and then work my way through the rest.

Manager Changes

T. Rowe Price Small Cap Stock OTCFX manager Greg McCrickard is stepping down on Oct. 1, 2016, and will be replaced by Frank Alonso. This will mark the end of a great run for McCrickard and this fund's shareholders. He has run the fund since September 1992. Alonso, by contrast, has just a two-year track record at an offshore fund. He has worked as associate portfolio manager on this fund, too, since 2013. We lowered the fund's Analyst Rating to Neutral because Alonso's track record is so brief. T. Rowe Price's manager transitions are smooth affairs, but we don't know if Alonso can add value the way McCrickard has.

We downgraded **Vanguard Energy's** VGENX Analyst Rating to Neutral from Gold when we learned that Wellington's Karl Bandtel would retire in June 2016. He has been succeeded by Greg LeBlanc, who has worked on Wellington's energy team since 2000. However, this is LeBlanc's first time as lead manager on a mutual fund. Again, I don't see disaster ahead, as the fund will still have low costs and the support of Wellington.

Rising Fees

Fidelity Blue Chip Growth's FBGRX expense ratio popped from 0.74% in 2013, to 0.80% in 2014, to 0.88% in 2015. Those are pretty big jumps, but it's good news/bad news. Fees rose because Fidelity has a performance fee that charges more money when the fund is beating its benchmark over the trailing three-year period. As it happens, portfolio manager Sonu Kalra posted excellent results in 2013, 2014, and 2015 against the Russell 1000 Growth Index, thus leading to the fee hike. Now the bad news/good news. The fund is about 400 basis points behind the index so far in 2016, so it may start to charge less before long.

Fidelity International Discovery FIGRX is a similar though less dramatic story as its expense ratio rose 5 basis points to 0.98%, bouncing it from the cheapest quintile. It had a great 2015, which triggered higher performance fees.

LKCM Small Cap Equity LKSCX is more of a bad news/bad news story. Flagging performance led to redemptions in 2014 and 2015, which led to higher expenses. Specifically, fees rose to 0.97% from 0.94%, which bounced the fund out of the cheapest quintile. Its Analyst Rating is still Silver, however.

A small rise in fees also led **Oakmark Equity & Income** OAKBX, **Primecap Odyssey Stock** POSKX, and **Selected American** SLADX to get ejected, though little else changed.

Finally, three funds didn't have rising fees but were affected by other funds in their peer groups lowering fees, which moved the quintile cutoff line: **American Funds New Economy** ANEFX, **Invesco Equity Income** ACEIX, and **Mairs & Power Growth** MPGF. That's a tough way to fall out, but if you own one of them you can rest easy that they haven't changed and we still rate them highly. ■■■

Funds Making Big Emerging-Markets Bets

Red Flags | Alec Lucas

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

The recent emerging-markets bear market has left its imprint, at least in the short term, on the Morningstar 500. Between the bear markets' April 28, 2015, peak and its Jan. 21, 2016, trough, the MSCI Emerging Markets Index shed 34.1% of its value, with Brazil and China leading the race to the bottom. While their reasons for selling differed, two funds substantially cut their developing-markets footprints during that time and still got hammered. Two others had the temerity to buy in bulk, though only one benefited from the subsequent rebound through May 2016.

At the start of second-quarter 2015, **Artisan International Small Cap** ARTJX had a 31% emerging-markets stake (including South Korea and Taiwan), ranking second out of roughly 40 foreign small/mid-growth Morningstar Category peers and was 13.4 percentage points more than the MSCI All-Country World Ex-USA SMID Growth Index. More than four fifths of that exposure, though, was concentrated in seven Chinese stocks. One year later, longtime manager Mark Yockey had sold all of them, with most of the selling taking place in 2015's fourth quarter. Some of these stocks had been big winners for the fund in prior years. **China Oil & Gas Group**, however, proved costly; it was a big loser while the fund held it. Through May 2016, the fund's 6.6% loss over the past year trails the benchmark by 3 percentage points and places in the category's bottom quintile. Short-term underperformance is to be expected here, though. Yockey goes his own way in managing this closed fund's roughly 35- to 50-stock portfolio, and he's built a superior long-term track record doing so.

Between June and December 2015, **Columbia Acorn International** ACINX, with a Morningstar Analyst Rating of Silver, slashed its emerging-markets exposure by 13.2 percentage points to 17.8% of assets, near where it has remained since. Deteriorating fundamentals and underperforming small caps drove the

steep drop, but management was also mindful of the emerging-markets weighting of the MSCI All-Country World Ex-USA SMID Index, which became the fund's new benchmark at the start of 2016. Selling too late in a downturn didn't help. Its 7.6% one-year loss through May 2016 ranks near the foreign small/mid-growth category's bottom decile. Managers Louis Mendes and Zach Egan, however, have earned investors' trust. They continue to use the same growth-driven and quality-oriented approach that has helped this fund to a peer-beating record since their May 2003 start date.

Over the past year through March 2016, Bronze-rated **Manning & Napier World Opportunities** EXWAX hiked its emerging-markets weighting by 10.3 percentage points to 25.6% of assets, which was higher than 95% of its roughly 200 foreign large-blend category peers. The shift toward the developing world was not indiscriminate. The fund sold several emerging-markets stocks during that time (**Life Healthcare Group Holdings** LHC and **LATAM Airlines Group** in June; **Charoen Pokphand Foods** in September; and **Qihoo 360 Technology** QIHU in November) and trimmed several positions. It added three names in such volume that the fund's emerging-markets stake grew significantly: China's **Baidu** BIDU (April) and **Shandong Weigao Group Medical Polymer** (May), and South Korea's **Samsung Electronics** (November). By March 2016, these three stocks accounted for 8.2% of assets. While the fund lost 9.2% over the trailing year through May 2016, it still placed in the category's top half. It has fared especially well in the emerging-markets rally since late January, though it's vulnerable to another downturn.

AMG Yacktman Focused Service YAFFX bought preferred shares of Samsung in 2015's second quarter and added more in the third. Samsung is now the fund's second-biggest holding. It and a modest position in China's **Hengan International Group** account for the fund's 12.4% emerging-markets stake as of March 2016, which was the third-most out of 450-plus large-blend category peers. The fund posted a top-quintile 1.8% gain over the past year through May 2016, but neither Samsung nor Hengan drove that outperformance. ■■

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Brexit Hits Europe Hard, but U.S. Rebounds

Market Overview | Andrew Daniels

The shocking Brexit vote made June a volatile month. The S&P 500 gained 0.3% and the Russell 2000 Index fell 0.1%. Stocks were hammered after Britain unexpectedly voted to leave the European Union, but it quickly rallied back close to pre-vote levels. Uncertainty surrounding the vote and the May jobs report that indicated U.S. employers added just 38,000 jobs—the worst month since 2010—pushed the Federal Reserve to shelve plans to raise short-term interest rates at its mid-June meeting.

Defensive yield plays fared the best. The telecom sector gained 9%, led by **Verizon Communications** VZ and **AT&T** T. The utilities sector gained 8%, led by **American Water Works'** AWK 14% and **NextEra Energy's** NEE 9% gains. **Franklin Utilities** FKUTX, which has a Morningstar Analyst Rating of Gold, rose 7%. The consumer staples sector also posted slight gains in June—tobacco firms **Altria** MO and **Reynolds American** RAI both gained more than 9%.

On the flip side, financials was one of the worst performing sectors in June, losing 2%. Several banks such as **SVB Financial** SIVB and **Comerica** CMA fell more than 12%. **Davis Financial** RPFGX fell 4%. The technology sector also posted a loss of 2%—IT services firms **Alliance Data Systems** ADS and **Global Payments** GPN lost more than 8%. The price of Brent crude ended the month slightly down in June—its first down month since January—ending the month at \$49.68 per barrel. The energy sector still gained 3% during the month; Neutral-rated **Vanguard Energy** VGENX gained about 4%.

Overseas markets posted mixed results in June. European stocks dropped 3.4% and are now down more than 4% for the year. Irish, Spanish, and Italian stocks all dropped more than 9%. Gold-rated **Oakmark International** OAKIX fell nearly 7% because of a big weighting in European financials. Emerging-markets stocks gained 4%. **■**

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Benchmark Performance

Total Return % Through 06-30-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	-1.5	-1.9	10.6	10.0	7.2
Large Blend	-0.2	2.2	9.4	10.1	6.4
Large Value	0.0	4.0	8.0	9.4	5.5
Mid-Cap Growth	-0.8	0.0	8.2	7.9	6.8
Mid-Cap Blend	-0.8	2.8	7.6	8.3	6.4
Mid-Cap Value	-0.8	4.9	7.8	8.8	6.5
Small Growth	-0.1	-0.7	6.5	7.3	6.6
Small Blend	-0.4	3.0	6.4	7.6	5.9
Small Value	-0.5	4.6	5.9	7.7	5.7
Allocation—30% to 50% Equity	1.0	4.3	4.3	4.7	4.6
Allocation—50% to 70% Equity	0.5	3.2	5.9	6.1	5.2
Allocation—70% to 85% Equity	0.2	2.7	6.1	6.1	4.7
Communications	2.3	8.3	8.3	7.4	5.3
Financial	-5.0	-5.2	4.8	7.4	1.3
Global Real Estate	2.5	6.2	6.4	6.3	3.1
Health	-2.0	-9.4	15.0	15.6	11.2
Natural Resources	2.2	14.5	-3.6	-4.9	-0.2
Equity Precious Metals	22.4	95.5	8.4	-11.1	0.0
Real Estate	5.9	10.5	12.1	11.2	6.4
Technology	-2.1	-2.1	12.8	9.4	8.4
Utilities	5.7	19.5	10.6	10.1	7.6
S&P 500	0.3	3.8	11.7	12.0	7.3
S&P MidCap 400	0.4	7.9	10.5	10.5	8.6
Russell 2000	0.0	2.4	7.3	8.4	6.3
Diversified Pacific/Asia	2.1	2.1	4.3	3.6	3.4
Diversified Emerging Mkts	3.6	6.2	-1.3	-3.2	3.2
Europe Stock	-4.6	-5.4	2.4	2.2	2.5
Foreign Large Blend	-2.6	-3.0	1.7	1.1	1.5
Foreign Large Growth	-2.1	-2.3	3.2	2.5	2.9
Foreign Large Value	-3.1	-3.0	0.7	0.3	0.5
Foreign Small/Mid Growth	-3.1	-3.0	5.2	4.8	4.7
Foreign Small/Mid Value	-3.5	-1.4	3.6	2.2	2.6
World Stock	-1.1	0.4	5.6	5.3	4.3
MSCI World	-1.1	0.7	6.9	6.6	4.4
MSCI Emerging Markets	4.6	7.6	-1.7	-4.4	2.9
MSCI EAFE	-2.4	-3.0	2.1	1.6	1.5
MSCI Europe	-4.4	-5.1	2.0	1.0	1.5
MSCI Latin America	11.3	24.0	-10.7	-12.7	-0.4
MSCI Pacific	-1.4	-2.9	2.2	3.0	1.7
High Yield Bond	0.7	6.4	2.9	4.6	6.0
Inflation-Protected Bond	1.8	5.2	1.2	1.5	3.7
Intermediate-Term Bond	1.6	4.9	3.6	3.6	4.8
Muni National Long	1.7	4.5	5.8	5.7	4.6
World Bond	2.2	6.6	2.1	1.9	4.5
BarCap US Agg Bond TR USD	1.9	5.3	4.1	3.7	5.0
BofAML US HY Master II TR	1.1	9.3	4.2	5.7	7.4
BarCap Municipal TR USD	1.6	4.3	5.6	5.3	5.1

Mairs & Power Small Cap Leads the Way

Leaders & Laggards | Andrew Daniels

10 Best-Performing Funds

Fund Name	YTD Cat Rank %
Artisan Value Investor	1
Champlain Mid Cap Adv	1
Fairholme Focused Income	1
Jensen Quality Growth J	1
Mairs & Power Growth Inv	1
Matthews Emerging Asia In	1
PIMCO Inflation Response	1
Permanent Portfolio Perma	1
Vanguard High-Yield Tax-E	1
American Century Equity I	2

10 Worst-Performing Funds

Fund Name	YTD Cat Rank %
Oakmark Global I	99
Sequoia	99
Touchstone Sands Capital	99
Dreyfus Opportunistic Sma	98
FPA US Value	98
Fidelity Leveraged Compan	98
Matthews China Investor	98
Oppenheimer Global A	98
Eventide Gilead N	97
Janus Balanced T	97

Leaders

Mairs & Power Small Cap MSCFX has posted excellent results since its inception in 2011, and it has shown no signs of slowing down in 2016, outperforming 98% of its small-blend peers for the year to date. The fund, which has a Morningstar Analyst Rating of Silver, has benefited from strong stock selection in the industrial machinery space—**Oshkosh** OSK, **Donaldson** DCI, and **Toro** TTC are all up more than 20% this year. The fund's sizable positions in real estate investment trusts **Agree Realty** ADC and **Physicians Realty Trust** DOC have also contributed to results this year, as both are up more than 28%.

Silver-rated **Harding Loevner International Equity** HLMNX has outperformed 96% of its foreign large-growth peers for the year to date. Thanks to its managers' quality bias and focus on valuation and risk control, it does well during volatile times. That's been the case this year—the fund's 3.5% gain is significantly better than the 3.0% loss for the typical fund in the foreign large-growth Morningstar Category. The fund has benefited from an underweighting to hard-hit financials, specifically banks, and those that it does own—such as **Itau Unibanco Holding** ITUB and **Turkiye Garanti Bankasi**—have done well.

Gold-rated **Vanguard Wellesley Income** VWINX has outperformed 90% of its peers in the allocation—30% to 50% equity category in 2016. This fund is more rate-sensitive than most peers, as evidenced by its above-average duration, and that has contributed to results as interest rates continued to decline this year. In addition, security selection in the investment-grade corporate-bond space has been strong. The fund has further benefited from having an underweighting in noncorporate bonds.

Laggards:



Bronze-rated **Touchstone Sands Capital Select Growth** PTSGX has lagged 99% of its large-growth peers thus far in 2016. This concentrated fund has nearly 75% of assets in technology and healthcare stocks, and that has hurt results this year. The fund's large biotech exposure has dragged on results—**Regeneron Pharmaceuticals** REGN, **Alexion Pharmaceuticals** ALXN, and **Incyte** INCY are all down more than 25% this year. Additionally, tech firms **Palo Alto Networks** PANW and **Baidu** BIDU are down more than 12%. The fund also owns **LendingClub** LC, which has lost more than 60% in 2016 amid alleged misconduct and regulatory probes.

Bronze-rated **American Century International Growth** TWIEX has trailed 83% of its foreign large-growth peers for the year to date. Stock selection in the industrials sector has been poor: The firm owns airlines **International Consolidated Airlines** IAG, **Qantas** QAN, and **Ryanair Holdings**, all of which are down more than 19% this year. Despite having an underweighting in poor-performing financials, the fund owns banks—such as **Intesa Sanpaolo**, **Bank of Ireland** BIR, and **Barclays**—that have been pummeled. Additionally, some of the fund's tech bets, such as **Wirecard** WDI and **Worldpay Group** WPG, are down more than 12% this year.


Bronze-rated **PIMCO Total Return** PTRRX has lagged 85% of its intermediate-term bond peers in 2016. The fund's managers expected the Federal Reserve to raise interest rates throughout 2016, and as a result it had a lower duration than its typical peer. That's proved costly as global market uncertainty caused the Fed to hold off on interest-rate hikes thus far. The fund's bullish bet on the U.S. dollar by shorting emerging-markets currencies has also proved costly, though the Brexit-inspired flight to quality spurred a dollar rebound. ■■■

Fund Manager Changes


AMG Yacktman Focused YAFFX and AMG Yacktman YACKX Impact: Neutral Date: 05/01/2016

Founder Don Yacktman stepped down officially as manager on the fund. Stephen Yacktman and Jason Subotky remain as managers. **Our Take:** Don Yacktman has been dialing back his work on the fund for a number of years, so this was not a surprise and our ratings already reflected the fact that Stephen Yacktman and Subotky were the driving forces at the funds. The funds retain their respective  Silver and  Gold ratings.


Fidelity Municipal Income FHIGX Impact: Neutral Date: 05/02/2016

Lead manager Jamie Pagliocco stepped down from the firm's muni funds to take a position heading the firm's fixed-income trading group. Comanagers Mark Sommer and Kevin Ramundo, who have managed muni funds at the firm since 2002 and 2010, respectively, were named managers on the firm's entire suite of muni funds. Joining the duo as a new portfolio manager is Cormac Cullen, a senior member of the firm's muni research team. **Our Take:** We have faith in the seasoned team that Pagliocco leaves behind and are encouraged that past transitions in Fidelity's muni group have been quite smooth. We are maintaining our  Gold rating on the fund.

MFS Global Equity MWEFX Impact: Negative Date: 2017

MFS announced that longtime lead manager David Mannheim will retire in one to two years. Ryan McAllister will join the fund as a comanager in September 2016. Roger Morley, who has been a comanager since 2009, will remain on board. **Our Take:** Mannheim has done a great job and will be missed. While Morley is a seasoned MFS veteran who has a successful record running a fund on his own, McAllister doesn't have as much experience, though he has been at the firm since 2007. Also, Morley and McAllister will continue to draw on the work of a strong group of analysts. We still have faith in the fund but have cut our rating one notch to  Silver.

Sequoia SEQUX Impact: Negative Date: 03/23/2016

Bob Goldfarb stepped down as comanager in the wake of the implosion of top holding Valeant Pharmaceuticals VRX. Sequoia explained that decision-making was too centralized and didn't give enough room for analyst input. **Our Take:** Goldfarb achieved a lot for investors even though he may be best remembered for the Valeant mess. Moreover, the latest bad news on Valeant makes it clear that Sequoia's thesis was wrong—up until this point we didn't know if Valeant's problems were small or large. We have lowered our rating to  Bronze from Gold.


T. Rowe Price Health Sciences PRHSX Impact: Negative Date: 07/01/2016

Manager Taymour Tamaddon is moving to run T. Rowe Price Institutional Large Cap Growth TRLGX. Ziad Bakri will take his place on July 1, 2016. Bakri has been a healthcare analyst with the firm since 2011. He is an M.D. and had previously worked as a biotech analyst for Cowen and Co. **Our Take:** This is a challenge for T. Rowe because it follows the loss of a manager and two healthcare analysts in 2014. The firm says it plans to hire additional analysts. This is Bakri's first time serving as a portfolio manager.

T. Rowe Price Small-Cap Stock OTCFX Impact: Negative Date: 10/01/2016

Greg McCrickard is set to retire in October. He will be replaced by Frank Alonso, who has been an associate portfolio manager on the fund since 2013. Alonso has been with T. Rowe Price since 2000. **Our Take:** We don't have much of a track record to go by for Alonso, so it's a big drop from the proven McCrickard. We lowered our rating to **Neutral** from Silver.

Virtus Emerging Markets Opportunities HEMZX Impact: Negative Date: 05/31/2016
Virtus Foreign Opportunities JVIAX

Former Morningstar Fund Manager of the Year winner Rajiv Jain is leaving subadvisor Vontobel to set up his own firm. Matthew Benkendorf, who has been at Vontobel for 17 years, is taking over. Benkendorf signed a 10-year contract when Jain resigned, so we can at least be sure that he won't be following Jain. We don't yet know if any of the team's analysts will leave. **Our Take:** Losing Jain is a big blow, though Benkendorf is experienced and a fair amount of the team will most likely remain in place. We lowered ratings for both funds to  Bronze from Silver.

Fund News

FMI Funds Reopen

FMI reopened **FMI Large Cap FMIHX** and **FMI Common Stock FMIMX** on June 30. The funds have Morningstar Analyst Ratings of Gold.

Brexit Throws Funds for a Loss

Markets sold off sharply in reaction to Britain's European Union referendum, but they rebounded at the end of June. All told, the damage wasn't that severe from a year-to-date perspective. For the biggest core Morningstar Categories, things are not that bad. U.S. large-blend funds are up 2.1% on average for the year to date, intermediate-bond funds are up a robust 4.9%, U.S. allocation 50% to 70% equity funds are up 3%, and U.S. large-value funds are up 4%. Plain old diversification into bonds and equities has worked pretty well this time out.

To be sure, some areas are feeling more pain. Here are the top- and bottom-performing categories:

Inflows	Total Ret YTD %
Equity Precious Metals	95.47
Latin America Stock	26.19
Commodities Precious Metals	25.52
Utilities	19.67
Energy Limited Partnership	15.97
China Region	-4.06
Financial	-5.20
Europe Stock	-5.35
Bear Market	-6.60
Health	-9.43
Europe Stock	-11.70
Healthcare	-14.60

Data through June 30, 2016.

Down markets can create buying opportunities. Eventually the 2008–09 bear market made stocks so cheap that they were a great buy. But we didn't get there in a day. Given the possible harm to the global economy, I don't know that the markets have overreacted. So, I'm not doing anything to my portfolio other than

trying not to dwell on how much it's down. So, I will once again evoke the words of Jack Bogle: "Don't just do something, sit there!"

We have a very long road ahead of us. It's not clear when, how, or even if Brexit will occur. In addition, Scotland, Northern Ireland, and Wales are talking about leaving the United Kingdom to stay in the EU. And we don't know who will be leading the U.K. effort to leave the EU.

So, yes, there is uncertainty, and bad things are happening. But making a quick emotional trade is almost always the worst course of action. Sticking to your plan is almost always the best one.

T. Rowe Price to Reimburse Shareholders for Blunder

The fund world is abuzz over T. Rowe Price's decision to reimburse shareholders for a colossal error in voting proxies related to a Dell buyout. It's pretty complicated, but the short version is that T. Rowe Price miscommunicated with the firm voting its proxies, and the firm voted for a Dell buyout that T. Rowe Price opposed. Later, shareholders of Dell won a lawsuit over the price of the buyout and were entitled to extra compensation from Dell. However, the court excluded T. Rowe Price shareholders from the payout because the firm had voted for the merger.

As a result, T. Rowe Price paid that money to the funds out of its own pocket. It cost the firm \$194 million, and the money went in on June 3. The biggest beneficiaries were shareholders of **T. Rowe Price Science & Technology** PRSCX, which received 1.2% of net asset value.

I view the episode as good news and bad news for T. Rowe Price fund investors. The bad news is that the firm didn't have a better system in place for managing proxy voting. The good news is that it shows that T. Rowe Price is standing up to do what's right for shareholders. Other fund companies might have let it slide—though they would have been sued pretty quickly.

Managers Share Longtime Favorites

At the Morningstar Investment Conference in June, I sat down with three diverse fund managers—Thyra Zerhusen from Fairpointe Capital, Vincent Montemaggiore from Fidelity, and Charles de Vault from International Value Advisers—to discuss their investing.

I asked each panelist to discuss a single stock that each has owned for a long time and why. Zerhusen, who takes a fundamentals-based approach to finding mid-cap stocks with solid business models, good long-term growth potential, and reasonable valuations, spotlighted **Mattel** MAT. She held the stock for more than a decade in Silver-rated **Aston/Fairpointe Mid Cap** CHTTX and sold when shares topped \$40. Though she still liked the stock, she thought it was overpriced by all metrics at the time of sale. As the stock tumbled back into the \$30 range—and lower—Zerhusen became a buyer.

De Vault noted that **Berkshire Hathaway** BRK.A was one of the first stocks he bought when he launched Silver-rated **IVA Worldwide** IVWAX in 2008. Since purchasing it, Berkshire Hathaway has generated marketlike returns with less volatility—which is emblematic of the fund's strategy. In fact, the fund is notably careful: De Vault won't buy anything unless he's convinced the price is cheap enough to provide substantial upside with limited possibility of serious losses. To wit, the fund held nearly 40% of assets in cash at the end of 2016's first quarter.

Montemaggiore pointed to **Fresenius**, which Bronze-rated **Fidelity Overseas** FOSFX has owned since 2012. The European healthcare firm's injectables business is what he calls "a gem" in the mix of this conglomerate. Injectables are difficult to manufacture, notes Montemaggiore; as a result, the business has high barriers to entry. Moreover, he thinks management is adept at allocating capital. As a result, the stock is a core holding in the portfolio. That's fitting, given Montemaggiore's emphasis on a company's cash flows, valuations, and business models. ■■

An Update on Model Portfolios

Portfolio Matters | Christine Benz

“Do you still recommend the model portfolios you put out a few years ago?”

I’ve received variations on this general question over the past several months. The short answer? Yes. By giving the model portfolios a permanent home with their own landing page on Morningstar.com, the idea is that they can readily be accessed. As such, the portfolios should be up to date at any given point in time. If a material change at one of the holdings has resulted in a change in its Morningstar Analyst Rating, or if I’ve changed my thinking on its suitability in the portfolio, you can expect to see those changes reflected in short order.

That said, readers shouldn’t expect to see frequent changes in the portfolios for a few reasons. For one thing, my approach to asset allocation with these portfolios is strategic and hands-off: I employed Morningstar’s Lifetime Allocation Indexes to help guide the portfolios’ exposures to the major asset classes, and these indexes don’t change frequently. Moreover, I relied on Morningstar Medalist ratings for the portfolios’ investment choices, and one of the implicit goals for the medalists is stability. In the spirit of Warren Buffett, Morningstar’s manager research analysts like to recommend funds and exchange-traded funds that you could hold “forever.”

Nonetheless, many of these portfolios are two years old or more, so it’s a good time to review their positioning and holdings. I’ll review the various mutual fund and ETF “bucket” portfolios that I’ve created for people who are already retired—or getting ready to. Note that all of the portfolios discussed below are free-range—that is, they pick and choose among holdings from multiple providers. Investors who prefer to do business with a single firm—say Vanguard

or Schwab—can find company-specific portfolios on the model portfolios’ main page.

Mutual Fund Bucket Portfolios

(Aggressive, Moderate, Conservative)

Original Launch Date: August/September 2012

Changes: These three portfolios, which consist of traditional mutual funds and are geared toward taxable accounts, have undergone a few changes since their initial creation. The most significant was swapping **T. Rowe Price Short-Term Bond** PRWBX for **Fidelity Short-Term Bond** FSHBX following the former fund’s Analyst Rating downgrade to Neutral in early 2015. Of course, the raw materials for strong results in the short-term bond Morningstar Category are limited, given today’s ultralow yields, and the T. Rowe Price fund is unlikely to flame out. But the Silver-rated Fidelity fund looks appealing in a bond market environment where more can go wrong than right; it’s conservatively positioned, with a higher credit quality and shorter duration than its typical peer. As such, it’s appropriate to serve as “next-line” reserves in a bucket strategy, meaning that it can be tapped if the cash piece of the portfolio is empty but the retiree needs additional cash.

Additionally, while my original bucket portfolios relied on **Harbor Real Return** HARRX to provide exposure to Treasury Inflation-Protected Securities, I switched to **Vanguard Short-Term Inflation-Protected Securities Index** VTIPX in early 2014. While **PIMCO Real Return** PRRDX, of which Harbor Real Return is a near-clone, is a solid Silver-rated fund, I’m compelled by the Vanguard fund’s short-term focus. Although the returns of Vanguard Short-Term Inflation-Protected Securities have lagged those of some longer-term TIPS funds, including **Vanguard Inflation-Protected Securities** VIPSX, I like that the short-term fund provides purer inflation protection without a lot of interest-rate-related volatility.

Notably Strong Performers: The portfolios' two domestic-equity holdings, **Vanguard Dividend Growth** VDIGX and **Vanguard Total Stock Market Index** VTSAX, have been exceptional performers in absolute and relative terms. The mega-caps that dominate both funds have performed well at the expense of small- and mid-cap stocks. **Vanguard Wellesley Income's** VWINX absolute returns have been more muted, but its relative gains have been exceptional over the past three and a half years.

Notably Poor Performers: **Harbor Commodity Real Return** HACMX, a small slice of the portfolio, has been the worst-performing holding in these portfolios over the past three and a half years. A near-clone of **PIMCO Commodity Real Return Strategy** PCRDX, the fund consists of two components: first, a basket of derivatives tracking commodities, and second, a portfolio of inflation-protected bonds. As commodities prices have slumped amid global economic weakness, so have commodity-trackers like this one; **TIPS** have also performed pretty poorly over the portfolios' lifetime owing to slack inflation. That said, the portfolios still maintain a small 5% stake in commodities, to provide some diversification as well as some additional inflation protection.

ETF Bucket Portfolios

(Aggressive, Moderate, Conservative)

Original Launch Date: September 2012

Changes: The original portfolio included **iShares TIPS Bond** TIP, a low-cost broad-market TIPS fund. But as with the bucket portfolios composed of traditional mutual funds, I swapped in **Vanguard Short-Term Inflation-Protected Securities** ETF VTIP in its place, to deliver purer inflation protection without a lot of interest-rate-related noise.

Notably Strong Performers: As with the traditional mutual fund portfolios, the ETF portfolio's domestic-equity funds have been standouts. **Vanguard Total Stock Market** ETF VTI has been the portfolio's best performer in absolute terms, as its ample exposure to mega-caps and technology stocks has helped it over

the past three years. (The tech exposure has hindered its results recently, however.)

Notably Poor Performers: As with the bucket portfolios composed of traditional mutual funds, the ETF portfolios' commodities exposure has done them no favors, but we're retaining our small 5% stake in **Power-Shares DB Commodity Tracking** DBC for its diversification potential as well as the possibility that it will earn its keep in an inflationary environment. The portfolios' noncore fixed-income positions—**SPDR Barclays High Yield Bond** ETF JNK and especially **WisdomTree Emerging Markets Local Currency** ELD—have also dragged on results, as higher-quality bonds have generally outperformed dicier credits over the past three-plus years.

Tax-Efficient Bucket Portfolios

Original Launch Date: February 2015

Changes: These portfolios have not undergone any changes since their launch just over a year ago.

Notably Strong Performers: The core equity fund in these portfolios, **Vanguard Tax-Managed Capital Appreciation** VTCLX, has been a standout over the portfolios' short life span.

Notably Poor Performers: Because the portfolios' asset-class exposures are quite "vanilla," no single position has performed as badly as the commodities, emerging-markets, and junk-bond holdings in the traditional mutual fund and ETF portfolios. (Those categories all tend to be quite tax-inefficient, so I didn't include them in the tax-efficient portfolios.) **Vanguard FTSE All-World ex-US Index** VFWAX has been the portfolios' worst performer in absolute terms, however, owing to its ample exposure to struggling emerging markets. ■■

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Top Picks From Top Stewards

Tracking Morningstar Analyst Ratings | Russel Kinnel

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

You don't often have a bad experience when you invest with a firm that gets an A for its Morningstar Stewardship Grade. To get an A, a firm must have a strong culture and a history of doing the right thing for investors. To illustrate, I've selected six funds from A stewards from different categories. Each has low costs, a sound strategy, solid performance, and very stable management. If you have all of those things, you've got a pretty good chance at success.

American Funds New Perspective ANWPX

American Funds has proved quite adept at investing overseas, and this world-stock fund shows why. The firm has long had one of the largest global equity analyst staffs, and that's important when you are managing a \$59 billion fund like this one. But more important than quantity is quality. The analysts are seasoned and skilled, as are the portfolio managers. A modest 0.75% expense ratio helps those picks to shine through for this fund, which has a Morningstar Analyst Rating of Gold. Its trailing returns are top-quartile for the three-, five-, 10-, and 15-year periods.

Dodge & Cox Income DODIX

A chunk of the money fleeing **PIMCO Total Return** PTTRX after Bill Gross' departure wound up at this fund. It's easy to see why as Dodge has one of the most stable manager and analyst staffs around, and thus may be a welcome option for those fatigued with corporate intrigue. The fund is also a more straightforward vehicle than PIMCO Total Return. While the latter is largely a collection of macro bets made with derivatives and a side of issue selection, Dodge & Cox Income is primarily driven by issue selection, and it doesn't bother with derivatives. The fund mostly owns corporate bonds and mortgages. No big bets on currencies will be found here. Its long-term trailing returns are all in the top third of its peer group.

T. Rowe Price Dividend Growth PRDGX

This Silver-rated fund has long plied a dividend-growth strategy, yet it has a modest \$5.5 billion under management. Tom Huber has done a fine job since he took over in 2000. He looks for firms with strong balance sheets and robust cash flow. His wariness of energy and other commodity producers has made for a smoother ride. It resides in the top decile of its peer group over all the long-term trailing periods.

T. Rowe Price QM U.S. Small-Cap Growth Equity PRDSX

T. Rowe Price isn't known as a quantitative shop, but lo and behold, this fund has done quite nicely with a diffuse quant strategy. Sudhir Nanda turned this fund into a champ when he took over in 2006. It combines models that focus on valuation, earnings quality, and balance sheets. Nanda and team continue to test for ways to improve the models. The fund's 10-year returns are in the top decile of its Morningstar Category.

Vanguard Developed Markets Index VTMGX

This is an outstanding core holding, and it will only cost you 9 basis points. Many funds charge more for investing your money overseas, but this fund shows you don't have to go that route. Like a good steward, Vanguard continues to research the science of indexing, and it regularly upgrades its funds' benchmarks when possible. This fund recently moved from the FTSE Developed ex-North America Index to the FTSE Developed All Cap ex-US Index. It's a minor change that adds Canadian stocks and some small-cap stocks, but it shows that Vanguard is still working to improve results.

Vanguard High-Yield Tax-Exempt VVAHX

This Silver-rated fund gives you a little more yield for a little more credit risk. It's well designed, as Vanguard was wary of taking on as much risk as most high-yield muni funds. Results have been solid, though they are not quite as good as they seem versus the muni-national intermediate peer group, which is even higher-quality. The Vanguard fund is on the border between that group and muni high yield, but it looks fine either way. ■■

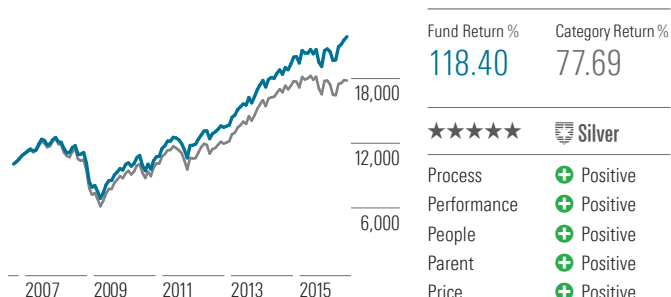
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	79.92	46.44	84.51	47.57	77.29	42.70
Taxable Bond	76.17	41.25	67.03	36.24	48.97	27.50
International Stock	73.04	43.69	70.39	41.15	59.88	41.36
Municipal Bond	60.35	35.94	37.25	16.13	43.94	21.28
Balanced	87.49	48.89	84.88	48.59	76.03	54.70

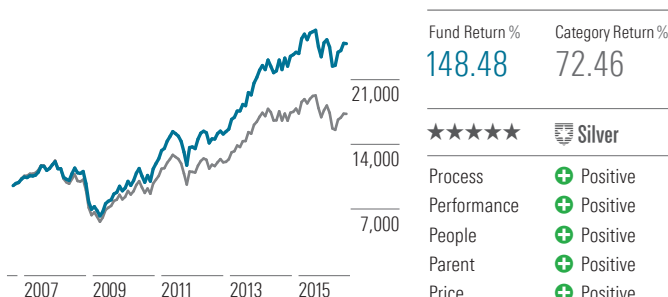
Data through June 30, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

Top Stewards

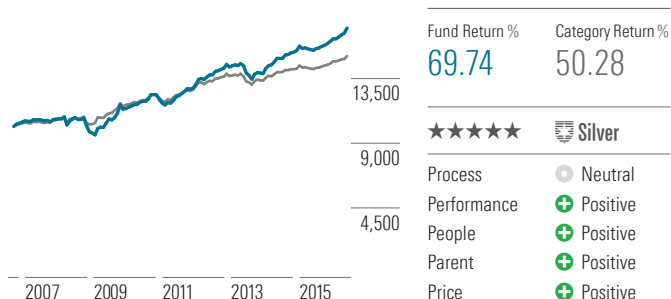
T. Rowe Price Dividend Growth Fund PRDGX



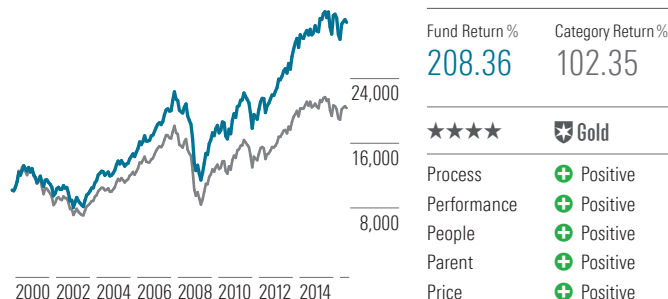
T. Rowe Price QM U.S. Small-Cap Growth Equity Fund PRDSX



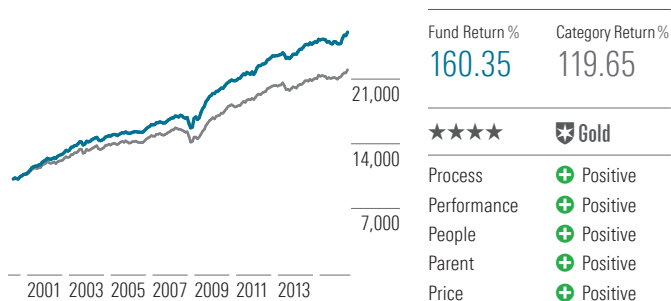
Vanguard High-Yield Tax-Exempt Fund VWAHX



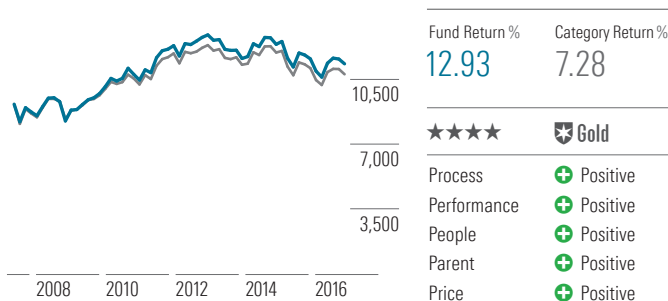
American Funds New Perspective Fund ANWPX



Dodge & Cox Income Fund DODIX



Vanguard Developed Markets Index Fund Admiral Shares VTMGX



Return data through June 30, 2016.

Non-Traditional-Bond Funds Can Pack Plenty of Credit Risk

Income Strategist | Eric Jacobson

We launched our non-traditional-bond Morningstar Category nearly five years ago to create a more useful classification for a deluge of new funds following the financial crisis. Most gave active bond managers a wide degree of latitude to invest across the globe. Many also promised an attractive absolute return stream uncorrelated to traditional markets but are often positioned as substitutes to traditional core bond funds and to protect investors from the risk of rising rates.

While funds in the category are touted for their flexibility, many have simply exchanged interest-rate risk for some other. Many feature sizable stakes in high-yield, emerging-markets debt, or other “risk” sectors, and tend to use derivatives more heavily than more-traditional fixed-income offerings.

Most non-traditional-bond funds have exhibited relatively low interest-rate sensitivity, with average durations between one and two years. That’s much shorter than the intermediate-term bond category norm of around five years, roughly comparable to that of the Barclays U.S. Aggregate Bond Index.

While some funds have kept rate sensitivity consistently low, others have shifted their durations up and down in big moves depending on their managers’ views. Since mid-2011, there have been periods when the longest 10% of the group have stretched beyond 5.1 years, while the shortest 10% have gone shorter than negative 1.5 years. Most of that activity stays below the market’s overall duration as these funds have been sold as protections against rising rates.

While minimizing interest-rate risk, though, non-traditional-bond funds have loaded on credit risk in order to produce decent yields. Whereas the typical intermediate-bond fund holds around 10%

in below-investment-grade and nonrated bonds, the mean non-traditional-bond fund has roughly 44% in lower-quality debt, which is nearly on par with the credit-sensitive multisector-bond norm.

One notable exception is **FPA New Income** FPNIX, which won’t invest more than 25% in bonds rated below A-. Meanwhile, most non-traditional-bond funds’ compositions can vary widely across corporate, sovereign, and structured credit; cash bonds; and derivatives, each of which is subject to different factors driving performance. Still, the overall trend is clear: As non-traditional-bond funds have dialed down interest-rate risk, they’ve dialed up others that present their own set of concerns.

Another common theme in the category is the liberal use of derivatives. Generally speaking, it’s easier to add or reduce market exposures with derivatives such as swaps and futures without having to tie up as much capital as would be required when trading cash bonds. Moreover, as tightening regulations following the financial crisis have made it costly for banks to keep bonds on their balance sheets, liquidity among cash bonds has eroded even further compared with most derivatives.

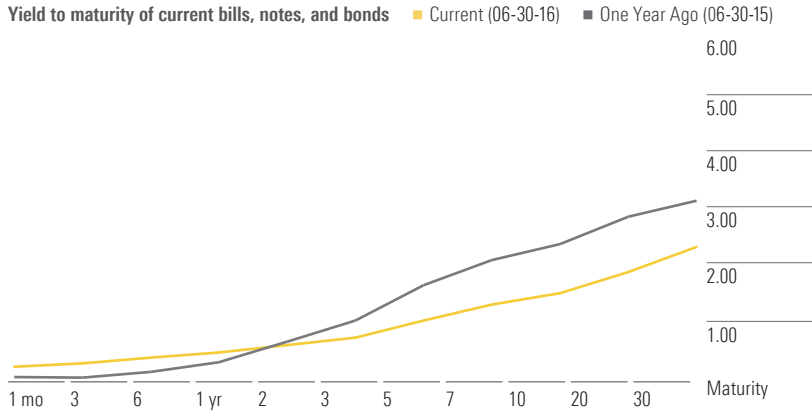
That has made the latter an enticing tool for managers seeking positive absolute returns without broad, systematic market risks. In theory, one can insulate a portfolio of bonds from interest-rate volatility with swaps or futures. Similarly, one can take on credit exposure to specific names while theoretically insulating a portfolio from broad market-risk by using credit default swaps. Many funds in the category include global currencies and far-flung credit markets in their tool kits, and both can be difficult (or impossible) to develop without derivatives.

Given their complexities, knowing and understanding the underlying exposures in a non-traditional-bond fund can be daunting. It’s as or more important in this category, though, than almost any other. This is why so few funds in the group are Morningstar Medalists. ■■

Contact Eric Jacobson at eric.jacobson@morningstar.com

Bond-Market Snapshot

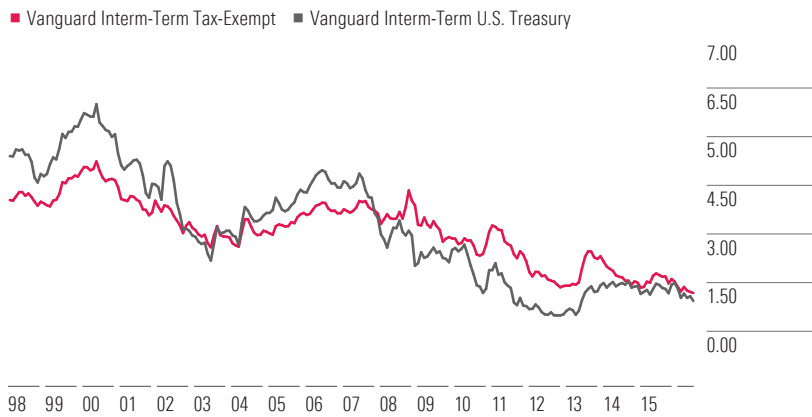
Treasury Yield Curve (%)



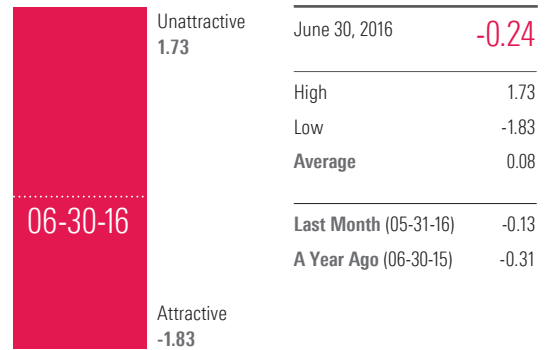
Interest-Rate Review

The Brexit vote spurred a bond rally as the Barclays US Aggregate Bond Index rose 1.8% in June. Worries that the world economy would slow caused the yield curve to flatten, benefiting in particular long US Treasuries, which have gained 15.1% in 2016. Inflation expectations rose with delayed interest-rate action by the Federal Reserve, and the US Treasury TIPS Index gained 2.1% for the month. The local-currency-denominated JPM GBI-EM Global Composite Index gained 6.6% for June, while the Barclays Municipal Index continued its climb and registered its 12th-straight month of positive returns by returning 1.6%.

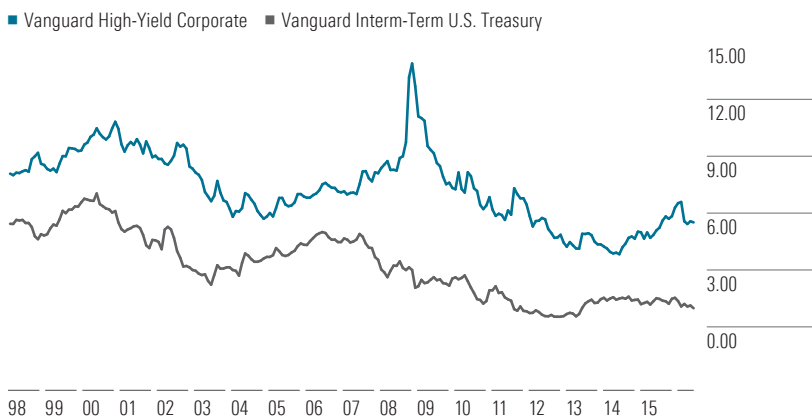
Treasury and Municipal-Bond Yields



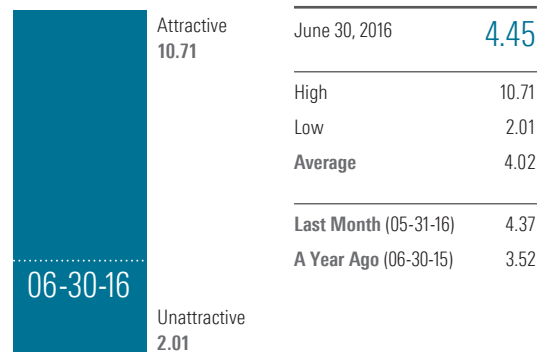
Municipal-Bond Spread Snapshot



High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Data as of June 30, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

A Conservative Bond Fund Joins the M500

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds.

Use the list to get new investment ideas and track the funds you already own.

FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

I'm making two changes to the Morningstar 500 this month.

The first addition is a new member of the Fantastic 48. **Baird Short-Term Bond** BSBIX has a Morningstar Analyst Rating of Silver and is a very cheap dependable short-term bond fund. The fund charges just 0.30% and has a \$25,000 minimum investment. Mary Ellen Stanek and team have built a strong record since this fund launched in 2004. They avoid derivatives and leverage to focus on basic investment-grade debt. At the moment, a little more than two thirds of the fund's assets are in investment-grade corporate bonds—the rest are in mortgages. The fund is also available for a \$2,500 minimum in No Transaction Fee platforms for an expense ratio of 0.55%.

Bronze-rated **Polen Growth** POLRX has impressed with its performance since it was launched in 2010, though the firm actually has a track record going back to 1989. Managers Damon Ficklin and Dan Davidowitz are patient growth investors who look for quality growth companies such as **Alphabet** GOOG, **Visa** V, and **Nike** NKE. The knock on the \$1.1 billion fund is its 1.25% expense ratio.

See the facing page for more details.

Two Go Out

To make room, I'm dropping **Marsico Growth** MGRIX and **AMG GW&K Core Bond** MBDFX.

Marsico Growth has been mired in a long slump. That's spurred outflows, which led to rising fees. The firm has also seen key departures among analysts and managers and a smaller staff overall. We rate the \$302 million fund Neutral because of these issues.

AMG GW&K Core Bond is probably still a fine fund, but we dropped coverage when AMG switched to GW&K from PIMCO. It's down to just \$440 million in assets, too.







MFS Global Equity Downgraded to Silver

We lowered **MFS Global Equity** MWEFX to Silver from Gold because it won't be as strong after an upcoming retirement as it is now.

David Mannheim, who has run this fund with various comanagers as well as on his own since it opened in 1992, will retire in 12-24 months. Roger Morley, who became a comanager on the fund in 2009, will remain in place. And Ryan McAllister will become a comanager on this fund on Sept. 30, 2016. Mannheim is exceptionally seasoned and skilled, and McAllister has no portfolio-management experience yet, so the team won't be as robust once Mannheim leaves.

That said, the team will be much better than average after Mannheim retires. Morley is quite experienced and talented himself. McAllister has good credentials and will serve as a comanager for at least nine months before Mannheim departs, allowing a good transition. And the modified team will be supported by the same roster of stock analysts—which currently includes 28 U.S. specialists and 35 foreign experts—as the current team. ■■

Summary of Changes

Add	Drop	
Polen Growth	Marsico Growth	
Baird Short-Term Bond	AMG GW&K Core Bond	
Rating Change (Downgrades)	From	To
Franklin Federal Tax-Free Income	 Silver	 Bronze
MFS Global Equity	 Gold	 Silver
New Ratings	To	
Artisan Global Equity	 Bronze	
Polen Growth	 Bronze	

Data through June 30, 2016 FINRA members: For internal or institutional use only.

Polen Growth Investor

Benchmark 1: Russell 1000 Growth TR USD
 Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 06-10-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Neutral
- Price - Negative

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 06-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	15.80	-7.29	5.01	-1.42	11.14
2013	5.90	-2.47	6.30	11.27	22.16
2014	0.25	3.83	1.49	9.78	15.97
2015	3.38	2.05	0.65	7.69	14.35
2016	-0.16	-2.98			

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-2.98	-3.59	-5.44	98	9,702
6 Mo	-3.13	-4.49	-6.97	63	9,687
1 Yr	4.99	1.97	1.00	3	10,499
3 Yr Avg	14.96	1.89	3.30	2	15,193
5 Yr Avg	11.75	-0.60	-0.35	15	17,427
10 Yr Avg					
15 Yr Avg					

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	13.69	1	1.11	27
5 Yr (estimated)	10.97	9	0.70	24
10 Yr (estimated)				

Potential Capital Gain Exposure: 8% of assets

Morningstar's Take by Andrew Daniels 06-10-16

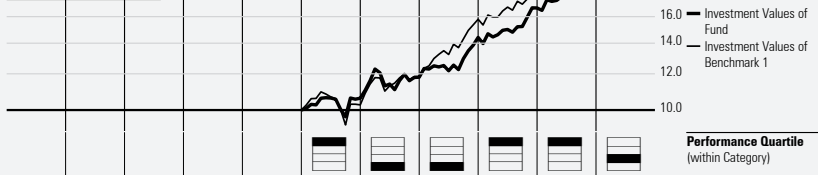
Polen Growth's disciplined process and solid team have contributed to superior performance over the long term. The fund's high fees are its weakness, but it still earns a Morningstar Analyst Rating of Bronze.

The fund's inception was in 2010, but the firm has successfully run this strategy as a separate account—Polen Focus Growth—since 1989. Since then through March 2016, the separate account produced an annualized gross return of 14.5%, trouncing the Russell 1000 Growth Index's 9.8% return. The separate account is also solid on the downside, losing considerably less than the Russell 1000 Growth in the 2000-02 dot-com bust and the 2008 financial crisis. The mutual fund has also posted impressive results. During the trailing five-years ended May 2016, the fund has outperformed 93% of its large-growth peers. Its Sharpe ratio—a measure of risk-adjusted returns—also beats the benchmark's and typical peers'.

Though firm founder David Polen was at the helm from 1989 until his death in 2012, the firm had been succession planning for years. It hired current comanagers Damon Ficklin and Dan Davidowitz in 2003

Historical Profile

Return Above Avg
 Risk Low
 Rating ★★★★★
 Above Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	06-16	History
NAV	—	—	—	—	11.39	12.09	13.38	16.13	17.46	19.14	18.54	NAV
Total Return %	—	—	—	—	6.15	6.15	11.14	22.16	15.97	14.35	-3.13	Total Return %
+/- Bmark 1	—	—	—	—	3.51	-4.12	-11.32	2.92	8.68	-4.50	-6.97	+/- Bmark 1
+/- Bmark 2	—	—	—	—	4.04	-4.87	-10.23	2.28	12.97	0.00	0.00	+/- Bmark 2
Income Return %	—	—	—	—	0.00	0.00	0.06	0.00	0.00	0.00	0.00	Income Return %
Capital Return %	—	—	—	—	6.15	11.14	22.10	15.97	14.35	-3.13	-3.13	Capital Return %
Total Rtn % Rank Cat	—	—	—	—	2	89	98	3	1	63	63	Total Rtn % Rank Cat
Income \$	—	—	—	—	0.00	0.00	0.01	0.00	0.00	0.00	0.00	Income \$
Capital Gains \$	—	—	—	—	0.00	0.06	0.20	1.25	0.83	0.00	0.00	Capital Gains \$
Expense Ratio %	—	—	—	—	6.35	1.74	1.51	1.52	1.50	—	—	Expense Ratio %
Income Ratio %	—	—	—	—	-0.50	-0.26	-0.01	-0.08	-0.14	—	—	Income Ratio %
Turnover Rate %	—	—	—	—	23	35	51	40	33	—	—	Turnover Rate %
Net Assets \$mil	—	—	—	—	0	46	106	82	30	111	135	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	4.99			
3 Yr	14.96	High	-Avg	★★★★★
5 Yr	11.75	+Avg	Low	★★★★★
10 Yr				
Incept	11.76			

Other Measures

	Standard Index	Best Fit Index
Alpha	4.0	3.0
Beta	0.91	0.84
R-Squared	79	87

Standard Deviation	11.55
Mean	14.96
Sharpe Ratio	1.26

Portfolio Analysis 03-31-16

Total Stocks: 22
 Share change since 12-31-15

Stock	Sector	YTD Ret %	% Assets
⊕ Visa Inc Class A	Finan Svcs	-4.00	7.28
⊕ Nike Inc B	Cnsmr Cyc	-11.17	6.91
⊕ Alphabet Inc C	Technology	—	6.25
⊕ Starbucks Corp	Cnsmr Cyc	-4.18	6.14
⊕ TJX Companies Inc	Cnsmr Cyc	9.58	5.15
⊕ The Priceline Group Inc	Cnsmr Cyc	-2.08	5.11
⊕ Accenture PLC A	Technology	9.46	5.03
⊕ Oracle Corp	Technology	12.87	4.77
⊕ Automatic Data Processing	Industrl	9.69	4.65
⊕ Alphabet Inc A	Technology	-9.57	4.33
⊕ Adobe Systems Inc	Technology	1.97	4.28
⊕ Nestle SA ADR	Cnsmr Def	—	4.22
⊕ Fastenal Co	Industrl	10.22	4.15
⊕ O'Reilly Automotive Inc	Cnsmr Cyc	6.98	4.05
⊕ Celgene Corp	Hlth Care	-17.64	3.95
⊕ Facebook Inc A	Technology	9.19	3.86
⊕ Apple Inc	Technology	-8.14	3.73
⊖ Bny Mellon Cash Reserve E	—	—	3.36
⊕ Regeneron Pharmaceuticals	Hlth Care	-35.67	3.32
⊕ Gartner Inc A	Technology	7.40	3.23

Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large	Giant	52.3	Cyclical	37.93	1.31
Large	Large	37.9	BasicMat	0.00	0.00
Mid	Mid	9.8	CnsmrCyc	28.42	1.52
Small	Small	0.0	FinanSvcs	9.51	1.95
Micro	Micro	0.0	Real Est	0.00	0.00
Avg \$mil:		81,894	Sensitive	46.00	1.08
			CommSvcs	0.00	0.00

Value Measures	Rel Category	%	Value Measures	Rel Category	%
Price/Earnings	25.65	1.15	Energy	0.00	0.00
Price/Book	6.09	1.62	Industrl	9.14	0.71
Price/Sales	4.02	1.74	Technlgy	36.86	1.48
Price/Cash Flow	16.63	1.36	Defensive	16.06	0.57
Dividend Yield %	1.02	0.75	CnsmrDef	4.38	0.42
			Hlthcare	11.68	0.66
			Utilities	0.00	0.00

Composition - Net

Cash	3.8
Stocks	96.2
Bonds	0.0
Other	0.0
Foreign	4.4
(% of Stock)	

Profitability

Return on Equity	30.90
Return on Assets	13.84
Net Margin	19.08

Address:	FundVantage Trust (Polen) WILMINGTON DE 19809 888-678-6024	Minimum Purchase:	\$3000	Add: \$100	IRA: \$2000
Web Address:	www.polencapital.com	Min Auto Inv Plan:	\$2000	Add: \$100	
Inception:	12-30-10	Sales Fees:	No-load, 2.00%R		
Advisor:	Polen Capital Management, LLC	Management Fee:	1.00%		
Subadvisor:	None	Actual Fees:	Mgt:1.00% Dist:0.25%		
		Expense Projections:	3Yr:\$450 5Yr:\$795 10Yr:\$1769		
		Income Distribution:	Annually		

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		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 06-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)	
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity			—	-1.9	-2.3	10.6	10.0	7.2	—	—	—	—	—	12.71 (85)	—
Large Growth															
Amana Growth Investor AMAGX	Bronze	↑★★★★	4.1	4.0	11.2	8.9	7.9	3	6	43	75	31	0.5	11.54 (92)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★	-0.6	0.5	10.9	9.8	8.1	35	24	51	57	28	0.3	11.74 (93)	-Avg
American Century Ultra Inv TWCUX	Bronze	★★★★	-1.9	-1.5	12.6	11.0	7.6	52	42	17	28	40	0.2	12.9 (88)	Avg
American Funds AMCAP A AMCPX	Gold	★★★	2.1	-1.4	11.5	11.5	7.7	9	41	38	19	37	0.0	11.28 (90)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	0.3	0.8	11.3	11.1	6.9	24	21	42	26	58	0.6	11.9 (90)	-Avg
American Funds New Economy A ANEFX	Gold	↓★★	-4.9	-8.9	8.9	10.2	7.7	83	93	77	47	36	0.4	12.77 (76)	Avg
ASTON/Montag & Caldwell Growth N MCGFX	Bronze	★★★★	-1.3	0.8	8.9	9.6	7.4	43	21	77	61	45	0.3	10.42 (84)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	★★	-2.7	-9.5	8.0	10.7	6.7	59	95	86	36	64	0.0	12.7 (82)	Avg
Fidelity FFIDX	—	★★★★	0.1	-0.8	10.7	9.9	6.8	26	34	54	55	64	0.7	11.7 (93)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	★★★★	-5.5	-5.1	12.3	11.6	9.1	87	79	21	17	9	0.0	13.26 (82)	+Avg
Fidelity Capital Appreciation FDCAX	Neutral	★★★★	-4.6	-8.0	9.0	10.6	6.8	80	92	76	40	64	0.8	13.04 (81)	+Avg
Fidelity Contrafund FCNTX	Silver	↓★★★★	-1.2	0.1	11.5	11.4	8.2	42	28	37	20	26	0.3	11.28 (87)	-Avg
Fidelity Focused Stock FTQGX	—	★★★★	1.9	-1.5	9.9	9.8	7.9	10	42	64	57	33	0.2	12.99 (73)	+Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	-4.9	-3.5	12.7	11.8	9.7	84	65	15	14	4	0.0	14.47 (78)	High
Fidelity Growth Discovery FDSVX	—	★★★★	-3.2	-1.7	12.1	10.8	8.2	63	44	26	34	24	0.1	12.37 (71)	Avg
Fidelity Independence FDFFX	—	★	-7.9	-12.4	8.6	7.9	6.7	96	98	80	87	65	0.1	15.31 (71)	High
Fidelity Magellan FMAGX	Neutral	★★	-1.4	-1.4	12.1	10.2	5.2	45	41	25	50	91	0.5	12.36 (93)	Avg
Fidelity New Millennium FMILX	Bronze	★★★★	3.1	-2.9	8.4	10.2	7.8	5	59	82	48	34	0.9	12.04 (86)	-Avg
Fidelity OTC FOCPX	Bronze	↑★★★★★	-6.7	-1.0	14.9	12.5	11.5	93	37	2	7	1	0.0	16.69 (66)	High
Harbor Capital Appreciation Instl HACAX	Gold	★★★★	-6.7	-4.7	12.7	11.0	8.3	93	76	16	30	22	0.1	14.02 (77)	+Avg
Janus Research T JAMRX	—	★★★★	-1.7	-1.1	12.4	11.2	9.0	49	37	20	25	10	0.4	12.14 (92)	Avg
Janus T JANSX	Neutral	★★★★	-1.8	-2.1	11.5	10.0	6.9	50	50	39	53	60	0.6	12.32 (90)	Avg
Janus Twenty T JAVLX	Neutral	★★★★	-3.0	0.7	11.1	10.4	8.4	62	22	48	43	22	0.5	12.6 (90)	Avg
Jensen Quality Growth J JENSX	Silver	★★★★★	7.9	10.1	12.7	11.4	8.5	1	1	16	21	19	1.1	11.02 (90)	Low
Lateef A LIMAX	—	★★	-4.8	-5.4	6.8	8.8	—	82	81	95	77	—	0.1	14.24 (82)	+Avg
Laudus US Large Cap Growth LGLIX	Bronze	★★★★	-4.0	-3.7	11.7	11.0	10.0	73	68	35	28	3	0.0	13.7 (81)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	1.2	-1.3	10.6	8.5	5.5	15	40	56	82	89	0.3	12.86 (90)	Avg
LKCM Equity Instl LKEQX	Silver	★★★★	5.1	0.9	7.9	9.5	7.8	2	21	88	64	36	0.9	12.26 (93)	Avg
Manning & Napier Equity Series EXEYX	—	★★	4.6	-0.5	8.7	8.3	6.0	2	32	78	84	80	0.0	12.87 (87)	Avg
Marsico Focus MFOCX	Neutral	★★	-5.5	-7.6	8.2	9.2	6.1	87	90	84	69	78	0.0	12.75 (74)	Avg
MFS Growth A MFEQX	Silver	★★★★	0.0	3.4	12.5	12.1	9.2	27	7	18	11	8	0.0	12.01 (85)	-Avg
Morgan Stanley Inst Growth A MSEGX	Silver	★★★★	-4.1	-1.4	14.5	11.5	9.3	74	41	3	20	7	0.0	15.3 (63)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	1.3	0.2	9.3	9.1	<i>6.9</i>	15	27	72	71	<i>67</i>	1.0	11.54 (94)	-Avg
★ Polen Growth Investor POLRX	Bronze	↑★★★★	-3.1	5.0	15.0	11.7	—	63	3	2	15	—	0.0	11.55 (79)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	★★★★	-5.5	-4.0	9.6	11.1	8.4	87	70	68	28	21	0.4	13.24 (75)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	★★★★	-0.9	-6.6	6.7	9.7	—	37	85	95	60	—	0.1	11.81 (88)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	↓★	-8.6	-11.5	11.0	6.6	—	97	97	50	95	—	0.0	18.14 (32)	High
Sequoia SEQUX	Bronze	★★	-13.2	-26.7	0.5	6.4	6.0	99	99	99	96	81	0.0	13.15 (13)	Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	↓★★★★	-5.7	-1.6	13.1	12.8	8.8	88	43	11	4	13	0.0	13.88 (79)	+Avg
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★	-6.0	-2.7	12.4	12.0	8.4	90	57	20	11	20	0.0	13.64 (78)	+Avg
T. Rowe Price New America Growth PRWAX	Neutral	★★★★	-4.1	-1.8	12.5	10.9	9.2	74	46	18	31	8	0.0	14.38 (82)	High
T. Rowe Price Spectrum Growth PRSGX	—	★★	0.6	-2.9	8.2	8.2	6.3	22	60	84	85	73	1.1	11.77 (92)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★	1.0	0.1	11.3	11.7	9.0	18	28	42	17	10	1.3	12.19 (95)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	↓★★	-10.8	-11.0	7.7	9.5	8.5	99	97	90	64	18	0.0	16.6 (71)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★	-4.6	-5.3	11.1	12.2	8.8	80	81	46	9	14	0.6	12.84 (73)	+Avg
Vanguard Growth Index Adm VIGAX	Silver	★★★★	1.4	1.5	12.5	12.1	8.7	14	16	19	11	16	1.3	12.32 (94)	Avg
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★★	-1.7	-1.0	11.8	10.5	7.4	48	36	31	41	48	0.7	12.29 (90)	Avg
Vanguard PRIMECAP Core Inv VPCCX	Gold	↓★★★★	-0.3	1.0	11.8	11.8	8.8	31	20	31	14	13	1.1	11.39 (91)	-Avg
Russell 1000 Growth Index			1.3	2.8	12.9	12.1	8.5								
S&P 500 Index			3.8	3.9	11.7	12.0	7.3								

Legend
Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)		
							Cash	Stock	Bond	Other	Foreign							
AMAGX	21.6	4.2	88,573	26	18	18	62	2	98	0	0	5	1.14	33.06	1,733	Kaiser/Klimo (22.4/3.7)		
TWCGX	20.5	4.2	70,007	27	17	16	93	49	0	98	0	1	0.97	27.89	7,255	Brown/Woodhams (0.4/18.7)		
TWCUX	20.9	4.5	71,158	27	23	16	79	16	1	99	0	1	0.98	34.36	7,983	Management Team		
AMCPX	20.9	3.2	29,923	26	23	11	248	31	13	86	1	0	5.75	0.67	25.98	47,640	Management Team	
AGTHX	21.8	3.0	55,709	23	19	18	395	29	8	90	1	1	5.75	0.65	41.4	140,720	Management Team	
ANEFX	20.1	2.6	20,239	28	27	13	202	34	6	89	1	4	5.75	0.78	34.21	14,376	Management Team	
MCGFX	22.3	3.3	91,875	30	21	21	40	12	4	96	0	0	NL	1.06	19.71	1,380	Canakaris/Jung (21.7/1.3)	
SHRAX	22.3	2.4	29,542	34	23	12	76	3	6	94	0	0	5.75	1.13	182.18	11,423	Bauman/Freeman (7.2/32.7)	
FFIDX	22.7	2.9	66,496	18	16	14	106	59	2	98	0	0	NL	0.52	42.04	4,459	John Avery (14.3)	
FBGRX	24.1	4.1	53,236	32	25	15	364	51	0	99	0	1	NL	0.89	65.18	18,489	Sonu Kalra (7.0)	
FDCAX	16.8	3.5	36,787	29	29	11	95	126	8	92	0	0	NL	0.83	30.89	7,184	J. Shiel (10.7)	
FCNTX	22.8	3.6	76,160	26	19	18	335	35	4	95	0	1	NL	0.71	97.03	105,537	William Danoff (25.7)	
FTQGX	24.0	3.4	42,310	17	17	15	50	189	0	100	0	0	NL	0.73	18.31	1,693	Stephen DuFour (9.2)	
FDGRX	23.9	4.1	38,067	36	20	18	398	18	0	99	0	1	Clsd	0.88	129.86	36,615	Steven Wymer (19.5)	
FDSVX	26.0	4.3	51,337	39	16	14	120	51	5	95	0	0	NL	0.77	24.47	1,176	Jason Weiner (9.4)	
FDFFX	17.1	2.7	39,120	25	16	15	107	48	1	99	0	0	NL	0.86	33.15	3,663	Robert Bertelson (9.6)	
FMAGX	20.9	2.7	57,002	19	18	16	141	78	1	99	0	0	NL	0.85	87.32	14,849	Jeffrey Feingold (4.7)	
FMILX	18.6	1.9	21,025	19	18	17	165	57	1	98	0	0	NL	0.74	34.32	2,926	John Roth (10.0)	
FOCPX	26.7	3.5	29,562	56	17	15	188	66	0	99	0	1	NL	0.83	77.87	12,353	Gavin Baker (7.0)	
HACAX	27.3	5.2	82,548	31	31	16	63	37	1	99	0	0	NL	0.65	56.72	24,639	McCarragher/Segalas (3.3/26.2)	
JAMRX	21.9	4.0	39,609	29	18	16	104	45	1	99	0	1	NL	1.0	40.94	4,567	Carmel Wellso (1.5)	
JANSX	23.7	3.9	42,771	30	20	15	92	53	4	96	0	1	NL	0.87	34.43	7,628	Barnard/Wilson (0.4/5.1)	
JAVLX	19.7	3.9	78,725	23	19	15	29	68	0	100	0	0	Clsd	0.82	53.2	8,712	Marc Pinto (3.1)	
JENSX	20.0	5.4	79,547	24	21	16	26	14	4	96	0	0	NL	0.87	39.18	5,113	Management Team	
LIMAX	25.8	3.8	29,984	33	21	18	19	29	0	100	0	0	5.00	1.24	10.61	414	Management Team	
LGILX	26.2	3.7	87,917	34	13	12	50	82	0	100	0	0	NL	0.77	15.92	1,947	Lawrence Kemp (2.7)	
MSEFX	18.6	2.3	27,244	25	25	17	81	33	5	95	0	0	NL	1.18	16.28	304	Management Team	
LKEQX	20.1	2.8	34,990	19	18	15	68	13	2	98	0	0	NL	0.8	22.5	272	Management Team	
EXEYX	22.1	3.6	29,143	29	18	15	48	62	1	99	0	0	NL	1.06	11.75	105	Management Team	
MFOCX	30.3	5.7	80,447	35	27	12	25	48	0	100	0	0	NL	1.19	15.32	649	Marsico/Witter (18.5/5.7)	
MFEGX	27.0	4.4	60,978	26	16	16	92	35	2	98	0	0	5.75	0.97	70.29	11,979	Fischman/Sabel (14.2/2.2)	
MSEGX	32.9	5.3	60,715	41	20	14	40	34	3	94	0	4	5.25	0.96	37.68	3,382	Management Team	
NRAAX	19.2	2.8	31,336	20	18	14	42	28	3	97	0	0	5.75	1.05	19.16	2,277	Management Team	
POLRX	25.6	6.1	81,894	37	28	12	24	33	4	96	0	0	NL	1.25	18.54	1,137	Davidowitz/Ficklin (5.7/5.7)	
POGRX	18.3	2.7	21,297	32	31	14	127	5	6	94	0	0	NL	0.64	25.81	6,193	Management Team	
RWGFY	22.3	3.1	63,125	27	21	14	19	24	5	95	0	0	NL	1.16	16.25	1,599	David Rolfe (5.7)	
DWUGX	51.9	6.6	18,645	40	38	18	25	297	3	97	0	0	NL	0.84	23.57	64	Noah Blackstein (7.2)	
SEQUX	21.7	2.6	35,364	26	26	18	36	10	13	85	1	0	NL	1.03	162.68	4,756	Management Team	
TRBCX	23.1	3.9	69,086	26	23	22	136	33	0	100	0	0	NL	0.71	68.23	31,561	Larry Puglia (23.0)	
PRGFY	23.0	3.6	65,873	25	25	21	101	37	2	96	0	2	NL	0.67	50.43	44,315	Joseph Fath (2.4)	
PRWAX	23.0	3.4	56,872	27	20	18	92	81	1	98	0	1	NL	0.79	40.24	3,913	Justin White (0.2)	
PRSGX	17.3	2.0	28,249	17	15	15	13	14	3	96	0	1	NL	0.79	21.03	3,470	Charles Shriver (5.2)	
TIGRX	19.1	2.6	50,640	22	16	13	180	90	1	99	0	0	NL	0.43	11.52	4,823	Susan Kempler (11.3)	
PTSGX	43.1	4.7	55,140	42	18	18	32	29	0	100	0	0	Clsd	1.08	14.63	3,313	Management Team	
VHCOX	18.0	2.9	30,736	31	31	18	140	7	3	97	0	0	13	Clsd	0.45	49.06	13,150	Management Team
VIGAX	22.3	4.1	61,035	26	19	15	337	9	0	100	0	0	NL	0.08	55.18	48,651	Nejman/O'Reilly (0.2/21.5)	
VMRGX	21.5	4.1	50,878	28	20	17	317	41	3	97	0	0	NL	0.4	24.5	11,154	Management Team	
VPCCX	16.9	2.9	49,801	30	25	19	149	10	8	92	0	0	13	Clsd	0.47	20.76	8,091	Management Team
	20.7	5.0	59,242															
	18.4	2.6	73,992															

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 06-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst						(R ²)	
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity															
Large Growth (cont'd)															
Vanguard PRIMECAP Inv VPMCX	Gold	★★★★★	-1.7	0.1	12.4	12.4	8.9	49	27	20	7	12	1.1	11.57 (88)	-Avg
Large Blend															
Amana Income Investor AMANX	Bronze	★★★★	7.8	5.5	9.7	9.2	8.3	5	8	53	74	5	1.4	11.2 (92)	-Avg
American Funds Fundamental Invs A ANCFX	Gold	★★★★	3.9	4.4	11.0	10.8	7.3	21	13	25	43	22	1.4	11.63 (97)	Avg
American Funds Invmt Co of Amer A AIVSX	Silver	★★★	7.1	4.7	11.7	11.4	6.6	6	11	8	26	47	1.6	11.2 (95)	-Avg
AMG Yacktman Focused Service YAFFX	Silver	★★★★	6.7	7.0	6.9	9.4	10.5	8	6	87	70	1	0.9	10.38 (83)	Low
AMG Yacktman Service YACKX	Gold	★★★★	6.6	5.9	7.0	9.5	10.1	9	7	86	69	1	1.4	9.37 (88)	Low
BBH Core Select N BBTEX	Silver	★★★★	3.0	1.9	6.6	9.8	8.9	43	37	89	65	2	0.5	9.67 (92)	Low
Bridgeway Blue Chip 35 Index BRLIX	Silver	★★★★★	5.0	6.6	10.9	12.6	7.7	14	7	27	4	11	2.4	11.38 (96)	Avg
Clipper CFIMX	Bronze	↓★★	1.3	4.0	10.2	10.6	5.0	63	15	42	47	89	0.5	12.77 (87)	High
Davis NY Venture A NYVTX	Bronze	★★	-0.9	-1.1	8.2	8.9	5.0	85	63	77	76	88	0.5	13.26 (88)	High
Dreyfus Appreciation Investor DGAGX	Bronze	★★★★	3.9	1.7	7.6	8.0	6.1	21	39	82	86	65	1.4	11.64 (94)	Avg
Fidelity 500 Index Investor FUSEX	Gold	★★★★	3.8	3.9	11.6	12.0	7.4	23	16	10	10	20	2.1	11.26 (100)	Avg
Fidelity Dividend Growth FDGFX	Neutral	★★	1.1	-0.7	9.9	9.1	6.7	65	59	48	75	44	1.4	11.21 (98)	-Avg
Fidelity Growth & Income FGRIX	Bronze	★★	1.4	-2.6	8.1	11.0	3.0	62	74	78	35	98	2.1	12.34 (95)	+Avg
Fidelity Large Cap Stock FLCSX	Silver	★★★★	1.1	-4.6	8.9	11.3	7.7	65	84	66	27	11	1.3	13.1 (91)	High
Fidelity Total Market Index Investor FSTMX	Gold	★★★★	3.5	2.0	10.9	11.5	7.4	32	36	27	22	17	1.8	11.47 (99)	Avg
First Eagle US Value A FEVAX	Neutral	↓★★	7.3	4.2	6.7	7.2	6.7	5	13	89	93	46	0.2	8.83 (81)	Low
FMI Large Cap FMIHX	Gold	★★★★	5.3	0.8	9.5	10.5	8.0	13	46	57	50	8	1.0	10.34 (92)	Low
FPA US Value FPPFX	—	↓★	-5.9	-9.2	6.5	7.5	6.6	98	96	91	92	48	0.0	14.29 (68)	High
Gabelli Asset AAA GABAX	—	↓★★	6.1	-1.3	6.9	8.4	7.4	10	65	88	83	20	0.3	12.16 (93)	+Avg
Janus Growth & Income T JAGIX	Neutral	★★★	3.9	5.2	10.3	10.5	5.9	21	9	40	49	68	2.0	11.19 (96)	-Avg
Longleaf Partners LLPFX	Neutral	★	6.5	-9.9	3.0	4.3	3.0	9	96	99	98	98	1.1	15.68 (78)	High
MainStay ICAP Equity I ICAEX	Neutral	★★	-1.0	-4.7	7.1	8.8	5.9	86	85	85	78	68	1.0	12.45 (94)	+Avg
MainStay ICAP Select Equity I ICSLX	Neutral	↑★★	-2.2	-7.9	5.4	7.5	5.6	91	94	94	91	79	1.0	12.94 (94)	+Avg
MainStay MAP I MUBFX	Bronze	★★	-0.3	-4.8	6.9	8.4	5.8	80	86	87	82	72	1.2	12.37 (98)	+Avg
Mairs & Power Growth Inv MPGFX	Silver	★★★★★	11.0	8.2	11.5	12.9	8.4	1	5	12	2	4	1.3	11.92 (89)	+Avg
MFS Research A MFRFX	Bronze	★★★	3.7	2.2	10.2	11.1	7.8	24	33	42	34	10	0.7	11.08 (97)	-Avg
Oakmark I OAKMX	Gold	↓★★★★	0.7	-3.0	8.6	11.3	8.2	70	76	69	28	6	0.9	13.01 (95)	High
Oakmark Select I OAKLX	Gold	↓★★	-3.0	-5.5	8.8	11.0	6.8	95	89	68	36	38	0.3	14.18 (89)	High
Parnassus Core Equity Investor PRBLX	Silver	★★★★★	3.3	4.0	11.3	12.4	9.8	38	15	16	5	1	2.0	10.52 (91)	-Avg
PRIMECAP Odyssey Stock POSKX	Gold	★★★★	-0.6	-1.1	10.2	11.2	7.8	83	63	42	30	9	1.0	11.34 (94)	Avg
Royce Special Equity Multi-Cap Service RSEMXX	Bronze	★★	-0.5	-11.3	2.8	7.3	—	82	97	99	93	—	2.4	13.37 (82)	High
Schwab S&P 500 Index SWPPX	Silver	★★★★	3.8	3.9	11.6	12.0	7.4	24	16	11	10	19	2.0	11.24 (100)	Avg
Schwab Total Stock Market Index SWTSX	Silver	★★★★	3.5	2.1	10.9	11.5	7.5	32	35	27	20	15	1.9	11.45 (99)	Avg
Selected American Shares D SLADX	Bronze	★★	-0.4	0.3	8.6	9.2	5.4	81	50	69	73	83	0.8	13.1 (88)	High
T. Rowe Price Dividend Growth PRDGX	Silver	★★★★★	6.8	7.9	12.1	12.2	8.1	7	5	5	7	6	1.2	10.62 (97)	-Avg
T. Rowe Price Growth & Income PRGIX	—	★★★★	3.4	6.9	12.8	11.9	7.6	36	6	2	11	12	1.1	11.01 (96)	-Avg
Thornburg Value A TVAFX	—	★	-0.8	-4.0	12.0	7.7	5.7	84	81	5	89	76	0.0	11.27 (88)	Avg
TIAA-CREF Social Choice Eq Retail TICRX	Bronze	★★★	4.0	1.8	9.1	10.1	6.8	20	38	64	58	41	1.7	11.53 (98)	Avg
Vanguard 500 Index Admiral VFIAX	Gold	★★★★★	3.8	4.0	11.6	12.1	7.4	23	15	9	9	18	2.1	11.25 (100)	Avg
Vanguard Dividend Appreciation Idx Inv VDAIX	Gold	★★★★	8.1	8.3	10.2	10.5	7.6	4	5	43	48	14	2.0	10.89 (92)	-Avg
Vanguard Dividend Growth Inv VDIGX	Gold	★★★★★	5.6	9.1	11.4	12.2	9.1	11	4	14	7	2	1.9	10.13 (94)	Low
Vanguard FTSE Social Index Inv VFTSX	Bronze	★★★	0.7	-0.3	11.3	12.6	6.3	69	55	16	4	57	2.3	11.8 (97)	+Avg
Vanguard Growth & Income Inv VQNPX	Neutral	★★★★	3.8	4.2	12.0	12.5	6.8	23	13	6	4	42	2.0	11.08 (99)	-Avg
Vanguard Tax-Managed Capital App Adm VTCLX	Gold	★★★★	3.4	2.7	11.6	11.9	7.5	37	30	11	13	14	2.5	11.49 (99)	Avg
Vanguard Total Stock Mkt Idx Adm VTSAX	Gold	★★★★	3.7	2.1	11.1	11.6	7.5	28	34	22	19	14	1.9	11.44 (99)	Avg
Weitz Partners Value Investor WPVLX	Silver	★★	0.7	-8.1	3.6	7.7	5.5	70	94	98	88	81	0.0	9.91 (81)	Low
S&P 500 Index			3.8	3.9	11.7	12.0	7.3								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
VPMCX	—	23.1	4.2	88,573	26	18	18	—	62	2	98	0	0	5	—	1.14	—	2,539	—
		18.0	3.2	63,097	35	27	17	129	9	4	96	0	0	11	Clsd	0.4	98.0	46,228	Management Team
AMANX	—	18.7	2.7	99,577	17	15	15	—	62	2	97	0	0	4	—	0.99	—	4,193	—
		20.3	4.8	51,728	28	20	19	44	0	3	97	0	0	10	NL	1.13	45.39	1,311	Kaiser/Klimo (26.5/3.7)
ANCFX		19.2	2.7	78,512	19	14	14	229	27	5	95	0	0	10	5.75	0.6	51.97	75,375	Management Team
AIVSX		17.4	2.7	71,056	16	16	13	251	30	8	92	0	0	8	5.75	0.58	35.45	76,228	Management Team
YAFFX		17.3	2.5	109,370	38	29	18	25	6	15	84	2	0	13	NL	1.25	21.1	4,977	Subotky/Yackman (6.5/13.5)
YACKX		17.8	3.0	92,407	37	23	14	44	3	17	82	1	0	5	NL	0.74	22.24	8,812	Subotky/Yackman (6.5/13.5)
BBTEX		18.4	2.5	75,314	25	19	14	33	8	9	91	0	0	12	NL	1.0	21.01	3,933	Hartch/Keller (10.7/7.7)
BRLIX		17.8	2.7	179,524	24	14	14	38	19	12	88	0	0	0	NL	0.15	12.28	571	Management Team
CFIMX		19.4	1.9	56,533	41	11	11	25	31	2	98	0	0	11	NL	0.72	105.77	1,154	Davis/Goei (10.5/2.5)
NYVTX		18.6	2.0	61,364	32	16	13	58	23	1	99	0	0	12	4.75	0.86	30.62	11,967	Davis/Goei (20.7/2.5)
DGAGX		20.0	3.2	128,440	25	19	15	54	5	1	99	0	0	18	NL	0.92	37.75	2,294	Management Team
FUSEX		18.6	2.6	73,769	18	15	15	511	5	1	99	0	0	2	NL	0.09	74.15	97,357	Management Team
FDGFX		17.7	2.4	77,868	20	15	14	106	64	3	97	0	0	10	NL	0.69	30.62	7,411	Ramona Persaud (2.5)
FGRIX		17.0	1.9	65,315	24	17	14	197	35	0	99	0	1	9	NL	0.67	29.15	6,060	Matthew Fruhan (5.4)
FLCSX		16.9	1.8	55,861	23	18	14	192	31	0	100	0	0	7	NL	0.78	25.98	2,474	Matthew Fruhan (11.2)
FSTMX		18.8	2.4	42,175	18	15	14	3435	3	1	99	0	0	2	NL	0.1	60.46	33,000	Management Team
FEVAX		18.4	2.2	24,345	24	20	17	84	15	16	74	0	10	5	5.00	1.09	19.72	2,206	Management Team
FMIHX		17.7	2.8	47,692	19	17	15	30	18	5	95	0	0	13	NL	0.87	19.6	7,294	Management Team
FPPFX		13.0	2.4	26,351	38	33	11	28	109	10	88	0	2	7	Clsd	0.97	8.81	145	Gregory Nathan (0.8)
GABAX		19.3	2.4	15,303	22	22	19	487	3	0	100	0	0	17	NL	1.35	57.38	2,710	Management Team
JAGIX		17.2	3.6	64,432	18	16	15	66	30	0	97	0	3	1	NL	0.87	45.46	4,149	Buckley/Pinto (1.9/8.6)
LLPFX		17.9	1.3	21,080	40	15	12	23	46	19	77	2	2	28	NL	0.93	22.85	3,376	Cates/Hawkins (22.2/29.2)
ICAEX		16.5	1.7	50,859	25	16	14	41	76	3	97	0	0	12	NL	0.88	41.21	828	Management Team
ICSLX		16.0	1.7	55,202	25	18	14	30	86	0	98	0	2	9	NL	0.9	34.85	2,020	Management Team
MUBFX		16.6	1.9	55,137	21	15	14	145	51	3	97	0	0	14	NL	0.86	35.94	1,443	Management Team
MPGFX		19.1	3.3	23,044	33	21	12	51	9	1	99	0	0	2	NL	0.65	115.16	4,251	Adams/Henneman (1.5/10.5)
MFRFX		20.8	2.8	51,788	16	15	15	125	44	1	99	0	0	2	5.75	0.82	37.4	4,926	Joseph MacDougall (8.1)
OAKMX		14.4	1.7	58,641	36	21	14	55	33	4	96	0	0	7	NL	0.85	63.3	15,192	Grant/Nygren (16.2/16.2)
OAKLX		14.6	1.5	53,289	40	26	9	24	46	7	91	2	0	1	NL	0.95	38.02	4,852	Management Team
PRBLX		20.6	2.6	36,214	26	18	17	39	26	4	96	0	0	4	NL	0.87	37.99	13,036	Ahlsen/Allen (15.2/4.2)
POSKX		16.9	2.5	39,492	29	22	16	125	7	9	91	0	0	10	NL	0.65	23.46	5,400	Management Team
RSEMX		14.9	3.7	21,919	42	33	19	27	31	8	92	0	0	0	NL	1.24	12.32	116	Dreifus/McBoyle (5.5/1.7)
SWPPX		18.1	2.5	73,275	19	15	14	507	2	1	99	0	1	1	NL	0.09	32.75	22,292	Management Team
SWTSX		18.4	2.4	42,071	18	14	14	2472	2	1	99	0	0	2	NL	0.09	37.39	4,691	Hong/Juwono (4.3/3.3)
SLADX		17.9	2.0	59,292	31	16	15	59	27	1	98	0	1	11	NL	0.61	36.84	2,513	Davis/Goei (21.6/2.5)
PRDGX		19.4	2.9	54,011	19	16	16	104	24	6	94	0	0	3	NL	0.64	36.46	5,478	Thomas Huber (16.2)
PRGIX		19.2	2.4	75,138	23	16	13	51	76	5	95	0	0	0	NL	0.67	29.26	1,599	Jeffrey Rottinghaus (1.1)
TVAFX		17.2	2.0	23,286	19	18	15	51	59	7	93	0	0	9	4.50	1.37	51.45	893	Browne/MacDonald (10.4/1.4)
TICRX		18.3	2.6	36,627	17	16	14	842	17	0	100	0	0	1	NL	0.44	14.65	2,697	Campagna/Liao (10.5/2.1)
VFIAX		18.6	2.6	73,774	18	15	15	516	3	0	100	0	0	1	NL	0.05	193.66	221,037	Butler/Geiger (0.2/0.2)
VDAIX		19.7	4.0	47,305	23	22	15	188	22	0	100	0	0	2	NL	0.19	33.31	24,297	Nejman/O'Reilly (0.1/0.1)
VDIGX		19.4	3.9	87,451	21	19	16	48	26	0	97	0	3	10	NL	0.33	23.41	29,620	Donald Kilbride (10.4)
VFTSX		18.1	2.5	64,453	23	21	20	419	20	0	100	0	0	1	NL	0.25	13.2	2,180	Coleman/O'Reilly (0.5/0.5)
VQNPX		16.8	2.5	55,498	17	15	14	954	116	3	97	0	0	1	NL	0.34	40.64	6,401	Management Team
VTCLX		18.9	2.6	51,296	17	15	15	1023	10	1	99	0	0	0	NL	0.11	106.31	6,817	Butler/Coleman (0.2/0.2)
VTSAX		18.7	2.4	42,608	17	15	15	3644	3	0	99	0	1	1	NL	0.05	52.17	428,825	Nejman/O'Reilly (0.2/21.5)
WPVLX		18.8	1.9	17,949	27	19	13	39	31	18	82	0	0	6	NL	1.18	27.37	792	Hinton/Weitz (9.9/33.1)
		18.4	2.6	73,992															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 06-30-16					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Blend (cont'd)		—	2.2	0.0	9.4	10.1	6.4	—	—	—	—	—	—	11.6 (94)	—
Weitz Value Investor WVALX	Bronze	★★	-0.8	-7.0	5.1	9.0	4.5	85	93	95	75	94	0.0	9.53 (79)	Low
Large Value		—	4.0	-0.1	8.0	9.4	5.5	—	—	—	—	—	—	11.63 (91)	—
AllianzGI NFJ Large-Cap Value A PNBAX	—	★★	1.7	-3.3	6.8	8.9	3.8	72	73	75	65	87	1.9	11.7 (95)	Avg
American Beacon Lg Cap Value Inv AAGPX	Bronze	★★★★	0.7	-6.7	6.1	9.2	5.1	83	89	83	58	59	1.6	12.57 (93)	+Avg
American Century Equity Income Inv TWEIX	Silver	★★★★★	12.7	15.4	10.9	11.0	7.5	2	2	7	17	10	2.1	8.14 (84)	Low
American Century Value Inv TWVLX	Silver	★★★★	7.9	4.2	9.5	11.1	6.7	15	21	21	15	23	1.7	10.94 (92)	-Avg
American Funds American Mutual A AMRMX	Gold	★★★★	8.5	6.6	10.5	10.9	7.3	12	12	9	17	12	2.0	10.0 (95)	Low
American Funds Washington Mutual A AWSHX	Gold	★★★★	5.4	6.2	10.4	11.4	6.9	33	13	11	11	18	2.0	10.71 (98)	-Avg
Artisan Value Investor ARTLX	Bronze	★★★	14.5	2.9	7.3	8.8	6.1	1	26	66	67	35	0.5	14.29 (61)	High
Auxier Focus Inv AUXFX	—	★★★	2.6	1.6	6.4	7.3	6.6	65	33	80	87	25	1.0	9.97 (95)	Low
Becker Value Equity Retail BVEFX	Bronze	★★★★	5.8	-2.4	9.1	10.2	6.9	29	67	30	34	19	1.1	11.86 (92)	Avg
Columbia Dividend Income Z GSFTX	Silver	★★★★★	7.3	9.3	10.8	11.9	8.3	17	6	8	6	3	2.4	10.39 (95)	-Avg
Diamond Hill Large Cap A DHLAX	Gold	↓★★★★	2.1	-0.8	8.7	10.5	6.6	68	53	38	25	24	0.8	12.32 (95)	+Avg
Dodge & Cox Stock DODGX	Gold	★★★	0.7	-5.1	8.3	10.4	5.1	83	83	48	29	59	1.7	12.82 (92)	+Avg
Fairholme FAIRX	Silver	★	2.7	-8.3	1.4	4.0	5.0	64	95	99	99	64	1.9	17.03 (47)	High
Fidelity Equity Dividend Income FEQTZ	—	★★★★	6.2	3.8	9.2	9.7	5.0	25	23	26	46	62	2.3	10.73 (96)	-Avg
Fidelity Equity-Income FEQIX	Neutral	↑★★★★	5.0	0.0	7.2	8.4	4.7	37	46	68	74	71	3.0	10.62 (94)	-Avg
Franklin Mutual Beacon A TEBIX	Bronze	★★	4.4	-3.1	6.6	8.0	4.4	43	71	78	81	78	2.0	10.95 (86)	-Avg
Invesco Comstock A ACSTX	Silver	↓★★	-0.1	-6.7	5.7	8.9	5.5	89	90	87	65	51	1.6	12.84 (91)	+Avg
Invesco Diversified Dividend A LCEAX	Silver	★★★★★	8.8	8.7	11.7	12.0	8.2	10	8	4	5	4	1.5	9.01 (86)	Low
Invesco Growth and Income A ACGIX	Bronze	★★★	0.7	-4.3	7.0	9.1	5.9	84	79	72	61	40	1.7	12.11 (90)	Avg
JPMorgan Value Advantage A JVAAX	Silver	★★★	3.1	-2.3	8.1	10.8	7.8	59	66	51	19	7	0.6	10.83 (94)	-Avg
Perkins Large Cap Value T JPLTX	—	★★★	4.3	2.3	7.7	8.7	—	43	29	57	69	—	1.4	10.23 (96)	Low
Schwab Fundamental US Large Company Idx SFLNX	Bronze	★★★★	7.0	4.4	10.5	11.4	—	20	21	10	11	—	2.2	11.13 (97)	Avg
Sound Shore Investor SSSHX	Silver	★★★	2.3	-3.4	9.0	10.7	6.4	67	73	32	22	30	0.8	13.35 (93)	High
T. Rowe Price Equity Income PRFDX	Bronze	★★★	6.8	1.3	6.8	9.1	5.8	21	35	75	59	41	2.0	11.54 (93)	Avg
T. Rowe Price Value TRVLX	Bronze	★★★★	2.1	-0.8	9.9	11.6	7.2	68	54	15	9	15	1.9	11.6 (96)	Avg
TCW Relative Value Dividend Apprec N TGIGX	Neutral	★★★	3.6	0.0	7.4	10.1	5.7	54	46	64	37	43	1.5	12.44 (97)	+Avg
Torrey TORYX	—	★★★★	5.9	5.1	9.9	10.2	5.7	28	18	15	35	44	1.0	10.98 (92)	-Avg
Vanguard Equity-Income Inv VEIPX	Silver	★★★★★	7.7	9.0	10.9	12.6	8.1	15	7	7	3	4	2.8	10.59 (95)	-Avg
Vanguard High Dividend Yield Index Inv VHDYX	Silver	★★★★★	8.6	9.6	11.5	13.0	—	11	5	5	1	—	3.0	10.66 (93)	-Avg
Vanguard US Value Inv VUVLX	Bronze	★★★★	2.3	-0.1	9.8	11.9	6.2	67	47	17	6	34	2.1	11.2 (93)	Avg
Vanguard Value Index Adm VVIAX	Silver	★★★★	5.5	4.7	10.5	11.5	6.4	31	19	9	10	29	2.5	10.86 (96)	-Avg
Vanguard Windsor II Inv VWNFX	Bronze	↓★★★★	3.1	-1.1	8.1	10.2	6.0	59	56	51	35	38	2.3	11.41 (96)	Avg
Vanguard Windsor Inv VWNDX	Bronze	★★★	-0.6	-6.4	7.6	10.2	5.5	91	88	61	34	48	1.6	12.97 (92)	+Avg
Mid-Cap Growth		—	0.0	-6.4	8.2	7.9	6.8	—	—	—	—	—	—	13.45 (75)	—
Akre Focus Retail AKREX	Silver	★★★★★	3.1	1.2	11.0	14.7	—	18	7	17	1	—	0.0	11.85 (84)	-Avg
American Century Heritage Inv TWHIX	Bronze	★★★★	0.7	-4.4	9.4	7.7	9.1	48	34	36	51	13	0.0	13.09 (76)	Avg
Artisan Mid Cap Investor ARTMX	Silver	★★★★	-2.3	-5.4	8.9	9.0	9.3	78	42	43	34	10	0.0	15.11 (63)	+Avg
Baron Asset Retail BARAX	—	↑★★★★	1.1	-3.0	10.1	9.8	6.8	41	27	27	22	53	0.0	12.8 (80)	Avg
Baron Growth Retail BGRFX	Bronze	★★★	3.6	-4.2	7.4	8.9	7.0	15	32	64	35	47	0.0	12.33 (72)	-Avg
Baron Opportunity Retail BIOPX	—	★★★	-4.7	-9.9	4.7	5.1	7.4	91	75	89	91	34	0.0	17.06 (60)	High
Buffalo Mid Cap BUFMX	Neutral	★★★	-1.3	-9.3	6.6	6.4	6.7	69	70	74	76	56	0.0	12.89 (70)	Avg
Champlain Mid Cap Adv CIPMX	Silver	↑★★★★★	8.5	3.3	11.8	10.9	—	1	3	9	10	—	0.0	12.42 (83)	-Avg
Columbia Acorn Select Z ACTWX	—	★★	-1.2	-7.3	6.4	5.8	5.5	67	56	76	85	78	0.0	12.83 (75)	Avg
Columbia Acorn Z ACRNX	Neutral	★★★	-0.2	-7.8	5.5	6.4	6.3	58	61	85	77	65	0.0	13.71 (72)	Avg
Eventide Gilead N ETGLX	Neutral	★★★★	-8.5	-19.0	8.9	11.0	—	97	97	43	10	—	0.0	17.31 (58)	High
FAM Value Investor FAMVX	—	★★★★	5.3	2.4	10.4	10.1	6.6	6	5	25	18	57	0.0	11.27 (84)	Low
Russell MidCap Growth Index			2.1	-2.3	10.4	9.8	7.9								
Russell 1000 Value Index			6.1	2.7	9.6	11.1	5.9								

Legend

Red = Lowest return in group

Green = Highest return in group

Italic = Extended performance

★ = New this month

↑↓ = Increase/decrease in rating

NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
WVALX	—	18.7	2.7	99,577	17	15	15	—	62	2	97	0	0	4	—	0.99	—	4,193	—
		19.6	2.3	36,876	23	17	14	35	47	18	82	0	0	7	NL	1.15	38.25	887	Hinton/Perkins (9.9/4.5)
PNBAX	—	17.0	2.0	78,659	20	13	12	—	62	2	96	1	1	6	—	1.07	—	2,378	—
		13.9	1.7	59,487	26	13	12	67	26	0	100	0	0	6	5.50	1.11	20.33	404	Management Team
AAGPX		13.5	1.4	46,250	26	13	13	208	32	2	98	0	0	15	NL	0.94	23.11	8,562	Management Team
TWEIX		18.3	2.2	45,055	16	15	14	86	88	1	78	3	18	3	NL	0.93	8.89	10,718	Management Team
TWVLX		16.9	1.7	53,069	22	20	15	119	48	2	98	0	0	4	NL	0.97	8.12	2,980	Management Team
AMRMX		17.2	3.0	69,664	18	15	12	218	27	5	91	1	3	8	5.75	0.58	36.36	38,403	Management Team
AWSHX		18.4	3.0	90,084	15	14	13	180	30	3	96	0	1	6	5.75	0.58	40.11	80,416	Management Team
ARTLX		13.6	1.3	27,257	24	18	16	38	74	8	92	0	0	17	NL	1.0	12.38	771	Management Team
AUXFX		17.7	2.3	57,830	30	24	20	110	4	13	87	0	0	10	NL	1.14	19.69	250	J. Jeffrey Auxier (16.9)
BVEFX		16.7	1.8	54,015	21	16	15	56	32	3	97	0	0	1	NL	0.79	17.07	357	Management Team
GSFTX		18.7	2.9	96,236	16	15	14	84	27	4	95	0	1	2	NL	0.77	18.68	9,277	Management Team
DHLAX		15.6	2.0	58,776	27	16	15	52	20	1	99	0	0	0	5.00	0.99	21.89	3,684	Management Team
DODGX		15.4	1.7	56,602	26	24	16	66	15	1	99	0	0	9	NL	0.52	159.2	55,615	Management Team
FAIRX		12.4	1.4	1,246	32	29	25	50	40	22	50	10	17	7	NL	1.04	19.0	2,889	Bruce Berkowitz (16.5)
FEQTX		17.0	1.8	69,422	24	16	15	100	49	1	99	0	0	10	NL	0.66	25.96	5,295	Scott Offen (4.7)
FEQIX		15.7	1.8	51,555	23	13	12	179	46	4	96	0	0	8	NL	0.71	52.75	7,837	Management Team
TEBIX		15.7	1.4	40,352	23	19	16	95	35	3	94	3	0	35	5.75	1.09	14.82	3,717	Management Team
ACSTX		13.8	1.4	52,381	29	16	14	82	17	5	95	0	0	11	5.50	0.83	21.46	11,647	Management Team
LCEAX		17.4	2.3	34,267	32	14	14	79	11	13	87	0	0	11	5.50	0.83	18.99	16,110	Management Team
ACGIX		14.8	1.5	54,239	31	13	13	88	23	3	97	0	0	11	5.50	0.84	23.56	7,633	Management Team
JVAAX		15.7	1.6	30,365	31	16	10	117	17	2	98	0	0	1	5.25	1.25	28.66	10,146	Management Team
JPLTX		16.3	2.1	73,032	25	16	15	66	39	6	94	0	0	6	NL	0.87	15.56	162	Perkins/Preloger (7.5/7.5)
SFLNX		16.9	2.1	57,490	14	14	12	623	12	1	99	0	0	2	NL	0.35	15.01	4,750	Management Team
SSHFX		16.1	1.6	46,495	26	24	11	38	39	3	97	0	0	15	NL	0.93	41.99	1,850	Management Team
PRFDX		15.4	1.8	47,912	21	14	12	116	27	2	96	1	1	7	NL	0.66	30.11	22,116	John Linehan (0.7)
TRVLX		14.5	1.7	43,929	21	19	12	100	68	2	97	0	1	4	NL	0.81	31.92	22,758	Mark Finn (6.5)
TGIGX		17.4	1.8	44,126	23	16	14	53	17	0	98	2	0	8	NL	1.14	16.78	1,053	Diane Jaffee (14.6)
TORYX		14.2	1.8	39,738	24	20	20	33	10	15	85	0	0	2	NL	1.08	47.91	408	Fialco/Torrey (8.2/25.5)
VEIPX		16.6	2.4	78,336	16	14	13	218	32	2	96	0	2	9	NL	0.26	31.39	21,431	Management Team
VHDYX		17.4	2.4	78,072	15	14	14	430	11	0	100	0	0	1	NL	0.16	28.3	16,022	Coleman/O'Reilly (0.3/0.3)
VUVLX		13.7	1.5	21,251	23	14	11	265	66	1	99	0	0	1	NL	0.26	16.67	1,363	Management Team
VVIAX		16.3	1.9	74,727	22	15	12	320	8	0	100	0	0	1	NL	0.08	33.16	38,473	Nejman/O'Reilly (0.2/21.5)
VWNFX		14.4	1.7	63,615	21	19	14	272	26	2	97	0	0	9	NL	0.34	34.15	45,720	Management Team
VWNDX		15.1	1.6	33,169	25	18	15	145	28	2	98	0	1	10	NL	0.39	18.88	16,783	Management Team
AKREX	—	—	—	—	—	—	—	—	62	0	0	0	0	0	—	1.23	—	1,207	—
		25.7	2.9	19,817	31	26	18	43	16	8	89	1	2	2	NL	1.34	23.83	4,939	Management Team
TWHIX		23.3	4.2	12,151	24	21	15	104	62	0	99	0	1	5	NL	1.0	21.38	5,082	Management Team
ARTMX		24.7	4.1	12,666	23	23	22	75	51	4	96	0	0	4	Clsd	1.19	39.05	8,299	Management Team
BARAX		28.8	3.8	9,351	23	22	18	59	13	2	98	0	0	2	NL	1.31	57.75	2,522	Andrew Peck (12.9)
BGRFX		26.5	3.5	4,385	26	17	16	65	6	3	96	0	0	3	NL	1.29	65.48	6,122	Ronald Baron (21.5)
BIOPX		50.6	4.4	17,867	49	17	9	44	41	0	100	0	0	6	NL	1.38	15.85	261	Michael Lippert (10.3)
BUFMX		24.4	3.8	7,406	23	20	19	64	46	11	89	0	0	2	NL	1.01	15.13	397	Carlsen/Male (1.5/14.5)
CIPMX		21.8	2.7	7,133	21	19	17	62	46	5	95	0	0	0	NL	1.28	14.38	864	Management Team
ACTWX		23.3	3.7	5,627	30	17	14	34	55	0	100	0	0	4	NL	0.88	13.88	336	Frank/Szafrański (0.6/1.2)
ACRNX		23.1	3.7	4,584	25	18	18	138	21	0	98	0	2	2	NL	0.82	17.31	5,681	Management Team
ETGLX		22.3	2.7	6,063	37	19	17	78	21	3	95	0	2	11	NL	1.38	23.38	1,401	Barksdale/Kuruville (5.7/8.0)
FAMVX		18.1	2.5	11,593	31	23	17	39	8	11	89	0	0	4	NL	1.18	63.25	1,008	Fox/Putnam (16.2/29.5)
		22.4	4.5	10,549															
		16.9	1.7	53,793															

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate

- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 06-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst								
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	%	(R ²)		
Morningstar 500 Domestic Equity			—	0.0	-6.4	8.2	7.9	6.8	—	—	—	—	—	13.45	(75)	—
Mid-Cap Growth (cont'd)																
Fidelity Mid-Cap Stock FMCSX	Bronze	★★★★	5.4	-2.3	9.3	9.9	6.9	5	22	36	21	50	0.7	12.0	(78)	-Avg
Hennessy Focus Investor HFCSX	Bronze	★★★★★	1.4	-0.6	10.4	13.1	9.4	34	14	25	2	9	0.0	12.35	(81)	-Avg
Janus Enterprise T JAENX	Bronze	★★★★★	5.5	2.9	12.4	11.6	9.7	5	4	6	7	6	0.2	10.99	(81)	Low
Meridian Contrarian Legacy MVALX	Bronze	★★★	1.1	-6.3	7.3	9.4	6.7	41	49	67	28	55	0.1	13.64	(81)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	Gold	★★★★★	-3.6	-5.3	12.8	15.0	11.6	85	40	4	1	1	0.0	15.3	(64)	+Avg
T. Rowe Price Mid-Cap Growth RPMGX	Gold	★★★★★	1.5	0.3	13.4	11.9	10.1	32	9	1	5	3	0.0	12.15	(78)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	Bronze	★★★★	-4.0	-9.7	7.8	8.5	7.8	88	73	58	41	28	0.6	13.24	(80)	Avg
Westport R WPPFRX	—	★★★	3.9	-4.3	7.3	8.0	8.1	13	33	66	47	22	0.0	12.71	(89)	-Avg
Mid-Cap Blend			2.8	-4.3	7.6	8.3	6.4	—	—	—	—	—	—	12.52	(80)	—
Ariel Appreciation Investor CAAPX	—	★★★	1.4	-8.2	7.6	9.0	7.8	72	76	58	43	21	1.0	15.09	(86)	High
Ariel Fund Investor ARGFX	Bronze	↓★★	-2.3	-10.1	8.5	8.7	6.2	88	84	45	48	60	0.6	16.28	(86)	High
ASTON/Fairpointe Mid Cap N CHTTX	Silver	↓★★★★	0.5	-9.9	5.3	8.4	9.1	79	83	76	55	2	0.3	15.33	(76)	High
Fidelity Extended Market Index Investor FSEMX	Silver	★★★	2.5	-5.5	8.4	9.3	7.6	57	65	48	40	29	1.3	13.73	(77)	+Avg
First Eagle Fund of America Y FEAFX	Bronze	★★★★	-7.0	-11.6	5.0	7.5	7.5	96	87	78	71	34	0.0	12.71	(80)	Avg
FMI Common Stock FMIMX	Gold	★★★★	6.2	-1.8	7.9	8.2	8.7	23	44	54	59	6	0.0	11.94	(78)	-Avg
Janus Contrarian T JSVAX	Neutral	★★	-8.7	-15.0	4.0	6.6	4.3	97	94	88	80	89	0.3	13.05	(61)	+Avg
Longleaf Partners Small-Cap LLSCX	Silver	↓★★★★	10.2	-1.1	9.7	10.8	9.0	2	37	27	6	3	0.1	12.11	(59)	Avg
Osterweis OSTFX	Neutral	★★★	0.9	-7.3	4.7	6.8	5.8	75	73	80	77	70	0.5	11.16	(82)	-Avg
Vanguard Capital Value Inv VCVLX	Neutral	↑★★	-1.1	-14.8	3.5	6.6	5.3	84	93	92	79	78	1.4	16.22	(78)	High
Vanguard Extended Market Idx Adm VEXAX	Gold	★★★	2.5	-5.4	8.5	9.4	7.5	56	64	47	37	32	1.9	13.78	(77)	+Avg
Vanguard Mid Cap Index Adm VIMAX	Gold	★★★★	3.5	-0.9	10.8	10.6	7.8	47	35	8	9	24	2.0	12.02	(89)	-Avg
Vanguard Strategic Equity Inv VSEQX	Bronze	★★★★	0.9	-4.3	11.0	11.5	6.6	76	57	5	4	55	1.6	12.66	(84)	Avg
Weitz Hickory WEHIX	Silver	↓★★	4.0	-4.4	3.7	6.9	5.4	45	57	91	76	76	0.0	11.23	(73)	-Avg
Westport Select Cap R WPSRX	—	★★	4.4	-8.6	5.7	4.8	6.0	41	78	73	91	66	0.0	16.3	(67)	High
Westwood SMidCap Institutional WHGMX	—	★★★★	0.6	-8.9	6.6	6.8	8.7	78	79	68	77	5	0.1	13.33	(80)	+Avg
Mid-Cap Value			4.9	-2.2	7.8	8.8	6.5	—	—	—	—	—	—	12.54	(82)	—
American Century Mid Cap Value Inv ACMVX	Silver	★★★★★	10.6	8.2	12.6	12.9	9.6	7	4	2	1	4	1.1	10.56	(87)	Low
Artisan Mid Cap Value Investor ARTQX	Silver	★★★	9.7	-1.4	5.1	7.9	7.7	11	43	88	73	17	0.4	12.32	(78)	Avg
Delafield Fund DEFIX	—	★★	5.1	-13.1	-0.8	2.6	5.5	48	94	97	98	81	0.0	17.4	(69)	High
Diamond Hill Small-Mid Cap A DHMAX	Gold	★★★★	5.1	1.0	9.9	11.0	8.4	46	26	18	10	12	0.1	11.6	(76)	-Avg
Fidelity Leveraged Company Stock FLVCX	Bronze	★★	-2.5	-13.0	4.1	7.3	5.6	98	94	91	83	78	1.0	14.29	(79)	High
Fidelity Low-Priced Stock FLPSX	Silver	★★★★	0.4	-4.3	7.8	9.5	7.8	92	68	62	38	16	1.2	10.07	(87)	Low
Fidelity Value FVDLX	Neutral	★★★	4.3	-5.3	8.5	10.1	6.2	61	78	40	25	61	1.0	12.67	(85)	Avg
FPA Capital FPPTX	Bronze	★	1.9	-11.7	-1.7	0.4	3.9	79	93	98	99	95	0.4	13.52	(51)	Avg
GoodHaven GOODX	Neutral	★	12.8	-6.4	-3.9	3.4	—	2	89	99	97	—	0.0	12.68	(34)	-Avg
Harbor Mid Cap Value Investor HIMVX	Bronze	★★★★	1.4	-5.5	9.1	10.8	6.6	84	80	31	13	48	1.0	12.75	(85)	Avg
Perkins Mid Cap Value T JMCVX	Bronze	↑★★★★	6.9	4.3	7.9	7.6	7.0	23	13	60	79	36	1.3	10.37	(89)	Low
T. Rowe Price Mid-Cap Value TRMCX	Gold	★★★★★	11.0	4.0	11.2	10.9	8.6	5	15	7	11	9	1.1	11.54	(82)	-Avg
Vanguard Selected Value Inv VASVX	Gold	★★★★	1.2	-5.0	7.7	9.8	7.6	86	74	64	29	20	1.8	12.82	(82)	Avg
Small Growth			-0.7	-9.9	6.5	7.3	6.6	—	—	—	—	—	—	15.65	(60)	—
Artisan Small Cap Investor ARTSX	Silver	★★★	1.9	-7.1	7.8	9.5	6.8	27	34	30	14	49	0.0	17.31	(38)	+Avg
Baron Small Cap Retail BSCFX	Bronze	↑★★★★	2.0	-7.3	5.7	7.1	6.6	26	36	65	55	54	0.0	14.01	(74)	-Avg
Brown Capital Mgmt Small Co Inv BCSIX	Gold	★★★★★	1.5	3.3	13.3	11.9	12.4	29	4	2	3	1	0.0	16.2	(57)	+Avg
Buffalo Small Cap BUFSX	Neutral	↑★★★★	-3.7	-11.5	1.3	6.4	5.9	75	59	97	68	68	0.0	15.62	(63)	Avg
Century Small Cap Select Inv CSMVX	—	↓★★	-5.3	-16.6	4.6	5.0	5.0	85	85	76	86	85	0.0	16.55	(59)	+Avg
Champlain Small Company Adv CIPSX	Silver	↑★★★★★	6.4	1.0	8.6	9.5	9.2	7	7	19	14	2	0.0	14.53	(62)	-Avg
Russell MidCap Growth Index			2.1	-2.3	10.4	9.8	7.9									
S&P MidCap 400 Index			7.9	1.3	10.5	10.5	8.6									
Russell MidCap Value Index			8.8	3.0	10.8	11.5	7.6									
Russell 2000 Growth Index			-1.3	-10.5	8.0	8.7	7.3									

Legend
 Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Fund	Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					1	2	3			Cash	Stock	Bond	Other	Foreign					
FMCSX	—	—	—	—	—	—	—	—	62	0	0	0	0	0	—	1.23	—	1,207	—
HFCSX	🏠	19.1	2.0	6,804	🏠 18	🏠 18	🏠 15	164	23	4	96	0	0	9	NL	0.73	32.67	7,130	John Roth (5.3)
JAENX	🏠	20.3	2.7	13,632	🏠 28	🏠 27	🏠 13	26	4	16	84	0	0	6	NL	1.47	70.14	2,377	Management Team
MVALX	🏠	23.8	4.1	8,544	🏠 31	🏠 26	🏠 16	84	17	6	93	0	1	11	NL	0.92	90.4	8,100	Demain/Wheaton (8.7/0.0)
POAGX	🏠	20.9	2.1	6,760	🏠 31	🏠 19	🏠 12	59	76	10	90	0	0	7	Clsd	1.11	32.42	539	Cordisco/England (2.8/14.5)
RPMGX	🏠	18.5	2.3	6,145	🏠 34	🏠 29	🏠 17	151	15	5	95	0	0	13	Clsd	0.62	31.23	6,318	Management Team
VMGRX	🏠	22.8	3.4	10,004	🏠 26	🏠 18	🏠 17	136	27	5	93	0	1	2	Clsd	0.77	74.43	24,753	Brian Berghuis (24.0)
WPFrx	🏠	19.9	2.7	9,366	🏠 25	🏠 23	🏠 15	103	93	4	96	0	0	4	NL	0.43	21.56	4,263	Management Team
WPFrx	🏠	19.8	3.5	16,785	🏠 28	🏠 25	🏠 17	30	3	1	99	0	0	9	NL	1.23	29.81	419	Edmund Nicklin, Jr. (18.5)
CAAPX	—	18.1	2.0	6,729	🏠 17	🏠 16	🏠 15	—	65	3	97	0	0	3	—	1.12	—	1,588	—
ARGFX	🏠	15.0	2.1	10,354	🏠 31	🏠 24	🏠 17	41	22	2	98	0	0	0	NL	1.12	45.7	1,704	Fidler/Rogers, Jr. (6.6/13.7)
CHTTX	🏠	15.6	1.9	3,813	🏠 28	🏠 21	🏠 20	40	25	1	99	0	0	0	NL	1.02	58.07	1,919	Management Team
FSEMEX	🏠	17.0	1.5	4,588	🏠 30	🏠 23	🏠 13	45	31	0	100	0	0	3	NL	1.11	34.49	3,512	Management Team
FEAFX	🏠	19.9	2.0	3,357	🏠 15	🏠 15	🏠 14	3224	12	0	100	0	0	2	NL	0.1	50.98	15,820	Management Team
FMIMX	🏠	15.5	3.0	10,791	🏠 28	🏠 26	🏠 16	37	32	9	92	0	-1	3	Clsd	1.31	33.13	2,968	Management Team
JSVAX	🏠	17.0	2.1	3,214	🏠 49	🏠 15	🏠 12	42	29	5	95	0	0	4	NL	1.07	24.22	947	Management Team
LLSCX	🏠	15.5	1.8	7,281	🏠 26	🏠 16	🏠 13	40	70	4	95	0	1	2	NL	1.04	16.98	2,813	Daniel Kozlowski (5.0)
OSTFX	🏠	22.4	1.4	4,045	🏠 36	🏠 17	🏠 11	20	46	21	76	3	0	8	Clsd	0.91	29.72	4,054	Management Team
VCLVX	🏠	19.4	2.5	22,321	🏠 25	🏠 20	🏠 11	32	20	23	77	0	0	14	NL	1.03	25.71	659	Management Team
VEVAX	🏠	17.3	1.5	13,301	🏠 20	🏠 18	🏠 15	152	90	0	99	0	1	11	NL	0.5	10.8	974	Higgins/Palmer (8.0/6.5)
VIMAX	🏠	19.9	2.0	3,307	🏠 15	🏠 14	🏠 14	3265	6	0	100	0	0	2	NL	0.09	64.77	44,953	Butler/Geiger (18.5/0.2)
VSEQX	🏠	19.9	2.3	11,249	🏠 18	🏠 15	🏠 15	356	15	0	100	0	0	1	NL	0.08	153.01	67,322	Butler/Johnson (18.1/0.2)
WEHIX	🏠	14.6	1.9	3,858	🏠 18	🏠 16	🏠 12	403	70	0	99	0	0	1	NL	0.21	28.55	5,799	Management Team
WPSRX	🏠	21.0	2.0	4,307	🏠 44	🏠 16	🏠 11	35	27	20	80	0	0	6	NL	1.23	48.08	285	Weitz/Weitz (4.5/13.5)
WHGMX	🏠	18.3	2.3	4,343	🏠 43	🏠 16	🏠 13	21	0	1	98	0	1	0	NL	1.43	13.77	128	Knuth/Nicklin, Jr. (18.5/18.5)
ACMVX	🏠	18.8	2.5	3,532	🏠 18	🏠 17	🏠 16	61	56	3	97	0	0	0	NL	0.96	14.57	464	Management Team
ARTQX	—	16.4	1.6	9,384	🏠 20	🏠 14	🏠 14	—	60	4	96	0	0	5	—	1.16	—	1,415	—
DEFIX	🏠	18.6	1.9	12,258	🏠 21	🏠 14	🏠 11	105	66	3	97	0	0	5	Clsd	1.01	16.06	7,598	Management Team
DHMAX	🏠	14.8	1.5	8,264	🏠 21	🏠 19	🏠 18	55	31	10	90	0	0	3	Clsd	1.19	20.56	4,848	Management Team
FLVCX	🏠	15.0	1.7	2,684	🏠 38	🏠 20	🏠 20	44	19	6	94	0	0	5	NL	1.26	25.16	425	Management Team
FLPSX	🏠	19.1	1.8	5,323	🏠 28	🏠 19	🏠 14	57	21	10	90	0	0	2	Clsd	1.25	19.23	1,845	Management Team
FPPTX	🏠	13.5	1.7	16,332	🏠 23	🏠 17	🏠 13	106	4	3	96	1	0	6	NL	0.79	38.82	3,361	Thomas Soviero (13.0)
GOODX	🏠	13.5	1.6	5,536	🏠 29	🏠 15	🏠 14	882	9	13	87	0	0	34	NL	0.79	47.92	39,463	Management Team
HIMVX	🏠	16.3	1.6	8,614	🏠 20	🏠 12	🏠 11	271	80	3	96	0	0	10	NL	0.84	99.9	7,986	Management Team
JMCVX	🏠	13.3	1.1	3,189	🏠 32	🏠 31	🏠 13	30	45	28	71	2	0	0	Clsd	0.73	32.97	772	Ahitov/Bryan (3.0/8.6)
TRMCX	🏠	17.0	0.8	5,519	🏠 27	🏠 16	🏠 16	29	18	28	69	0	3	17	NL	1.1	21.84	264	Pitkowsky/Trauner (5.2/5.2)
VASVX	🏠	12.7	1.4	5,920	🏠 20	🏠 13	🏠 13	209	12	1	99	0	0	1	NL	1.25	19.15	796	Management Team
BSCFX	🏠	17.7	2.0	7,337	🏠 19	🏠 17	🏠 12	81	49	5	95	0	0	2	NL	0.69	16.44	4,068	Management Team
BUFSX	🏠	17.6	1.6	8,641	🏠 22	🏠 12	🏠 12	95	45	8	92	0	0	9	Clsd	0.8	27.69	11,910	David Wallack (15.5)
CIPsx	🏠	13.8	1.5	9,649	🏠 26	🏠 18	🏠 15	123	24	5	95	0	0	10	NL	0.39	26.16	9,043	Management Team
ARTSX	—	25.3	3.2	2,798	🏠 24	🏠 17	🏠 17	—	77	3	97	0	0	3	—	1.32	—	837	—
BSCFX	🏠	36.2	4.3	3,099	🏠 47	🏠 17	🏠 16	69	45	5	95	0	0	4	Clsd	1.23	27.34	1,184	Management Team
BCSIX	🏠	29.4	3.3	3,701	🏠 23	🏠 20	🏠 18	75	14	1	98	0	1	3	NL	1.3	28.74	3,619	Clifford Greenberg (18.7)
BUFSX	🏠	41.0	3.8	2,588	🏠 63	🏠 27	🏠 5	40	22	4	96	0	0	0	Clsd	1.26	72.47	2,868	Management Team
CSMVX	🏠	32.2	4.3	2,197	🏠 32	🏠 20	🏠 16	63	41	2	98	0	0	7	NL	1.0	16.99	840	Cuellar/Male (1.5/18.2)
CIPsx	🏠	20.9	3.0	1,893	🏠 25	🏠 20	🏠 18	63	69	3	97	0	0	5	NL	1.42	20.56	176	Alexander Thorndike (16.5)
CIPsx	🏠	22.5	2.2	1,878	🏠 22	🏠 21	🏠 17	78	37	3	97	0	0	1	Clsd	1.38	16.86	1,073	Management Team
		22.4	4.5	10,549															
		17.6	1.6	9,872															
		22.4	3.0	1,524															

Equity Style Box

Val	Blnd	Grth
—	—	—
—	—	—
—	—	—

Sectors

- 🏠 Cyclical
- 🏠 Basic Materials
- 🏠 Consumer Cyclical
- 🏠 Financial Services
- 🏠 Real Estate
- 🏠 Sensitive
- 🏠 Communication Svcs
- 🏠 Energy
- 🏠 Industrials
- 🏠 Technology

Bold # = Cheapest Quintile

- ➔ Defensive
- 🏠 Consumer Def
- 🏠 Healthcare
- 🏠 Utilities

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 06-30-16					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Small Growth (cont'd)		—	-0.7	-9.9	6.5	7.3	6.6	—	—	—	—	—	—	15.65 (60)	—
Columbia Acorn USA Z AUSAX	—	★★★★	0.9	-7.2	7.1	7.2	6.0	34	34	42	52	65	0.0	15.19 (62)	Avg
Conestoga Small Cap Investors CCASX	Silver	↑★★★★★	2.1	1.6	9.1	9.4	8.4	26	5	15	15	7	0.0	16.66 (53)	+Avg
Janus Triton T JATX	Bronze	★★★★★	3.0	-3.1	11.5	11.0	11.4	19	14	3	5	1	0.1	13.61 (73)	-Avg
Janus Venture T JAVTX	Bronze	↑★★★★★	0.5	-6.8	10.0	10.8	9.1	40	30	10	5	3	0.0	15.18 (67)	Avg
Kalmar Growth-with-Value Sm Cp Inv KGSCX	—	★★★★	3.4	-8.6	3.1	5.6	6.2	17	45	87	79	62	0.0	16.11 (64)	Avg
LKCM Small Cap Equity Instl LKSCX	Silver	★★	0.5	-11.4	3.5	4.3	4.9	41	59	84	92	87	0.0	15.23 (60)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	Silver	★★★★	-2.2	-10.8	6.0	7.7	8.4	63	57	60	42	6	0.0	16.4 (52)	+Avg
Meridian Growth Legacy MERDX	Bronze	★★★★	6.5	-2.9	8.4	8.6	8.8	6	13	21	25	3	0.0	13.04 (68)	Low
Meridian Small Cap Growth Investor MISGX	Bronze	NR	5.3	-7.1	—	—	—	11	34	—	—	—	0.0	— (—)	
Neuberger Berman Genesis Inv NBGNX	Bronze	★★★★	5.7	1.3	8.7	8.8	8.2	9	6	17	22	8	0.4	12.82 (73)	Low
Royce Premier Invmt RYPRX	Bronze	↓★★	6.5	-5.6	4.1	4.3	6.6	6	23	81	92	54	0.7	14.69 (73)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	★★	-3.5	-13.0	5.1	5.4	4.4	72	65	71	82	93	0.0	16.45 (63)	+Avg
T. Rowe Price New Horizons PRNHX	Silver	★★★★★	0.8	-2.2	11.6	13.0	10.6	35	12	3	1	1	0.0	14.52 (63)	Avg
T. Rowe Price QM US Small-Cap Gr Eq PRDSX	Silver	★★★★★	1.5	-5.0	11.1	10.9	9.5	28	20	4	5	2	0.0	14.06 (71)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	Neutral	★★★★	4.0	-2.3	8.6	10.0	8.4	14	12	19	10	7	0.1	13.96 (68)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	↓★★★★	1.4	-8.8	7.2	8.4	6.5	29	47	38	27	56	0.5	14.66 (74)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	Silver	↑★★★★	2.4	-6.4	7.4	<i>8.6</i>	<i>7.9</i>	24	27	35	25	15	1.3	14.09 (69)	-Avg
Wasatch Core Growth WGROX	Gold	★★★★	-1.2	-6.6	7.9	10.0	7.4	55	28	29	10	29	0.0	13.11 (65)	Low
Wasatch Small Cap Growth Investor WAAEX	Gold	↓★★★★	-3.0	-9.8	4.6	7.1	7.1	68	52	76	54	36	0.0	14.38 (58)	-Avg
William Blair Small Cap Growth N WBSNX	—	★★★	3.9	-3.9	8.0	9.5	5.8	14	15	27	14	69	0.0	14.61 (59)	-Avg
Small Blend		—	3.0	-5.8	6.4	7.6	5.9	—	—	—	—	—	—	14.44 (68)	—
AMG Managers Skyline Special Equities SKSEX	Bronze	↓★★★★	-0.1	-9.8	7.3	10.7	7.0	86	86	42	5	24	0.0	15.35 (64)	+Avg
ASTON/River Road Select Value N ARSMX	—	↑★★★★	9.6	1.5	5.5	8.7	—	3	4	73	37	—	0.0	12.79 (71)	Low
ASTON/River Road Small Cap Value N ARSVX	—	↓★★★★	8.0	1.3	6.0	8.6	5.2	5	5	67	39	68	0.0	12.41 (68)	Low
Berwyn BERWX	Silver	★★	6.0	-7.8	0.7	5.9	5.7	14	71	96	82	52	0.0	14.76 (53)	Avg
Bogle Small Cap Growth Inv BOGLX	—	↓★★	1.7	-9.6	6.2	8.8	5.1	65	85	64	36	69	0.0	17.14 (73)	High
Bridgeway Ultra-Small Company Market BRSIX	—	↓★★	-1.0	-10.8	5.1	8.8	4.2	91	89	77	36	88	0.9	14.78 (53)	Avg
Broadview Opportunity BVAOX	Silver	↓★★★★	2.7	-8.4	6.1	7.2	8.0	51	76	66	68	8	0.0	13.8 (66)	-Avg
DFA US Micro Cap I DFSCX	Gold	★★★★	2.9	-4.8	8.0	9.9	6.4	48	42	32	16	34	0.9	14.82 (64)	+Avg
DFA US Small Cap I DFSTX	Gold	★★★★	3.6	-4.1	8.3	9.7	7.4	41	36	26	20	16	1.2	14.38 (70)	Avg
Dreyfus Opportunistic Small Cap DSCVX	—	★★★	-3.4	-14.4	5.3	7.2	9.7	98	95	74	68	3	0.4	18.54 (61)	High
Fidelity Small Cap Discovery FSCRX	Gold	★★★★★	4.4	-4.6	7.5	10.9	10.4	35	40	39	4	1	0.4	13.58 (68)	-Avg
Fidelity Small Cap Stock FSLCX	Bronze	↑★★★★	1.6	-4.2	9.7	5.9	6.1	68	37	9	82	43	0.2	13.0 (76)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★★	1.4	-4.8	7.6	7.7	5.6	71	42	37	57	58	0.4	13.99 (69)	Avg
Mairs & Power Small Cap MSCFX	Silver	★★★★★	11.9	5.3	11.4	—	—	2	1	1	—	—	0.4	13.72 (68)	-Avg
Perritt MicroCap Opportunities Investor PRCGX	—	★★	-0.7	-7.2	4.6	6.8	4.6	89	64	81	74	79	0.0	12.67 (61)	Low
Royce Micro-Cap Invmt RYOTX	—	★	-0.7	-12.7	-1.0	-1.6	2.9	89	93	96	97	97	0.0	14.4 (59)	-Avg
Royce Pennsylvania Mutual Invmt PENNX	Neutral	★★★★	7.6	-4.8	4.7	5.6	5.6	7	41	80	84	57	0.8	14.44 (71)	Avg
Royce Total Return Invmt RYTRX	—	★★★★	8.6	0.1	6.3	7.7	6.2	3	7	63	58	40	0.6	12.66 (75)	Low
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	4.9	-1.3	7.1	8.9	6.1	26	17	45	33	41	0.1	13.46 (70)	-Avg
T. Rowe Price Small-Cap Value PRSVX	Bronze	↑★★★★	7.5	1.9	6.7	8.6	6.7	8	4	55	38	30	0.7	13.41 (67)	-Avg
Vanguard Explorer Value Inv VEVFX	—	★★★★	4.4	-2.4	7.9	9.9	—	34	25	33	15	—	0.8	13.77 (76)	-Avg
Vanguard Small Cap Index Adm VSMAX	Gold	★★★★	5.0	-2.9	8.9	9.9	7.8	24	28	16	16	10	1.9	13.65 (77)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	Gold	★★★★★	5.8	-0.3	10.2	11.2	7.9	18	9	3	2	9	1.7	13.93 (69)	Avg
Small Value		—	4.6	-4.3	5.9	7.7	5.7	—	—	—	—	—	—	14.17 (67)	—
AllianzGI NFJ Small-Cap Value A PCVAX	Silver	★★★★	3.9	-5.3	4.3	6.0	6.6	53	64	79	84	26	1.4	12.61 (76)	-Avg
American Beacon Small Cp Val Inv AVPAX	Bronze	★★★★	3.5	-4.6	7.0	8.6	6.3	60	53	38	30	31	0.5	14.24 (72)	Avg
American Century Small Cap Value Inv ASVIX	—	★★★★	1.4	-5.4	6.9	8.2	7.4	85	65	40	40	11	0.8	14.85 (71)	+Avg
Russell 2000 Growth Index			-1.3	-10.5	8.0	8.7	7.3								
Russell 2000 Index			2.4	-6.6	7.3	8.4	6.3								

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

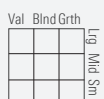
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	25.3	3.2	2,798	24	17	17	—	77	3	97	0	0	3	—	1.32	—	837	—
AUSAX		25.2	3.2	2,453	19	19	19	104	35	0	100	0	0	3	NL	1.18	19.78	681	Doyle/Litfin (2.5/0.5)
CCASX		33.9	4.0	1,512	36	27	16	47	11	6	94	0	0	0	NL	1.1	36.48	760	Mitchell/Monahan (13.7/2.4)
JATX		24.8	3.6	3,254	29	24	17	118	27	4	94	0	1	3	Clsd	0.92	22.63	6,865	Coleman/Stutzman (3.1/0.0)
JAVTX		24.7	3.4	2,386	27	24	18	114	40	5	94	0	1	8	Clsd	0.92	61.91	2,651	Coleman/Stutzman (3.1/0.0)
KGSCX		25.7	2.8	1,852	25	23	20	78	50	0	100	0	0	2	NL	1.36	15.06	173	Draper/Walker (19.2/19.2)
LKSCX		24.4	2.6	2,319	24	16	14	79	62	2	98	0	0	3	NL	0.97	19.95	481	Management Team
LCGRX		28.8	3.5	2,165	25	23	16	98	78	3	97	0	0	5	Clsd	1.19	19.53	1,090	Burns/Slavik (11.4/11.2)
MERDX		25.4	3.0	2,359	32	23	20	85	46	7	93	0	0	4	Clsd	0.84	32.7	1,250	Meade/Schaub (2.8/2.8)
MISGX		24.3	2.3	952	35	21	19	107	45	6	93	0	1	5	NL	1.39	11.85	334	Meade/Schaub (2.5/2.5)
NBGNX		22.2	3.3	3,140	22	19	16	145	13	2	98	0	0	6	NL	1.01	32.56	10,419	Management Team
RYPRX		19.4	2.5	2,832	41	17	15	61	13	0	93	0	7	6	NL	1.13	15.21	2,204	Management Team
RYVPX		23.9	2.4	1,351	30	18	16	87	45	4	90	0	6	11	NL	1.48	10.81	483	Brown/Skinner III (3.2/12.5)
PRNHX		28.4	3.5	4,197	23	22	19	268	34	6	89	0	6	6	Clsd	0.79	42.82	15,600	Henry Ellenbogen (6.3)
PRDSX		23.0	3.4	3,277	23	19	18	292	9	3	97	0	0	1	NL	0.82	26.09	2,515	Sudhir Nanda (9.7)
OTCFX		20.9	2.0	1,994	18	17	16	326	20	5	94	0	1	4	Clsd	0.9	40.17	8,795	Gregory McCrickard (23.8)
VEXPX		21.0	2.5	2,706	22	21	19	726	62	3	97	0	0	4	NL	0.49	81.57	10,925	Management Team
VSGAX		25.8	2.6	3,025	20	16	16	707	23	0	100	0	0	1	NL	0.08	43.56	15,553	Coleman/O'Reilly (0.2/11.5)
WGROX		21.4	3.5	2,384	23	19	18	69	39	6	92	0	1	7	NL	1.17	52.3	1,217	Lambert/Taylor (11.4/15.5)
WAAEX		24.4	3.1	1,960	27	20	19	109	31	1	96	0	3	16	Clsd	1.22	40.06	1,824	Cardon/Taylor (29.5/3.4)
WBSNX		23.1	2.8	1,309	27	18	15	84	91	5	95	0	0	7	NL	1.5	23.35	365	Balkin/Brewer (8.0/16.5)
	—	18.7	2.1	2,760	17	17	15	—	60	2	97	0	1	2	—	1.2	—	852	—
SKSEX		16.6	1.7	1,643	31	21	18	73	31	4	96	0	0	5	Clsd	1.33	35.68	1,351	Management Team
ARSMX		17.2	1.6	2,129	31	24	16	64	58	1	99	0	0	2	NL	1.52	6.84	42	Management Team
ARSVX		16.6	1.5	1,423	28	23	19	59	60	7	93	0	0	4	NL	1.39	11.92	266	Management Team
BERWX		16.4	1.2	536	29	23	14	42	11	6	94	0	0	4	NL	1.23	28.23	125	Management Team
BOGLX		16.1	1.3	1,504	23	17	14	213	196	2	97	0	1	5	NL	1.35	24.57	129	John Bogle (16.7)
BRSEX		13.7	1.1	148	23	18	15	637	32	0	100	0	0	1	NL	0.78	12.77	332	Management Team
BVAOX		18.5	1.9	2,283	23	23	16	75	41	12	88	0	0	5	NL	1.23	32.14	644	Management Team
DFSCX		17.7	1.8	825	20	20	17	1614	12	1	99	0	0	1	NL	0.52	17.94	5,011	Management Team
DFSTX		18.6	1.9	1,631	19	18	17	2019	11	1	99	0	0	2	NL	0.37	29.21	12,161	Management Team
DSCVX		18.4	2.0	1,680	25	21	20	77	74	0	100	0	0	11	Clsd	1.09	27.71	765	Management Team
FSCRX		16.6	1.5	2,429	26	21	15	62	25	1	99	0	0	2	Clsd	1.01	27.57	5,224	Janssen/Myers (0.2/10.2)
FSLCX		17.8	1.9	2,266	23	20	15	136	59	3	97	0	0	16	NL	1.0	17.25	1,950	Lionel Harris (4.6)
FDSCX		19.7	2.2	2,526	18	17	15	210	48	3	97	0	0	6	NL	0.77	23.38	1,425	Management Team
MSCFX		20.0	2.0	1,616	27	20	16	48	23	2	98	0	0	2	NL	1.06	21.79	251	Adams/Steinkopf (4.8/1.5)
PRCGX		14.9	1.3	268	21	19	17	91	20	0	100	0	0	3	NL	1.22	31.43	257	Corbett/Metrou (19.5/2.3)
RYOTX		18.7	1.5	391	26	20	18	179	41	6	92	0	2	8	NL	1.5	11.01	229	Hartman/Stoeffel (3.2/1.2)
PENNX		18.5	1.9	1,571	27	21	18	314	21	0	97	0	3	7	NL	0.93	10.04	2,593	Management Team
RYTRX		16.8	1.8	1,958	25	24	17	290	11	2	93	0	5	7	NL	1.22	12.87	2,752	Management Team
STSCX		17.9	2.0	3,259	28	16	13	58	6	2	98	0	0	0	NL	1.09	73.31	1,095	Management Team
PRSVX		19.6	1.6	1,458	24	15	13	305	32	3	96	0	1	2	NL	0.92	39.04	7,587	J. Wagner (2.0)
VEVFX		18.1	1.5	2,291	26	15	14	176	35	6	94	0	0	3	NL	0.65	29.72	318	Management Team
VSMAX		19.7	1.9	2,964	16	14	14	1491	11	0	99	0	0	1	NL	0.08	55.41	57,024	Coleman/O'Reilly (0.2/0.2)
VTMSX		19.6	1.9	1,480	17	16	16	612	33	0	100	0	0	0	NL	0.11	46.71	4,001	Butler/Coleman (0.2/0.2)
	—	16.8	1.5	2,451	23	18	13	—	77	3	96	0	0	3	—	1.3	—	866	—
PCVAX		14.9	1.8	2,259	24	22	11	125	42	5	92	0	3	3	Clsd	1.19	20.82	4,024	Management Team
AVPAX		15.5	1.4	1,948	26	18	17	606	47	3	97	0	0	5	NL	1.16	22.5	5,692	Management Team
ASVIX		17.1	1.6	1,355	22	19	15	136	95	3	97	0	0	4	Clsd	1.25	7.65	1,367	John/Lewis (4.1/1.7)
		22.4	3.0	1,524															
		18.5	1.7	1,383															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 06-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
					3 Yr	5 Yr	10 Yr									
Morningstar 500 Domestic Equity																
Small Value (cont'd)			—	4.6	-4.3	5.9	7.7	5.7	—	—	—	—	—	—	14.17 (67)	—
Dean Small Cap Value DASCX	—	★★★★	7.0	-0.9	7.5	9.2	5.9	23	26	31	21	43	0.2	13.72 (64)	-Avg	
DFA US Small Cap Value I DFSVX	★ Gold	★★★	3.3	-7.1	6.0	8.5	5.5	64	78	53	31	57	1.4	15.3 (68)	+Avg	
DFA US Targeted Value I DFFVX	★ Gold	↓★★★★	4.0	-5.7	7.1	8.9	6.2	52	69	37	25	35	1.3	14.66 (74)	Avg	
Diamond Hill Small Cap A DHSCX	★ Gold	★★★★	2.4	-3.9	6.1	7.8	5.8	75	45	52	52	45	0.3	10.72 (72)	Low	
Fidelity Small Cap Value FCPVX	★ Bronze	★★★★★	5.0	1.1	9.1	11.2	8.5	38	13	12	3	2	0.8	12.84 (68)	-Avg	
Perkins Small Cap Value T JSCVX	★ Silver	★★★★★	7.3	1.6	8.9	8.0	8.2	19	10	14	46	5	0.6	11.87 (76)	Low	
Royce Opportunity Invmt RYPNX	★ Bronze	★★	3.2	-11.4	2.4	5.8	5.4	64	90	90	86	58	0.0	16.18 (64)	+Avg	
Royce Small-Cap Value Service RYVFX	—	★★	3.3	-9.5	2.5	2.2	4.9	62	86	89	97	75	0.5	13.72 (59)	-Avg	
Royce Special Equity Invmt RYSEX	★ Gold	★★★★	8.3	-4.6	3.4	6.8	7.2	13	52	84	72	13	1.1	13.81 (62)	-Avg	
Third Avenue Small Cap Value Instl TASCX	—	★★★	7.3	-4.7	6.8	7.5	4.5	19	53	41	57	80	0.0	13.68 (71)	-Avg	
Vanguard Small Cap Value Index Admiral VSIAX	★ Silver	★★★★★	7.3	0.2	10.2	10.9	7.1	20	20	5	6	15	2.4	13.69 (79)	Avg	
Allocation			—	2.6	-0.5	4.2	4.4	3.8	—	—	—	—	—	6.65 (76)	—	
American Funds 2020 Trgt Date Retire A AACTX	★ Silver	TE	★★★★	4.5	3.1	7.2	7.3	—	21	9	3	2	—	1.1	6.84 (96)	Avg
American Funds American Balanced A ABALX	★ Silver	MA	★★★★	4.9	6.3	9.0	9.8	7.1	18	3	3	2	7	1.6	7.76 (90)	Avg
American Funds Income Fund of Amer A AMECX	★ Silver	AL	★★★★	6.6	5.4	7.9	8.4	6.3	7	5	12	8	4	3.1	8.14 (93)	Low
Arbitrage R ARBFX	★ Bronze	NE	★★★★	2.0	2.3	1.7	1.5	2.9	32	30	37	26	19	0.0	1.83 (2)	Low
ASTON/Montag & Caldwell Balanced N MOBAX	—	MA	★★★★	1.2	2.9	6.9	7.0	6.3	87	14	24	33	16	0.6	6.34 (67)	Low
Berwyn Income BERIX	★ Silver	CA	★★★★★	4.6	2.2	4.7	5.5	7.1	35	22	36	20	2	2.4	4.44 (79)	Low
Calamos Market Neutral Income A CVSIX	★ Neutral	NE	★★★	1.9	1.5	3.1	3.4	3.3	38	37	18	8	10	1.1	3.51 (0)	Avg
Dodge & Cox Balanced DODBX	★ Gold	MA	★★★★	2.3	-1.7	7.3	8.9	5.6	61	77	19	5	38	2.4	8.98 (87)	High
Fidelity Balanced FBALX	★ Bronze	MA	★★★★★	2.4	0.4	8.6	8.5	6.4	58	37	5	8	15	1.6	8.21 (92)	+Avg
Fidelity Four-in-One Index FFNOX	★ Silver	AL	★★★★	2.1	-0.4	7.7	7.9	5.7	53	28	15	13	22	2.1	9.81 (95)	+Avg
Fidelity Puritan FPURX	★ Bronze	MA	★★★★	1.1	0.5	8.8	8.4	6.6	89	37	4	8	12	2.2	8.24 (86)	+Avg
Fidelity Strategic Real Return FSRRX	—	XY	★	8.0	0.3	0.6	1.1	2.7	6	86	93	89	84	1.7	5.17 (42)	+Avg
FPA Crescent FPACX	★ Gold	MA	↓★★★★	0.2	-1.9	5.0	6.7	6.5	95	79	76	38	13	0.9	7.51 (86)	Avg
Franklin Income A FKINX	★ Bronze	CA	★★	6.8	-1.1	3.9	5.3	5.5	13	83	66	27	15	5.5	9.19 (87)	High
Franklin Mutual Shares A TESIX	★ Bronze	XM	★★★★	4.1	-2.3	6.8	7.9	4.6	6	27	44	11	50	1.8	10.37 (92)	Low
Gateway A GATEX	★ Silver	XR	★★	1.3	1.6	3.9	4.0	3.2	49	26	66	68	1	1.3	4.44 (88)	-Avg
Greenspring GRSPX	—	MA	★★	6.0	-0.4	2.0	4.2	4.6	12	54	98	90	71	2.2	8.35 (75)	+Avg
Invesco Equity and Income A ACEIX	★ Bronze	MA	★★★	1.8	-1.9	6.3	7.7	6.0	78	79	39	18	23	2.2	8.73 (87)	+Avg
Janus Balanced T JABAX	★ Neutral	MA	★★★★★	-0.5	-0.7	6.2	7.0	7.3	97	61	40	32	5	1.6	7.11 (88)	-Avg
JPMorgan Income Builder A JNBAX	★ Bronze	CA	★★★★	3.6	1.5	4.5	5.3	—	54	37	47	26	—	4.1	6.56 (91)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	★★★★	0.2	-2.3	6.7	4.4	4.9	78	51	6	25	12	3.9	6.89 (63)	-Avg
Litman Gregory Masters Alt Strats Inv MASNX	★ Bronze	GY	★★★★	2.4	-0.1	2.7	—	—	30	31	23	—	—	3.1	3.13 (80)	Low
Mairs & Power Balanced Inv MAPOX	★ Silver	MA	★★★★★	8.3	6.4	8.0	9.3	7.2	3	3	10	4	5	2.4	7.74 (91)	Avg
Manning & Napier Pro-Blend Cnsvr Term S EXDAX	★ Bronze	CA	★★★★	4.0	0.8	3.5	4.1	5.1	45	54	80	73	28	1.4	4.78 (94)	-Avg
Manning & Napier Pro-Blend Extnr Term S MNBAX	★ Bronze	MA	★★★	3.8	-1.8	4.7	5.2	5.3	28	78	82	73	47	0.5	8.03 (94)	+Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	★ Bronze	CA	★★★	3.5	-1.2	3.7	4.3	4.8	57	84	75	64	39	0.8	6.33 (94)	+Avg
Merger Investor MERFX	★ Silver	NE	★★★	0.9	-0.6	1.6	1.5	2.7	54	53	41	28	22	0.8	3.02 (0)	Avg
MFS Total Return A MSFRX	★ Bronze	MA	★★★	5.4	3.9	7.7	8.0	5.9	14	8	14	13	27	2.4	6.74 (93)	-Avg
Natixis ASG Global Alternatives A GAFAX	★ Bronze	GY	★	-9.8	-15.2	-0.8	0.3	—	97	98	88	84	—	0.0	7.57 (36)	High
Oakmark Equity & Income I OAKBX	★ Silver	MA	★★★★	0.4	-5.2	5.9	5.7	6.3	94	96	52	61	16	1.1	8.84 (89)	High
Pax Balanced Individual Investor PAXWX	—	MA	★★★	2.6	1.8	7.0	5.8	4.5	53	22	22	58	75	1.0	7.5 (92)	Avg
Russell 2000 Value Index				6.3	-2.6	6.3	8.0	5.1								
S&P 500 Index				3.8	3.9	11.7	12.0	7.3								
BarCap US Agg Bond TR USD				5.3	6.2	4.1	3.7	5.0								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- CA Allocation—30% to 50% Equity
- GY Multi-Alternative
- LO Long-Short
- MA Allocation—50% to 70% Equity
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- TD Target Date 2011–2015
- TE Target Date 2016–2020
- TG Target Date 2021–2025
- TH Target Date 2026–2030
- TI Target Date 2031–2035
- TJ Target Date 2036–2040
- TK Target Date 2041–2045
- TL Target Date 2050+
- TV Tactical Allocation
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity
- XR Option Writing

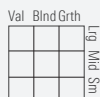
Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
—	16.8	1.5	2,451	23	18	13	—	77	3	96	0	0	3	—	1.3	—	866	—
DASCX	15.6	1.6	1,648	24	23	18	64	148	4	96	0	0	0	NL	1.25	14.5	211	Steven Roth (8.0)
DFSVX	15.6	1.1	1,412	26	21	13	1161	9	2	98	0	0	3	NL	0.52	31.33	12,590	Management Team
DFVFX	15.6	1.3	2,158	27	20	14	1486	15	1	99	0	0	2	NL	0.37	20.42	7,801	Management Team
DHSCX	17.0	1.6	2,891	30	27	10	74	17	19	81	0	0	5	Clsd	1.31	31.62	1,734	Management Team
FCPVX	16.7	1.5	2,289	31	20	13	59	34	1	97	0	2	4	Clsd	1.19	17.58	3,101	Derek Janssen (3.4)
JSCVX	18.3	2.0	2,164	22	21	16	89	86	5	95	0	0	2	NL	0.81	19.53	1,483	Management Team
RYPNX	17.5	1.2	641	33	19	18	253	27	5	94	0	1	3	NL	1.17	10.91	1,367	Hench/Zaino (12.2/18.2)
RYVFX	14.2	1.6	1,252	34	20	19	64	60	5	95	0	0	5	NL	1.48	8.99	470	Jay Kaplan (12.5)
RYSEX	15.7	1.7	1,371	46	18	15	45	15	8	92	0	0	0	NL	1.15	19.43	1,423	Dreifus/McBoyle (18.2/1.7)
TASCX	17.8	1.6	1,949	34	17	16	64	29	5	94	0	1	4	NL	1.14	20.12	303	Bui/Rewey, III (3.5/2.0)
VSIAX	16.9	1.6	2,919	19	17	12	859	16	0	100	0	0	1	NL	0.08	45.24	17,784	Coleman/O'Reilly (0.2/0.2)
—	1.4	0.2	2,591	—	—	—	—	—	18	52	25	4	13	—	0.93	—	1,338	—
AACTX	17.6	2.5	59,700	15	15	13	21	8	6	53	39	2	21	5.75	0.71	11.55	6,970	Management Team
ABALX	18.7	2.5	101,600	16	15	14	1495	82	10	56	33	0	7	5.75	0.58	24.64	94,177	Management Team
AMECX	18.6	2.9	67,333	15	15	13	1684	45	4	70	22	3	18	5.75	0.55	21.23	99,572	Management Team
ARBFX	23.8	3.0	6,306	23	15	14	93	514	53	46	0	1	6	NL	1.45	12.78	1,829	Management Team
MOBAX	22.1	3.4	91,209	30	21	20	73	35	7	58	35	0	0	NL	1.36	22.91	39	Canakaris/Donahue (21.7/3.3)
BERIX	19.9	2.1	5,144	40	14	13	97	45	41	21	24	14	7	NL	0.67	13.3	1,691	Management Team
CVSIX	16.1	2.3	92,816	19	16	15	500	37	7	35	10	48	0	4.75	1.11	12.93	3,777	Management Team
DODBX	15.4	1.7	56,692	26	24	16	382	20	1	69	30	1	10	NL	0.53	94.17	14,208	Management Team
FBALX	20.6	2.5	41,677	19	16	13	1125	128	3	66	29	3	7	NL	0.56	21.64	28,026	Management Team
FFNOX	17.4	2.0	36,368	16	14	13	4	9	2	84	14	0	27	NL	0.12	36.78	4,327	Dierdorf/Sharpe (7.4/7.0)
FPURX	21.4	2.8	62,342	21	18	14	1163	106	3	73	24	0	8	NL	0.56	20.45	25,322	Management Team
FSRRX	32.0	2.2	8,055	98	1	1	340	23	2	14	30	54	2	NL	0.8	8.87	868	Management Team
FPACX	15.9	1.4	46,208	34	29	14	122	48	36	55	5	4	9	NL	1.09	31.12	16,953	Management Team
FKINX	15.6	2.0	80,089	16	16	15	484	44	3	54	32	11	25	4.25	0.61	2.18	77,417	Management Team
TESIX	15.0	1.5	38,119	26	15	15	150	19	4	90	4	2	20	5.75	1.06	26.84	14,728	Management Team
GATEX	18.5	2.6	75,061	18	16	15	282	10	2	98	0	0	-2	5.75	0.94	29.87	8,368	Management Team
GRSPX	18.2	1.9	3,715	31	16	15	112	25	9	67	20	5	2	NL	0.96	23.52	290	Charles Carlson (29.4)
ACEIX	14.8	1.5	54,481	32	13	12	417	69	9	64	20	7	8	5.50	0.8	9.71	13,192	Management Team
JABAX	18.0	3.3	68,790	20	18	17	487	75	1	58	39	2	6	NL	0.83	28.54	13,305	Management Team
JNBAX	16.0	1.8	32,222	22	19	8	2517	48	3	33	60	5	29	4.50	0.75	9.83	11,960	Management Team
LCORX	13.7	2.1	14,346	24	23	15	309	78	43	41	15	1	10	NL	1.21	17.63	927	Management Team
MASNX	20.4	2.1	26,595	25	15	12	935	145	27	29	42	2	-3	NL	1.74	11.09	1,308	Management Team
MAPOX	18.0	2.9	49,114	24	21	17	310	14	4	66	30	0	3	NL	0.73	86.91	762	Earley/Kaliebe (1.5/10.5)
EXDAX	20.7	3.1	43,891	22	15	11	607	51	12	32	57	0	10	NL	0.9	13.2	1,232	Management Team
MNBAX	22.0	3.4	32,025	26	20	10	579	66	8	54	38	0	15	NL	1.08	16.24	1,216	Management Team
EXBAX	22.1	3.4	32,051	26	20	10	591	56	10	41	49	0	13	NL	1.07	13.13	1,083	Management Team
MERFX	20.7	2.1	18,989	25	21	13	130	157	40	52	4	3	0	NL	1.37	15.45	3,783	Behren/Shannon (9.4/9.4)
MSFRX	16.1	2.1	60,000	22	15	14	835	45	5	59	36	0	9	5.75	0.74	17.91	7,307	Management Team
GAFAX	—	—	—	—	—	—	54	0	252	26	-178	0	-152	5.75	1.53	9.45	2,642	Management Team
OAKBX	13.7	1.7	34,739	30	18	16	285	25	10	63	17	10	7	NL	0.75	28.67	16,199	Management Team
PAXWX	17.9	2.6	75,702	20	17	17	293	61	3	56	32	9	11	NL	0.93	22.0	1,869	Management Team
	16.0	1.2	1,252															
	18.4	2.6	73,992															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 06-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity																
Allocation (cont'd)		—	—	2.6	-0.5	4.2	4.4	3.8	—	—	—	—	—	6.65	(76)	—
Permanent Portfolio Permanent I PRPFX	—	CA	↑★★★★	12.2	6.0	3.3	1.1	5.6	1	4	83	98	13	1.0	7.63 (37)	High
PIMCO All Asset All Authority D PAUDX	🥉Bronze	TV	↑★★★★	10.1	-2.5	-1.8	0.4	4.0	7	53	88	83	43	4.3	8.63 (58)	Avg
PIMCO All Asset D PASDX	🥇Gold	TV	★★★★	9.4	-0.4	1.2	2.3	4.6	14	38	67	63	22	3.1	8.22 (73)	Avg
PIMCO Inflation Response MultiAsst Instl PIRMX	—	CA	★	10.2	2.2	1.3	—	—	1	22	95	—	—	1.9	7.3 (45)	High
PIMCO RAE Fundamental Advantage PLUS D PFSDX	—	NE	★★	2.8	-3.1	-1.4	0.7	—	18	70	77	55	—	4.4	3.45 (3)	Avg
T. Rowe Price Balanced RPBAX	🥈Silver	MA	★★★★	1.7	-0.4	7.0	7.2	6.2	80	54	23	27	18	1.9	7.95 (94)	+Avg
T. Rowe Price Capital Appreciation PRWCX	🥇Gold	MA	★★★★★	5.2	6.9	11.4	11.3	8.8	16	1	1	1	1	1.3	7.43 (86)	Avg
T. Rowe Price Personal Strat Gr TRSGX	🥈Silver	AL	★★★★	1.1	-2.0	7.6	7.9	6.3	75	46	15	12	5	1.6	10.0 (95)	+Avg
T. Rowe Price Personal Strat Inc PRSIX	🥈Silver	CA	★★★★	3.4	1.5	5.6	5.7	5.9	61	35	13	17	7	1.9	5.79 (97)	Avg
T. Rowe Price Retirement 2015 TRRGX	🥈Silver	TD	★★★★	4.1	1.5	6.4	6.3	5.8	35	46	6	9	1	1.9	7.08 (99)	High
Vanguard Balanced Index Adm VBIAX	🥇Gold	MA	★★★★★	4.6	4.0	8.4	8.6	6.9	22	8	6	7	10	2.1	6.86 (94)	-Avg
Vanguard LifeStrategy Income Inv VASIX	🥇Gold	XY	★★★★★	5.0	4.9	5.1	4.5	4.9	28	4	6	21	19	2.0	3.14 (62)	-Avg
Vanguard Managed Payout Investor VPGDX	—	XM	★★★★	4.4	1.4	6.6	6.2	—	3	1	55	70	—	2.8	6.82 (97)	Low
Vanguard STAR Inv VGSTX	🥈Silver	MA	★★★★	2.4	0.2	7.1	7.2	6.1	58	41	22	27	21	2.0	7.73 (96)	Avg
Vanguard Target Retirement 2025 Inv VTTVX	🥇Gold	TG	★★★★★	3.5	0.8	7.0	6.9	5.7	42	36	7	10	8	2.1	7.83 (98)	Avg
Vanguard Tax-Managed Balanced Adm VTMFX	—	CA	★★★★★	3.9	5.0	8.3	8.2	6.5	49	7	1	2	3	2.0	5.43 (92)	Avg
Vanguard Wellesley Income Inv VWINX	🥇Gold	CA	★★★★★	7.6	9.5	7.5	8.1	7.5	9	1	3	3	1	2.8	4.65 (78)	-Avg
Vanguard Wellington Inv VWELX	🥇Gold	MA	★★★★★	5.0	4.8	8.3	9.0	7.4	17	5	7	5	4	2.6	7.49 (93)	Avg
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★	5.3	3.4	5.4	7.2	7.0	15	11	65	28	8	1.5	6.29 (87)	Low
U.S. Specialty Funds																
AllianzGI Technology Institutional DRGTX	🥉Bronze	ST	↑★★★★	-3.4	-2.9	13.4	9.2	10.0	70	69	46	61	21	0.0	15.53 (66)	Avg
Cohen & Steers Realty Shares CCSRX	🥉Bronze	SR	★★★★	9.7	21.3	13.4	11.4	7.3	75	47	26	53	23	2.4	15.1 (18)	Avg
Davis Financial A RPFGX	—	SF	★★★★	-2.5	-4.0	8.6	9.3	4.5	26	33	20	27	23	0.5	12.88 (77)	-Avg
Fidelity Real Estate Investment Port FRESX	🥉Bronze	SR	★★★★	12.5	25.9	14.2	12.8	7.2	12	1	9	6	29	1.5	15.34 (15)	+Avg
Fidelity Select Energy FSENX	—	EE	★★★★	16.4	-6.5	-3.0	-2.0	1.4	22	3	13	8	24	1.0	21.19 (45)	-Avg
Fidelity Select Health Care FSPHX	—	SH	★★★★	-7.0	-12.4	19.4	18.5	13.2	46	46	8	14	13	0.0	16.84 (39)	Avg
Fidelity Select Technology FSPTX	—	ST	★★★★	-0.9	-0.5	12.9	9.8	10.0	42	45	54	48	24	0.1	14.57 (71)	-Avg
Franklin Utilities A FKUTX	🥇Gold	SU	★★★★	23.5	26.5	13.9	13.4	9.8	11	21	12	4	4	2.6	12.5 (9)	+Avg
Harbor Commodity Real Return ST Instl HACMX	—	BB	★★★★	15.5	-13.9	-11.1	-10.8	—	11	64	49	41	—	2.7	15.56 (91)	+Avg
PIMCO Commodity Real Ret Strat D PCRDX	🥈Silver	BB	↑★★★★	15.4	-13.9	-11.1	-10.9	-4.1	11	65	51	47	28	3.8	15.38 (90)	+Avg
T. Rowe Price Global Technology PRGTX	🥉Bronze	ST	★★★★★	-1.8	9.7	24.3	17.4	14.4	61	1	1	1	1	0.0	16.15 (76)	+Avg
T. Rowe Price Health Sciences PRHSX	Neutral	SH	★★★★★	-8.4	-14.0	20.1	20.6	15.9	60	58	1	1	1	0.0	17.08 (34)	+Avg
T. Rowe Price Media & Telecomms PRMTX	—	SC	★★★★★	2.3	7.4	14.2	13.7	13.1	78	28	1	1	6	0.2	14.19 (80)	High
T. Rowe Price New Era PRNEX	—	SN	★★★★	17.2	-1.5	0.2	-2.6	1.6	30	11	22	29	16	1.3	17.35 (55)	Avg
T. Rowe Price Real Estate TRREX	🥇Gold	SR	★★★★	9.1	20.2	13.4	11.7	6.8	78	64	25	37	46	2.1	14.46 (20)	Avg
T. Rowe Price Science & Tech PRSCX	—	ST	↑★★★★	3.6	7.7	17.0	11.8	10.4	4	5	11	14	14	0.0	15.33 (76)	+Avg
Third Avenue Real Estate Value Instl TAREX	🥈Silver	GR	↓★★★★	1.4	-3.8	6.7	8.0	4.3	90	91	65	14	22	0.7	11.68 (75)	-Avg
Vanguard Energy Inv VGENX	Neutral	EE	★★★★	21.2	-2.4	-2.3	-2.4	2.1	6	1	2	16	16	2.2	20.43 (51)	-Avg
Vanguard Health Care Inv VGHGX	🥇Gold	SH	★★★★	-3.9	-4.9	18.4	17.3	11.7	22	6	20	32	44	1.0	12.41 (53)	Low
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	↓★★★★	77.4	30.7	3.4	-12.4	-2.8	94	100	98	75	89	1.5	33.04 (6)	Low
Vanguard REIT Index Adm VGSXLX	🥇Gold	SR	↑★★★★	13.5	23.9	13.4	12.4	7.6	5	10	25	11	14	3.3	15.31 (15)	+Avg
BarCap US Agg Bond TR USD				5.3	6.2	4.1	3.7	5.0								
Dow Jones Moderate Portfolio Index				4.7	1.7	6.2	5.9	5.6								
S&P 500 Index				3.8	3.9	11.7	12.0	7.3								

Legend	<p>Red = Lowest return in group</p> <p>Green = Highest return in group</p> <p><i>Italic</i> = Extended performance</p>	<p>★ = New this month</p> <p>↑↓ = Increase/decrease in rating</p> <p>NR = No Morningstar Rating; fund less than three years old.</p>	<p>Categories</p> <p>AL Allocation—70% to 85% Equity</p> <p>BB Commodities Broad Basket</p> <p>CA Allocation—30% to 50% Equity</p> <p>EE Equity Energy</p> <p>GR Global Real Estate</p> <p>IH World Allocation</p> <p>LO Long-Short</p> <p>MA Allocation—50% to 70% Equity</p> <p>NE Market Neutral</p> <p>SC Communications</p> <p>SF Financial</p> <p>SH Health</p> <p>SN Natural Resources</p> <p>SP Equity Precious Metals</p> <p>SR Real Estate</p> <p>ST Technology</p> <p>SU Utilities</p> <p>TA Target-Date 2000-2010</p> <p>TD Target Date 2011-2015</p> <p>TE Target Date 2016-2020</p> <p>TG Target Date 2021-2025</p> <p>TH Target Date 2026-2030</p> <p>TI Target Date 2031-2035</p> <p>TJ Target Date 2036-2040</p> <p>TK Target Date 2041-2045</p> <p>TL Target Date 2050+</p> <p>TV Tactical Allocation</p> <p>RI Retirement Income</p> <p>XM Allocation—85%+ Equity</p> <p>XY Allocation—15% to 30% Equity</p>
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Current Portfolio Style

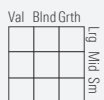
Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
	1.4	0.2	2,591						18	52	25	4	13	0.93		1,338		
PRPFX	25.4	2.2	21,006	32	14	13	119	5	4	37	30	29	12	NL	0.8	38.78	2,889	Michael Cuggino (13.2)
PAUDX	8.7	0.8					37	39	61	19	14	5	-34	NL	1.64	8.34	8,244	Robert Arnott (12.7)
PASDX	8.6	0.8					38	40	45	30	22	3	3	NL	1.26	11.07	18,969	Robert Arnott (13.9)
PIRMX	30.0	2.1	12,777	76	8	3	397	290	31	8	37	24	-27	NL	0.7	8.61	956	Johnson/Worah (1.5/4.8)
PFSDX							316	602	-9	0	107	2	39	NL	1.29	9.63	728	Management Team
RPBAX	16.7	1.9	45,098	17	17	15	1489	65	3	65	32	0	28	NL	0.64	21.6	3,956	Charles Shriver (5.2)
PRWCX	20.6	3.1	45,110	27	21	19	241	67	19	59	18	4	6	Clsd	0.7	26.35	25,812	David Giroux (10.0)
TRSGX	16.6	1.9	35,420	18	17	15	1554	52	3	78	18	0	35	NL	0.78	28.14	1,657	Charles Shriver (5.2)
PRSIX	16.7	1.9	35,688	18	17	15	1643	73	15	39	45	1	31	NL	0.58	17.75	1,606	Charles Shriver (5.2)
TRRGX	17.0	2.0	33,621	17	15	13	19	14	6	51	42	1	29	NL	0.62	14.24	9,569	Clark/Lee (12.3/0.9)
VBIAX	18.8	2.4	42,259	17	15	15	11977	61	2	59	39	0	5	NL	0.08	30.26	27,934	Management Team
VASIX	16.9	1.9	30,439	17	14	12	5	14	3	20	76	1	36	NL	0.12	15.16	3,569	Management Team (21.7)
VPGDY	16.1	1.8	5,860	16	14	14	10	29	12	63	17	7	37	NL	0.38	17.72	1,617	Ameriks/Shtekhman (2.2/0.2)
VGSTX	16.7	2.0	37,747	19	17	17	12	8	4	61	34	1	25	NL	0.34	23.68	18,590	Coleman/Nejman (3.3/3.3)
VTTVX	16.9	1.9	30,442	17	14	12	5	24	1	65	32	1	38	NL	0.15	16.17	30,439	Coleman/Nejman (3.3/3.3)
VTMFY	18.7	2.5	54,150	18	14	14	2335	9	1	48	51	0	0	NL	0.11	27.62	2,808	Management Team
VWINX	17.6	2.5	101,835	14	14	13	1450	59	3	37	59	1	17	NL	0.23	26.03	45,864	Keogh/Reckmeyer (8.3/9.5)
VWELX	16.1	2.1	98,481	22	20	13	1285	39	1	65	33	1	14	Clsd	0.26	38.14	89,892	Bousa/Keogh (13.5/10.2)
WHGIX	17.8	2.4	49,080	19	16	16	65	24	19	52	15	14	2	NL	0.9	14.72	2,375	Freeman/Williams (10.5/10.5)
DRGTX	25.7	4.2	64,453	73	10	9	144	165	5	95	0	0	1	NL	1.26	52.43	1,164	Chen/Price, Jr. (20.5/20.5)
CSRSX	44.2	2.7	11,868	97	1	1	46	58	0	100	0	0	0	NL	0.96	74.75	5,701	Management Team
RPFGX	13.8	1.2	47,566	90	4	4	31	5	3	97	0	0	14	4.75	0.86	38.39	758	Christopher Davis (2.5)
RFSX	32.2	2.3	12,182	100	0	0	52	34	1	98	0	1	0	NL	0.78	45.46	5,213	Steve Buller (18.5)
FSENX	31.0	1.5	15,345	98	1	1	89	79	1	99	0	0	3	NL	0.8	40.82	2,481	John Dowd (9.9)
FSPHX	24.0	2.7	21,032	96	3	1	113	76	0	100	0	0	12	NL	0.73	192.58	7,423	Edward Yoon (7.7)
FSPTX	26.7	3.0	27,562	85	6	3	234	130	0	99	0	0	25	NL	0.78	116.99	2,977	Charlie Chai (9.5)
FKUTX	18.1	1.8	17,322	94	5	1	56	9	2	98	1	0	5	4.25	0.73	18.79	6,173	Kohli/Schmicker (17.5/6.5)
HACMX							194	784	15	0	68	17	17	NL	0.94	3.84	83	Management Team
PCRDY							436	111	10	0	62	29	-18	NL	1.19	7.13	6,438	Management Team
PRGTX	31.2	5.0	28,261	73	18	9	66	219	4	95	0	1	33	NL	0.91	13.31	2,848	Joshua Spencer (4.1)
PRHSX	21.4	2.5	23,563	95	3	1	138	31	1	98	0	1	4	Clsd	0.76	63.05	12,023	Ziad Bakri (0.2)
PRMTX	32.4	3.8	56,755	44	29	25	78	13	4	94	0	3	23	NL	0.79	72.24	3,641	Paul Greene II (3.1)
PRNEX	21.1	1.8	13,229	50	29	8	129	76	2	97	1	0	34	NL	0.67	31.97	3,257	Shawn Driscoll (2.7)
TRREX	41.5	2.6	12,365	97	2	1	39	6	6	93	0	1	0	NL	0.76	29.7	6,121	David Lee (18.7)
PRSCX	25.5	2.2	26,593	67	22	7	70	82	11	87	1	2	29	NL	0.84	35.47	3,544	Kennard Allen (7.5)
TAREX	17.2	1.1	8,086	69	11	11	54	17	4	93	0	3	46	NL	1.1	29.13	1,999	Management Team
VGENX	21.9	1.2	31,765	97	2	1	151	23	6	94	0	0	29	NL	0.37	49.76	9,794	Management Team
VGHCX	23.5	2.7	43,145	95	4	1	91	18	2	97	0	1	20	NL	0.36	206.57	48,891	Jean Hynes (8.1)
VGPMX	34.4	1.0	2,599	98	2	0	64	8	2	96	0	1	89	NL	0.35	11.07	2,277	Jamie Horvat (2.3)
VGSLX	31.4	2.4	10,241	99	1	0	154	11	0	100	0	0	0	NL	0.12	125.68	50,903	Nejman/O'Reilly (0.1/20.1)

18.4 2.6 73,992

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 06-30-16			ANNUALIZED Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category		
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	1=Best, 100=Worst							
									YTD	1 Yr	3 Yr				5 Yr	10 Yr
Foreign Stock			—	-2.7	-8.2	3.0	2.5	2.7	—	—	—	—	—	12.68 (84)	—	
American Beacon Intl Equity Inv AAPIX	—	FV	↓★★★★	-4.9	-12.7	1.2	1.3	1.5	56	61	39	25	22	1.2	13.49 (91)	Avg
American Century International Gr Inv TWIEX	🥉Bronze	FG	★★★★	-5.8	-10.7	1.8	2.2	3.0	83	78	78	54	49	0.5	12.65 (84)	Avg
American Funds Europacific Growth A AEPGX	🏆Gold	FG	★★	-2.8	-9.9	3.4	2.1	3.6	60	67	39	55	31	1.8	11.77 (91)	-Avg
American Funds Intl Gr and Inc A IGAAX	🏆Gold	FB	↑★★★★	-0.6	-10.6	0.5	1.6	—	22	57	77	37	—	2.9	11.72 (94)	Low
Ariel International Investor AINTX	Neutral	FV	★★★★★	-0.2	-3.0	5.8	—	—	23	6	1	—	—	0.2	10.97 (92)	Low
Artisan International Investor ARTIX	🥈Silver	FG	★★★★	-4.9	-11.9	2.3	4.4	3.6	78	87	66	16	34	0.5	13.08 (82)	+Avg
Artisan International Small Cap Investor ARTJX	🏆Gold	FR	★★★★	-8.7	-9.4	2.0	4.6	5.8	95	94	86	54	21	0.1	14.35 (62)	High
Artisan International Value Investor ARTKX	🏆Gold	FB	★★★★★	-0.7	-6.5	5.2	6.5	6.4	23	16	5	3	1	0.8	11.65 (85)	-Avg
Causeway International Value Inv CIVVX	🏆Gold	FB	★★★★	-6.0	-13.3	0.5	1.7	2.1	86	86	77	34	30	1.8	12.78 (88)	Avg
Columbia Acorn International Z ACINX	🥈Silver	FR	★★★★	-1.3	-7.4	2.5	3.0	5.1	31	67	81	79	36	1.3	11.35 (90)	-Avg
DFA International Small Company I DFISX	🥈Silver	FQ	★★★★	-0.8	-3.9	6.5	4.0	4.3	32	16	18	53	27	3.2	12.84 (84)	Avg
Dodge & Cox International Stock DODFX	🏆Gold	FB	★★★★	-4.9	-18.9	0.4	1.0	2.2	75	97	79	52	28	2.4	15.6 (94)	High
Fidelity Diversified International FDIVX	🥉Bronze	FG	★★★★	-5.1	-10.0	4.2	3.4	2.4	80	68	25	26	67	1.0	12.62 (85)	Avg
Fidelity International Discovery FIGRX	🥉Bronze	FG	★★★★	-6.2	-9.3	3.4	3.2	2.8	87	60	40	32	55	1.1	12.55 (84)	Avg
Fidelity International Growth FIGFX	🥉Bronze	FG	↓★★★★	-0.8	-3.9	5.4	5.0	—	30	21	13	11	—	0.7	11.6 (86)	-Avg
Fidelity International Index Investor FSIX	🥈Silver	FB	★★★★	-3.3	-9.8	2.2	1.8	1.7	48	43	41	31	39	2.9	12.89 (94)	Avg
Fidelity Overseas FOSFX	🥉Bronze	FB	★★★★★	-3.3	-5.7	6.5	5.1	2.7	47	12	3	4	23	1.1	12.26 (85)	Avg
First Eagle Overseas A SGOVX	🥉Bronze	FB	★★★★★	5.7	1.9	5.5	4.3	5.7	3	2	4	5	2	0.2	9.06 (84)	Low
FMI International FMIJX	🥈Silver	FB	★★★★★	3.2	0.8	7.7	9.4	—	6	3	2	1	—	1.8	7.86 (68)	Low
Harbor International Institutional HAINX	🏆Gold	FB	★★★★	-1.1	-11.5	1.0	0.7	3.6	25	68	67	61	11	1.8	13.77 (94)	+Avg
Harding Loevner International Eq Inv HLMNX	🥈Silver	FG	★★★★	3.5	-3.5	4.4	2.9	4.6	4	20	20	38	8	0.7	13.62 (91)	+Avg
IVA International A IVIOX	🥈Silver	FQ	↑★★★★	0.9	-3.0	4.2	4.0	—	24	9	56	48	—	2.5	6.47 (91)	Low
JOHCM International Select II JOHAX	—	FG	★★★★★	4.3	-7.8	8.3	6.6	—	2	49	2	4	—	0.1	12.57 (63)	+Avg
Litman Gregory Masters Intl Instl MSILX	—	FB	↓★★★	-10.2	-20.3	-1.5	-0.7	2.0	97	98	94	89	31	1.9	13.41 (86)	+Avg
Longleaf Partners International LLINX	Neutral	FB	★	0.0	-10.3	-1.8	-1.3	0.7	16	52	95	93	72	1.8	17.28 (83)	High
Manning & Napier World Opportunities A EXWAX	🥉Bronze	FB	★★★★	1.9	-7.3	-0.3	-0.8	2.4	7	19	86	91	26	1.8	13.79 (91)	+Avg
Neuberger Berman International Eq Inv NIQVX	🥈Silver	FB	↓★★★★	-3.8	-7.5	3.5	2.1	2.0	60	21	15	24	37	0.5	12.12 (84)	-Avg
Oakmark International I OAKIX	🏆Gold	FB	↓★★★★	-10.5	-18.3	-1.2	2.3	3.7	97	96	93	19	9	2.5	15.64 (87)	High
Oakmark International Small Cap I OAKEX	🥉Bronze	FQ	★★	-3.5	-12.6	2.2	2.4	3.4	51	98	84	78	65	2.6	14.74 (85)	High
Oppenheimer International Growth A OIGAX	🥈Silver	FG	↓★★★★	-2.6	-5.8	3.2	4.1	5.0	55	32	46	18	2	0.9	12.98 (86)	Avg
T. Rowe Price International Discovery PRIDX	🥈Silver	FR	★★★★	-2.9	-3.5	7.8	6.4	6.2	49	39	14	20	13	0.7	10.95 (82)	-Avg
T. Rowe Price International Gr & Inc TRIGX	Neutral	FV	★★★★	-3.1	-12.2	1.7	0.9	1.6	40	55	32	32	20	2.1	12.37 (93)	-Avg
T. Rowe Price International Stock PRITX	Neutral	FG	★★★★	-0.6	-8.3	3.9	2.2	3.2	26	52	30	53	44	1.1	12.94 (94)	+Avg
T. Rowe Price Overseas Stock TROX	🥉Bronze	FB	★★★★	-2.9	-11.4	2.2	1.9	—	39	66	40	29	—	2.2	12.18 (94)	-Avg
Tweedy, Browne Global Value TBGVX	🥈Silver	FV	★★★★★	0.4	-2.6	3.8	5.6	5.0	18	4	5	1	1	0.8	8.32 (82)	Low
USAA International USIFX	🥉Bronze	FG	↓★★★★	-4.5	-10.0	2.0	2.1	3.3	74	69	73	57	39	1.4	12.82 (90)	Avg
Vanguard Developed Markets Idx Admiral VTMGX	🏆Gold	FB	↑★★★★	-2.3	-8.6	2.7	2.1	1.9	33	29	27	25	33	2.9	12.85 (96)	Avg
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	🏆Gold	FB	↑★★★★	0.0	-9.4	1.8	<i>0.5</i>	—	18	38	50	77	—	2.9	12.95 (98)	Avg
Vanguard FTSE All-Wld ex-US SmCap Idx Inv VFSVX	🥈Silver	FQ	★★	0.9	-6.2	4.0	1.1	—	23	36	58	83	—	2.6	12.7 (88)	Avg
Vanguard International Explorer Inv VINEX	Neutral	FQ	★★★★	-5.5	-7.3	6.5	3.8	3.8	80	40	21	57	42	1.6	12.14 (79)	-Avg
Vanguard International Growth Inv VWIGX	🥈Silver	FG	★★★★	-1.6	-8.3	4.0	2.3	3.5	42	52	29	50	37	1.4	14.52 (94)	High
Vanguard International Value Inv VTRIX	🥉Bronze	FV	★★★★	-0.4	-11.6	1.3	1.2	1.6	25	47	38	27	17	2.1	13.81 (96)	+Avg
Vanguard Total Intl Stock Index Admiral VTIAX	🏆Gold	FB	↑★★★★	0.1	-9.1	2.0	0.6	<i>1.9</i>	15	35	44	67	33	2.8	12.85 (98)	Avg
Virtus Foreign Opportunities A JVIAX	🥉Bronze	FG	★★★★	1.3	2.0	4.3	4.8	4.2	14	2	24	12	18	0.9	11.25 (77)	Low
World Stock			—	0.4	-4.2	5.6	5.3	4.3	—	—	—	—	—	12.14 (80)	—	
American Funds Capital World Gr&Inc A CWGIX	🏆Gold	—	↑★★★★	1.6	-3.4	6.3	6.2	5.4	35	39	41	34	26	2.3	11.25 (91)	-Avg
American Funds New Perspective A ANWPX	🏆Gold	—	★★★★	-1.7	-1.9	7.9	7.7	6.7	68	28	16	12	5	0.7	11.78 (85)	Avg
American Funds SMALLCAP World A SMCWX	🥉Bronze	—	★★★★	-0.4	-8.6	6.8	6.5	6.2	51	77	30	29	10	0.0	12.67 (65)	+Avg
Artisan Global Equity Investor ARTHX	🥉Bronze	—	★★★★	-1.2	-8.0	5.5	9.5	—	63	73	56	3	—	0.0	12.61 (73)	+Avg
MSCI World Index				0.7	-2.8	6.9	6.6	4.4								
MSCI EAFE Index				-3.0	-9.5	2.1	1.6	1.5								

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

FA Foreign-Small/Mid Value
 FB Foreign-Large Blend
 FG Foreign-Large Growth
 FQ Foreign Small/Mid Blend
 FR Foreign-Small/Mid Growth
 FV Foreign-Large Value
 SC Communications
 SF Financial
 SH Health
 SN Natural Resources
 SP Equity Precious Metals
 SR Real Estate
 SU Utilities
 ST Technology

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Other													
	—	0.8	5,915	54	7	1	17	15	1	—	13	3	96	1	1	—	1.31	—	1,666	—	
AAIPX	■	4.5	33,304	62	4	0	13	8	1	181	33	6	94	0	1	NL	1.07	16.65	2,539	Management Team	
TWIEX	■	9.3	23,386	70	3	0	15	7	0	111	62	1	96	0	3	NL	1.17	10.72	1,538	Gandhi/Gendelman (8.3/1.3)	
AEPGX	■	7.0	33,556	41	4	2	12	26	2	481	30	8	86	1	5	5.75	0.83	44.1	120,021	Management Team	
IGAAX	■	5.3	26,793	45	7	3	8	22	2	180	25	1	88	2	8	5.75	0.91	27.81	10,531	Management Team	
AINTX	■	9.1	29,290	54	7	0	13	10	1	86	34	11	89	0	0	NL	1.26	12.54	148	Rupal Bhansali (4.5)	
ARTIX	■	9.2	40,002	59	14	1	11	7	0	74	45	4	94	0	2	Clsd	1.17	27.28	16,723	Management Team	
ARTJX	■	6.1	2,242	79	3	0	7	4	0	41	43	6	94	0	0	Clsd	1.52	22.03	899	Hamker/Yockey (4.4/14.5)	
ARTKX	■	7.4	24,513	56	15	3	5	12	0	53	23	10	90	0	0	Clsd	1.21	31.49	11,506	O'Keefe/Samra (9.7/13.7)	
CIVVX	■	4.4	39,724	69	1	0	13	12	0	60	28	4	96	0	0	NL	1.15	13.15	5,785	Management Team	
ACINX	■	9.9	4,501	47	6	1	22	22	2	140	50	0	100	0	0	NL	0.99	38.37	5,749	Egan/Mendes (13.2/13.2)	
DFISX	■	4.9	1,541	52	7	0	22	11	1	4170	0	2	96	0	2	NL	0.54	16.81	9,804	Management Team	
DODFX	■	4.6	35,591	40	11	7	12	12	7	84	18	0	97	0	3	Clsd	0.64	34.69	54,314	Management Team	
FDIVX	■	6.4	27,641	54	15	1	14	11	3	225	31	1	98	0	0	NL	1.0	33.26	19,866	William Bower (15.2)	
FIGRX	■	6.9	17,539	58	6	0	17	11	3	211	60	2	97	0	0	NL	0.99	36.95	9,618	William Kennedy (11.7)	
FIGFX	■	11.0	37,262	49	20	1	14	10	2	96	26	4	96	0	0	NL	0.97	11.05	1,694	Jed Weiss (8.7)	
FSIIX	■	5.3	31,139	62	1	0	22	11	1	961	1	1	99	0	0	NL	0.2	34.69	16,361	Management Team	
FOSFX	■	8.0	15,029	64	10	0	18	5	0	178	28	2	98	0	0	NL	1.04	39.52	5,109	Vincent Montemaggiore (4.4)	
SGOVX	■	6.3	13,418	29	7	3	21	12	1	159	12	16	73	0	10	Clsd	1.16	23.22	14,411	Brooker, Jr./McLennan (6.3/7.7)	
FMIJX	■	12.0	20,022	40	20	0	11	10	0	47	9	16	81	0	3	NL	0.98	29.1	4,025	Management Team	
HAINX	■	5.9	44,884	71	11	2	8	3	0	80	25	2	96	0	2	NL	0.76	58.75	38,798	Management Team	
HLMNX	■	10.5	38,370	52	6	1	17	15	5	55	12	4	96	0	0	NL	1.16	17.67	5,932	Management Team	
IIVOX	■	9.0	6,462	18	3	0	12	18	0	98	27	37	52	4	7	Clsd	1.25	15.72	3,821	de Lardemelle/de Vaulx (7.7/7.7)	
JOHAX	■	9.3	23,620	56	4	0	21	9	2	44	50	7	93	0	0	Clsd	1.3	18.59	3,727	Lees/Richyal (6.9/6.9)	
MSILX	■	3.9	29,508	68	7	2	9	7	0	53	51	5	93	0	2	NL	0.99	14.48	914	Management Team	
LLINX	■	3.7	9,607	42	1	5	4	49	0	22	52	-5	100	0	5	NL	1.28	12.35	969	Management Team	
EXWAX	■	11.7	36,307	50	21	7	3	16	0	46	71	3	97	0	0	NL	1.09	6.9	949	Management Team	
NIQVX	■	7.0	13,575	66	7	0	10	6	4	97	25	3	96	0	1	NL	1.25	19.51	1,425	Benjamin Segal (11.0)	
OAKIX	■	2.8	26,425	65	2	1	17	10	0	70	48	3	96	0	1	Clsd	0.95	19.12	23,062	Herro/Taylor (23.7/7.5)	
OAKEX	■	3.5	2,120	58	6	2	8	22	0	65	46	3	95	0	2	Clsd	1.35	13.68	2,425	Herro/Manelli (20.7/5.1)	
OIGAX	■	8.5	15,853	73	9	1	6	6	1	110	10	2	96	0	2	5.75	1.14	35.15	22,350	Dunphy/Evans (4.2/20.2)	
PRIDX	■	5.0	1,894	40	1	3	21	24	1	219	39	8	91	0	1	NL	1.2	52.31	4,584	Justin Thomson (17.5)	
TRIGX	■	5.6	19,491	56	2	1	16	15	3	122	25	8	92	0	0	NL	0.84	12.66	11,943	Jonathan Matthews (6.0)	
PRITX	■	6.6	28,636	46	7	3	14	24	2	126	32	5	95	0	0	NL	0.83	15.19	14,602	Richard Clattenburg (1.2)	
TROX	■	5.1	31,354	59	2	1	18	13	0	163	12	6	93	0	0	NL	0.84	8.73	11,848	Raymond Mills (9.5)	
TBGVX	■	5.9	28,940	59	11	1	1	8	0	193	1	19	81	0	0	NL	1.37	24.56	8,872	Management Team	
USIFX	■	5.6	16,152	62	5	0	20	9	1	579	17	1	99	0	1	NL	1.12	25.54	3,310	Management Team	
VTMGX	■	5.1	20,313	53	9	0	21	14	1	3752	3	2	97	0	2	NL	0.09	11.34	53,948	Franquin/Louie (3.3/0.2)	
VFWAX	■	4.8	24,961	45	6	3	18	22	3	2532	3	1	97	0	3	NL	0.13	26.58	24,849	Franquin/Hales (0.3/0.3)	
VFSVX	■	4.9	1,378	36	14	2	16	26	2	3432	9	1	97	0	2	NL	0.31	35.43	3,340	Miller/Perre (0.8/0.3)	
VINEX	■	7.1	1,747	55	1	0	23	14	0	327	42	4	93	0	3	NL	0.42	16.02	3,011	Dobbs/Thomas (16.5/6.0)	
VWIGX	■	5.7	30,821	44	8	2	11	22	2	172	29	1	95	0	3	NL	0.47	20.77	21,282	Management Team	
VTRIX	■	4.2	29,268	49	3	2	22	15	4	157	36	3	95	0	3	NL	0.46	30.97	7,666	Management Team	
VTIAX	■	4.9	18,346	44	7	2	17	22	3	5994	3	0	99	0	0	NL	0.12	23.89	204,706	Louie/Perre (0.3/7.9)	
JVIAX	■	12.8	53,965	58	19	0	5	16	2	45	32	0	98	0	2	5.75	1.41	28.66	1,475	Management Team	
	—	6.5	41,970	28	53	1	6	8	1	—	54	2	97	0	0	—	1.3	—	1,546	—	
CWGIX	■	8.1	45,479	30	44	1	3	14	1	421	35	2	93	1	5	5.75	0.77	43.51	81,015	Management Team	
ANWPX	■	11.1	55,125	28	48	0	5	7	2	337	27	9	90	0	1	5.75	0.75	35.4	58,479	Management Team	
SMCWX	■	7.2	2,763	18	44	2	6	16	2	609	33	2	88	1	9	5.75	1.07	43.46	27,601	Management Team	
ARTHX	■	10.9	31,538	27	64	0	3	5	0	58	78	1	99	0	0	NL	1.37	15.85	274	Management Team	

Equity Style Box

Val	Blnd	Grth
■	■	■
■	■	■
■	■	■

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	Total Return % 06-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst							
						3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr				10 Yr
World Stock (cont'd)			—	0.4	-4.2	5.6	5.3	4.3	—	—	—	—	—	—	12.14 (80)	—
Artisan Global Opportunities Inv ARTRX	Silver	★★★★★		0.7	-1.4	9.1	9.1	—	43	25	8	3	—	0.1	13.39 (74)	+Avg
Artisan Global Value Investor ARTGX	Silver	↓★★★★		0.8	-3.1	6.0	8.9	—	42	36	47	4	—	0.3	11.69 (83)	Avg
BBH Global Core Select N BBGX	—	★★★		3.2	-0.8	4.9	—	—	23	22	63	—	—	0.6	10.28 (82)	Low
Dodge & Cox Global Stock DODWX	Gold	★★★		-0.5	-10.5	5.3	6.1	—	53	89	58	36	—	1.7	14.19 (91)	High
Fidelity Worldwide FWWFX	—	★★★★		-2.3	-5.3	7.1	6.9	5.9	75	52	25	22	14	0.6	12.23 (73)	Avg
Franklin Mutual Global Discovery A TEDIX	Silver	★★★★		0.2	-6.0	4.8	5.9	5.7	46	58	64	42	20	1.5	10.35 (84)	Low
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★		1.6	-0.9	7.9	6.1	6.1	35	22	16	37	11	0.1	12.18 (85)	Avg
Janus Global Research T JAWWX	Bronze	★★★		-2.2	-8.7	6.5	5.4	6.4	73	79	38	52	8	0.8	12.61 (84)	+Avg
MFS Global Equity A MWEFX	Silver	★★★★		2.6	-1.8	6.9	7.9	6.6	28	27	28	10	6	0.7	12.08 (84)	Avg
Oakmark Global I OAKGX	Gold	↓★★		-10.7	-15.6	1.5	4.3	4.5	99	99	93	71	50	1.2	14.98 (80)	High
Oakmark Global Select I OAKWX	Silver	↓★★★★		-7.4	-9.0	4.4	7.1	—	96	80	72	20	—	0.8	14.29 (83)	High
Old Westbury Small & Mid Cap OWSMX	—	★★★★		3.4	-0.1	7.3	6.2	7.9	21	19	21	35	2	0.8	10.88 (81)	-Avg
Oppenheimer Global A OPPAX	Silver	★★★		-8.1	-13.4	4.6	4.9	4.5	98	95	68	63	49	0.7	13.81 (80)	+Avg
Oppenheimer Global Opportunities A OPGIX	—	↑★★★★		-0.7	6.0	10.8	8.2	6.8	56	7	2	7	4	0.1	16.86 (38)	High
Perkins Global Value T JGVAX	Bronze	★★★★		1.5	-1.6	4.5	6.3	5.0	36	26	71	32	34	2.0	8.38 (86)	Low
Tweedy, Browne Value TWEBX	Silver	★★★★		3.3	-1.4	4.3	6.4	5.2	22	25	73	31	30	1.0	9.91 (81)	Low
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★★		0.6	-6.6	1.5	3.3	—	43	64	93	84	—	2.8	11.44 (90)	-Avg
USAA World Growth USAWX	Silver	★★★★★		2.6	-1.8	7.0	7.9	6.7	29	28	28	9	5	0.7	12.11 (84)	Avg
Vanguard Global Equity Inv VHGX	Bronze	★★★★		0.3	-3.5	6.9	6.4	4.2	46	41	29	31	54	1.7	11.57 (87)	Avg
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR		6.5	7.5	—	—	—	11	5	—	—	—	1.7	— (—)	—
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★★		2.0	-3.5	6.4	5.6	—	33	40	40	49	—	2.2	11.67 (93)	Avg
Regional Stock																
Matthews Asia Dividend Investor MAPIX	Silver	DP	★★★★	6.5	-1.8	5.3	5.8	—	3	31	30	10	—	1.6	11.72 (79)	Low
Matthews Asian Growth & Inc Investor MACSX	Silver	PJ	★★★★★	7.0	-1.2	1.5	3.5	6.8	13	5	67	16	58	2.0	11.2 (77)	Low
Matthews China Investor MCHFX	Bronze	CH	★★★	-12.1	-23.9	0.5	-3.5	7.5	98	91	81	92	21	1.1	20.39 (53)	+Avg
Matthews Emerging Asia Investor MEASX	—	PJ	★★★★★	10.6	8.1	10.0	—	—	1	2	2	—	—	0.0	10.23 (43)	Low
Matthews India Investor MINDX	—	EI	★★★	1.8	-3.5	20.6	6.8	11.2	93	87	7	14	1	0.1	21.19 (21)	+Avg
Matthews Pacific Tiger Investor MAPTX	Silver	PJ	★★★★	4.0	-5.0	6.6	4.3	9.2	25	14	5	7	1	1.6	14.34 (65)	Avg
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	1.5	-7.6	2.8	1.6	8.8	58	29	48	32	16	1.3	14.02 (72)	Avg
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★	-4.5	-10.8	2.4	1.4	1.9	41	47	49	64	61	3.5	13.96 (87)	Avg
Diversified Emerg. Mkts.																
American Funds New World A NEWFX	Gold	★★★★★		2.2	-6.4	1.2	0.5	5.1	85	18	16	5	13	0.6	12.11 (91)	Low
Causeway Emerging Markets Investor CEMVX	Bronze	★★★		5.0	-15.1	-1.3	-2.7	—	60	90	49	38	—	1.4	16.36 (74)	+Avg
DFA Emerging Markets Value I DFEVX	Bronze	★★		10.3	-11.7	-2.5	-5.7	3.8	13	68	72	89	36	3.4	18.39 (70)	High
Harding Loevner Emerging Markets Advisor HLEMVX	Silver	★★★★		10.3	-6.2	1.3	0.1	4.7	13	17	14	8	20	0.5	15.53 (78)	Avg
Lazard Emerging Markets Equity Open LZOEK	Silver	★★★		13.7	-8.3	-2.1	-3.0	4.3	5	31	66	42	25	1.2	18.34 (69)	High
Oppenheimer Developing Markets A ODMAX	Silver	★★★★		3.7	-10.4	-1.5	-1.6	6.2	74	53	53	21	3	0.4	16.04 (82)	Avg
Parametric Emerging Markets Investor EAEMX	Bronze	↑★★★★		8.9	-9.2	-2.1	-3.4	3.4	23	41	65	50	46	1.2	14.6 (77)	-Avg
Seafarer Overseas Gr and Income Investor SFGIX	Bronze	★★★★★		11.7	-3.6	4.2	—	—	9	8	1	—	—	1.2	14.5 (71)	Avg
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	↑★★★★		10.3	-5.6	1.3	-1.7	3.9	13	14	15	22	35	0.5	16.49 (70)	+Avg
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	★★★		7.8	-12.1	-0.7	-3.5	3.5	33	71	38	54	42	2.5	16.77 (72)	+Avg
Virtus Emerging Markets Opportunities A HEMZX	Bronze	★★★★★		8.5	-1.3	0.9	1.4	6.8	27	3	19	2	2	0.6	13.93 (57)	-Avg
World Allocation																
American Funds Capital Income Bldr A CAIBX	Silver	↑★★★★		3.2	-2.3	3.3	3.3	4.4	—	—	—	—	—	—	8.35 (86)	—
BlackRock Global Allocation Inv A MDLOX	Gold	★★★		0.1	-3.7	3.5	3.4	5.1	85	67	55	57	33	1.1	7.11 (92)	-Avg
First Eagle Global A SGENX	Bronze	★★★★★		6.8	4.0	6.4	6.1	6.9	13	4	6	9	3	0.1	8.47 (88)	Avg
Franklin Mutual Quest A TEQIX	Silver	★★★		5.9	-1.1	5.0	6.3	5.4	24	35	23	7	24	4.2	8.54 (88)	Avg
IVA Worldwide A IWVAX	Silver	★★★		1.9	-1.2	4.0	3.6	—	62	36	46	51	—	1.3	5.87 (89)	Low
PIMCO Global Multi-Asset D PGMDX	—	★		-0.6	-4.9	1.6	-0.3	—	90	79	81	93	—	0.4	8.31 (79)	Avg
T. Rowe Price Global Allocation RPGAX	—	★★★★★		2.1	-1.5	5.5	—	—	59	41	16	—	—	0.9	7.69 (96)	Avg
MSCI Emerging Markets Index				7.6	-11.2	-1.7	-4.4	2.9								
MSCI World Index				0.7	-2.8	6.9	6.6	4.4								
MSCI Pacific Index				-2.9	-8.2	2.2	3.0	1.7								

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
DP Diversified Pacific/Asia Stock
EI India Equity
ES Europe Stock
FA Foreign-Small/Mid Value

FB Foreign-Large Blend
FG Foreign-Large Growth
FR Foreign-Small/Mid Growth
FV Foreign-Large Value
JS Japan Stock

LS Latin America Stock
PJ Pacific/Asia ex-Japan Stock
TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Japan													
	—	6.5	41,970	28	53	1	6	8	1	—	54	2	97	0	0	—	1.3	—	1,546	—	
ARTRX	▣	13.7	24,532	17	56	3	8	9	0	53	55	8	92	0	0	NL	1.19	19.68	1,594	Management Team	
ARTGX	▣	6.2	47,283	27	53	3	0	9	0	49	19	9	91	0	0	NL	1.29	14.35	1,823	O'Keefe/Samra (8.5/8.5)	
BBGNX	▣	13.8	40,876	37	54	0	0	0	0	40	31	10	90	0	0	NL	1.25	11.16	113	Hartch/Lombardi (3.2/3.2)	
DODWX	▣	6.0	44,092	21	53	5	2	11	4	88	20	1	96	0	3	NL	0.63	10.41	5,959	Management Team	
FWWFX	▣	10.1	25,714	26	59	0	7	5	2	312	151	1	99	0	0	NL	0.96	21.7	1,515	DuFour/Kennedy (8.7/10.5)	
TEDIX	▣	6.3	40,584	33	48	0	0	6	2	171	21	6	90	3	2	5.75	1.24	28.91	22,762	Management Team	
HLMGX	▣	9.3	30,994	18	55	2	10	7	5	72	45	2	98	0	0	NL	1.18	31.27	836	Management Team	
JAWWX	▣	8.4	31,731	18	67	0	4	6	0	134	51	0	95	0	5	NL	0.88	60.4	2,490	Carmel Wellso (1.5)	
MWVFX	▣	11.4	41,813	38	57	1	1	1	1	99	8	0	99	0	0	5.75	1.22	35.17	2,264	Mannheim/Morley (24.2/6.7)	
OAKGX	▣	4.5	28,448	37	42	1	10	8	0	39	36	2	98	0	0	Clsd	1.12	24.22	2,354	McGregor/Taylor (12.7/10.7)	
OAKWX	▣	6.8	53,971	39	48	0	4	5	0	23	48	3	97	0	0	NL	1.13	14.31	1,972	Herro/Nygren (9.7/9.7)	
OWSMX	▣	7.8	3,661	17	53	1	8	11	2	5622	50	7	92	0	0	NL	1.13	15.38	5,363	Management Team	
OPPAX	▣	5.3	36,794	35	46	1	14	5	0	88	11	0	100	0	0	5.75	1.14	69.0	8,762	Rajeev Bhaman (11.9)	
OPGIX	▣	14.0	3,105	46	41	0	7	0	0	97	16	6	94	0	0	5.75	1.19	44.52	3,335	Frank Jennings (20.7)	
JGVAX	▣	4.8	41,082	27	46	3	6	3	0	77	25	15	85	0	0	NL	0.89	13.19	220	Chessen/Kolb (2.5/11.1)	
TWEBX	▣	4.3	63,988	40	43	0	0	5	0	73	7	11	89	0	0	NL	1.37	20.47	520	Management Team	
TBHDX	▣	7.3	68,620	64	21	0	0	8	0	30	5	7	93	0	0	NL	1.36	8.82	324	Management Team	
USAWX	▣	10.6	39,097	38	57	1	1	1	1	103	9	0	99	0	1	NL	1.17	26.82	1,161	Mannheim/Morley (14.0/6.7)	
VHGEX	▣	6.1	20,988	18	54	1	9	12	2	824	36	3	95	0	2	NL	0.57	23.7	4,328	Management Team	
VMVFX	▣	8.1	8,506	18	56	2	3	16	1	403	57	2	96	0	2	NL	0.27	12.03	1,560	Management Team	
VTWSX	▣	6.7	29,994	21	56	1	8	10	2	7465	7	0	99	0	0	NL	0.25	23.64	7,038	Franquin/Louie (3.3/0.3)	
MAPIX	▣	5.9	10,637	0	2	0	32	64	0	68	35	0	100	0	0	NL	1.05	16.16	4,714	Management Team	
MACSX	▣	10.3	14,187	3	4	0	6	77	0	60	16	0	90	0	10	NL	1.09	17.01	2,975	Horrocks/Lowe (7.2/4.5)	
MCHFX	▣	2.3	25,599	0	0	0	0	87	0	38	66	0	99	0	1	NL	1.14	16.19	580	Management Team	
MEASX	▣	8.0	692	0	0	0	0	100	0	66	12	0	100	0	0	NL	1.5	12.47	151	Harvey/Ishida (3.2/3.2)	
MINDX	▣	23.3	3,646	0	5	0	0	90	5	50	9	0	100	0	0	NL	1.11	26.9	1,594	Asnani/Shroff (5.7/10.0)	
MAPTX	▣	2.6	13,036	3	3	0	0	93	0	66	12	0	99	0	1	NL	1.07	24.49	6,966	Gupta/Shroff (1.2/8.5)	
PRASX	▣	6.9	20,378	2	0	0	0	93	0	82	53	3	96	0	1	NL	0.94	15.49	2,495	Anh Lu (2.1)	
VEUSX	▣	5.9	29,606	97	1	0	0	0	0	1241	13	1	98	0	2	NL	0.12	58.19	19,582	Franquin/Hales (0.3/0.3)	
	—	5.1	17,891	3	2	13	0	61	16	—	76	1	96	3	0	—	1.51	—	1,230	—	
NEWFX	▣	8.0	21,305	19	13	4	4	32	7	494	41	3	80	7	10	5.75	1.04	51.1	23,406	Management Team	
CEMVX	▣	2.8	15,776	0	0	10	0	73	20	139	100	-4	104	0	0	NL	1.48	10.14	2,725	Management Team	
DFEVX	▣	2.3	5,983	0	0	14	0	66	14	2239	6	1	96	0	3	NL	0.56	22.26	15,292	Management Team	
HLEMX	▣	5.7	18,193	3	1	17	0	54	20	81	30	3	97	0	0	Clsd	1.45	43.26	2,751	Management Team	
LZOEX	▣	2.9	19,871	0	0	13	0	58	23	83	14	3	96	0	1	Clsd	1.37	15.72	10,667	Management Team	
ODMAX	▣	6.8	22,552	7	1	13	1	57	12	97	36	5	92	0	3	Clsd	1.3	31.52	28,570	Lech/Leverenz (0.7/9.2)	
EAEMX	▣	3.8	5,905	3	1	18	0	40	33	1669	8	1	95	0	4	NL	1.37	12.37	3,294	Atwill/Seto (2.1/9.3)	
SFGIX	▣	6.3	6,534	0	0	19	3	45	18	54	28	9	85	4	2	NL	1.15	11.47	1,269	Management Team	
PRMSX	▣	6.1	23,472	3	0	14	0	64	16	97	15	2	98	0	0	NL	1.24	31.44	8,685	Gonzalo Pangaro (7.7)	
VEMAX	▣	3.8	13,315	0	0	14	0	66	16	4055	7	0	99	0	1	NL	0.15	29.22	63,391	Miller/Perre (0.3/7.8)	
HEMZK	▣	13.3	39,690	20	3	13	0	59	5	62	27	0	99	0	1	5.75	1.56	9.42	7,147	Management Team	
	—	5.9	35,739	13	25	1	4	6	1	—	70	15	52	29	4	—	1.27	—	2,818	—	
CAIBX	▣	8.7	50,468	26	46	0	1	6	0	1449	63	2	80	16	2	5.75	0.59	58.79	101,441	Management Team	
MDLOX	▣	6.5	37,974	11	30	1	7	3	0	801	84	11	52	31	6	5.25	1.14	17.86	45,587	Management Team	
SGENX	▣	7.4	23,910	15	41	1	12	5	0	181	11	16	75	0	9	5.00	1.11	54.84	48,036	Brooker, Jr./McLennan (5.3/7.7)	
TEQIX	▣	3.2	17,925	13	29	0	0	2	1	155	30	16	48	31	5	5.75	1.07	15.13	5,030	Luh/Tumulty (5.5/12.6)	
IVWAX	▣	9.9	22,889	12	22	0	7	9	0	99	30	40	49	4	7	Clsd	1.25	16.64	8,460	de Lardemelle/de Vaulx (7.7/7.7)	
PGMDX	▣	6.1	41,870	10	19	0	1	1	0	305	380	-2	44	44	14	NL	1.57	10.82	719	Sundstrom/Worah (0.9/2.4)	
RPGAX	▣	6.5	26,895	16	25	1	5	9	1	1366	33	6	57	27	10	NL	1.2	10.73	161	Charles Shriver (3.1)	

Equity Style Box

Val	Blnd	Grth	Up	Mid	Sm
▣	▣	▣			
▣	▣	▣			

Bold # = Cheapest Quintile

Morningstar 500 Bond Funds			Historical Performance											Historical Risk			
			Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 06-30-16					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
					YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
High-Quality Bond			—	4.8	4.6	3.0	3.1	4.1	—	—	—	—	—	—	3.12 (60)	—	
AMG Managers Bond Service MGFIX	—	CI	★★★★	5.8	4.5	3.9	4.6	6.3	13	60	33	10	5	2.8	3.2 (39)	High	
Baird Aggregate Bond Inst BAGIX	Silver	CI	★★★★★	5.7	6.1	4.6	4.8	5.5	19	9	8	7	24	2.4	2.72 (98)	Avg	
★ Baird Short-Term Bond Inst BSBIX	Silver	CS	↑★★★★	2.3	2.4	2.0	2.1	3.2	32	22	18	21	35	1.5	0.87 (65)	Avg	
Dodge & Cox Income DODIX	Gold	CI	★★★★	5.1	4.4	4.0	4.0	5.5	51	63	31	31	20	—	2.62 (53)	Avg	
DoubleLine Total Return Bond I DBLTX	—	CI	★★★★★	3.2	4.5	4.2	5.2	—	93	60	18	2	—	3.4	2.22 (80)	-Avg	
Fidelity GNMA FGMNX	Gold	GI	↓★★★★	2.7	3.8	3.6	3.0	5.1	75	48	5	20	8	2.1	2.25 (64)	Avg	
Fidelity Government Income FGOVX	Gold	GI	★★★★	4.6	5.2	3.4	3.2	4.7	9	5	15	12	21	1.3	2.77 (93)	+Avg	
Fidelity Intermediate Bond FTHRX	Silver	CI	↓★★	4.3	4.3	3.1	3.1	4.4	79	66	79	78	71	1.5	2.07 (91)	-Avg	
Fidelity Investment Grade Bond FBNDX	Silver	CI	★★★	6.3	4.8	3.8	3.8	4.7	5	50	45	43	62	2.8	2.97 (82)	+Avg	
Fidelity Mortgage Securities FMSFX	—	CI	★★★	3.2	4.2	3.8	3.3	4.2	93	68	40	69	78	2.1	2.17 (76)	-Avg	
Fidelity Total Bond FTBFX	Gold	CI	★★★★	6.2	5.3	4.2	4.1	5.5	6	33	19	23	24	3.0	2.93 (77)	+Avg	
Fidelity US Bond Index Investor FBIDX	—	CI	★★★	5.3	6.0	3.9	3.6	4.8	33	10	33	54	59	1.9	2.85 (99)	+Avg	
Harbor Bond Institutional HABDX	Bronze	CI	★★★★	4.3	4.0	3.5	3.4	5.8	80	75	60	64	12	2.4	3.09 (74)	+Avg	
Harbor Real Return Instl HARRX	—	IP	↑★★★★	5.7	2.7	1.5	1.9	4.5	41	54	39	38	15	0.3	4.95 (61)	+Avg	
Janus Flexible Bond T JAFIX	Neutral	CI	★★★★	4.4	4.1	3.6	4.0	6.1	75	72	55	30	8	2.7	2.48 (93)	-Avg	
Loomis Sayles Investment Grade Bond A LIGRX	Gold	CI	↓★★	6.0	2.7	2.8	3.6	6.1	9	94	86	56	6	2.5	4.76 (18)	High	
Metropolitan West Total Return Bond M MWTRX	Gold	CI	★★★★★	4.4	4.5	3.9	4.8	6.6	77	60	33	7	2	1.8	2.33 (96)	-Avg	
PIMCO Investment Grade Corp Bd Instl PIGIX	Silver	TW	★★★★★	7.4	6.9	5.9	6.3	8.1	39	29	16	12	10	3.5	4.04 (73)	Avg	
PIMCO Low Duration D PLDDX	Bronze	CS	↑★★★★	1.1	0.8	1.1	1.4	3.5	91	83	68	59	25	2.2	1.41 (16)	+Avg	
PIMCO Real Return D PRRDX	Silver	IP	★★★	5.9	2.9	1.5	2.0	4.5	39	48	43	32	16	5.2	5.08 (65)	High	
PIMCO Short-Term D PSHDX	Silver	UB	★★★★	0.4	0.5	1.0	1.0	2.2	75	65	15	30	12	1.3	1.04 (9)	High	
PIMCO Total Return Instl PTTRX	Bronze	CI	★★★★	3.9	4.3	3.5	3.7	6.3	85	65	61	49	6	3.3	3.19 (73)	High	
Scout Core Plus Bond Instl SCPZX	Silver	CI	↓★★★★	6.1	5.5	3.2	4.5	7.2	8	24	73	12	1	1.4	2.3 (49)	-Avg	
T. Rowe Price Corporate Income PRPIX	—	TW	★★★★	7.4	7.2	5.6	5.7	6.2	40	21	24	28	39	2.7	3.91 (80)	Avg	
T. Rowe Price GNMA PRGMX	—	GI	★★★	2.4	3.1	2.9	2.5	4.5	83	78	47	54	31	1.7	2.07 (62)	Avg	
T. Rowe Price New Income PRCIX	Bronze	CI	★★★★	5.2	5.4	3.9	3.7	5.3	45	28	36	50	32	2.1	2.61 (94)	Avg	
T. Rowe Price Short-Term Bond PRWBX	Neutral	CS	★★★	1.6	1.5	1.2	1.2	2.9	65	50	61	67	49	1.2	0.88 (50)	Avg	
TCW Total Return Bond I TGLMX	Bronze	CI	★★★★★	4.0	4.7	4.4	5.4	7.2	84	53	11	1	1	2.5	2.23 (82)	-Avg	
USAA Income USAIX	—	CI	★★★★	7.0	5.9	4.3	4.4	5.7	2	13	16	15	15	3.0	2.87 (80)	+Avg	
Vanguard GNMA Inv VFIIIX	Gold	GI	★★★★	3.0	4.2	3.8	3.0	5.0	60	36	2	19	12	2.0	2.28 (69)	Avg	
Vanguard Inflation-Protected Secs Inv VIPSX	Gold	IP	★★★★	6.4	4.5	2.3	2.6	4.5	13	9	10	7	13	-0.2	4.42 (75)	+Avg	
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	6.9	7.7	5.1	5.0	6.4	3	1	4	4	4	2.1	3.95 (97)	High	
Vanguard Interm-Term Invmt-Grade Inv VFICX	Silver	TW	↓★★★★	6.1	7.0	5.0	5.0	6.1	78	25	38	55	42	2.4	3.05 (90)	-Avg	
Vanguard Interm-Term Treasury Inv VFITX	—	GI	↑★★★★★	5.2	6.0	3.5	3.4	5.3	3	2	12	6	4	1.0	3.47 (87)	High	
Vanguard Long-Term Investment-Grade Inv VWESX	Silver	TW	★★★★★	13.2	16.3	9.7	9.3	8.4	2	1	1	1	9	3.5	7.3 (82)	High	
Vanguard Long-Term Treasury Inv VUSTX	—	GL	★★★	15.5	19.8	10.3	10.2	8.5	29	27	31	27	42	2.0	10.68 (82)	Avg	
Vanguard Short-Term Bond Index Adm VBIRX	Silver	CS	★★★★	2.5	2.5	1.8	1.7	3.5	25	15	25	41	26	1.1	1.32 (81)	+Avg	
Vanguard Short-Term Federal Inv VSGBX	Silver	GS	★★★★	1.9	2.1	1.4	1.3	3.1	27	19	26	26	24	0.8	1.0 (75)	Avg	
Vanguard Short-Term Investment-Grade Inv VFSTX	Silver	CS	★★★★	3.0	3.2	2.5	2.3	3.6	13	5	6	15	22	1.6	1.24 (67)	Avg	
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★	1.9	1.7	1.1	1.0	2.7	30	31	48	45	43	0.5	1.0 (69)	Avg	
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	↓★★	2.6	1.6	0.5	—	—	95	83	83	—	—	-0.8	1.76 (36)	Low	
Vanguard Total Bond Market Index Adm VBTIX	Silver	CI	★★★	5.5	6.1	4.0	3.7	5.1	24	9	27	48	41	2.0	2.81 (99)	+Avg	
Western Asset Core Bond I WATFX	Silver	CI	↑★★★★★	5.9	6.8	5.1	4.5	5.7	10	2	3	11	14	2.3	2.81 (89)	+Avg	
Western Asset Core Plus Bond I WACPX	Silver	CI	★★★★★	5.6	6.6	5.2	5.0	6.3	21	3	2	4	5	3.1	3.05 (81)	+Avg	
High-Yield Bond			—	6.4	-0.5	2.9	4.6	6.0	—	—	—	—	—	—	5.52 (5)	—	
Eaton Vance Income Fund of Boston A EVIBX	Silver	—	★★★	6.6	1.3	4.3	5.4	6.5	48	24	14	22	33	5.0	4.84 (7)	-Avg	
Fairholme Focused Income FOCIX	Neutral	—	★★★★	12.1	5.1	3.7	6.9	—	1	1	31	1	—	—	11.06 (2)	High	
Fidelity Capital & Income FAGIX	Silver	—	↑★★★★★	2.9	-2.1	5.1	5.3	7.8	95	81	3	27	2	4.8	6.15 (2)	+Avg	
BarCap US Agg Bond TR USD			—	5.3	6.2	4.1	3.7	5.0									
BofAML US HY Master II TR			—	9.3	1.7	4.2	5.7	7.4									

Legend
Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories
CI Intermediate-Term Bond
CL Long-Term Bond
CS Short-Term Bond
GI Intermediate Government Bond
GL Long Government Bond
GS Short Government Bond
IP Inflation-Protected Bond
TW Corporate Bond
UB Ultrashort Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.1	—	—	8	4	0	0	21	12	0	87	0	—	0.75	—	1,752	—
MGFIX	5.1	5.0	BBB	17	72	11	0	10	20	0	77	3	NL	0.99	27.27	2,460	Management Team
BAGIX	5.5	5.0	A	57	42	1	0	39	5	0	95	0	NL	0.3	11.08	8,733	Management Team
BSBIX	1.9	2.2	A	38	60	2	0	37	18	0	82	0	NL	0.3	9.75	3,577	Management Team
DODIX	4.4	5.0	BBB	49	39	11	0	24	5	0	94	1	NL	0.43	13.72	44,918	Management Team
DBLTX	2.9	5.0	BB	74	5	14	7	15	13	0	87	0	NL	0.47	10.93	60,683	Barach/Gundlach (6.2/6.2)
FGMNX	—	4.0	AAA	100	0	0	0	450	1	0	99	0	NL	0.45	11.7	6,318	Castagliuolo/Irving (6.5/11.7)
FGOVX	—	4.0	AA	99	0	0	1	83	2	0	98	0	NL	0.45	10.69	4,893	Castagliuolo/Irving (6.6/9.5)
FTHRX	—	5.0	A	50	47	4	0	53	5	0	92	3	NL	0.45	11.07	3,216	Foley/Galusza (2.7/7.0)
FBNDX	—	5.0	A	55	37	8	0	182	6	0	88	6	NL	0.45	7.95	8,307	Jeffrey Moore (11.6)
FMSFX	—	5.0	A	94	2	0	4	439	6	0	94	0	NL	0.45	11.47	1,140	Castagliuolo/Irving (6.5/8.2)
FTBFX	—	5.0	BBB	46	37	17	0	140	5	0	94	0	NL	0.45	10.74	24,411	Management Team
FBIDX	—	5.0	AA	78	21	0	0	75	4	0	96	0	NL	0.15	11.96	23,786	Bettencourt/Small (2.1/1.2)
HABDX	—	5.0	—	—	—	—	—	586	7	0	90	3	NL	0.51	11.83	2,715	Management Team
HARRX	—	6.5	—	—	—	—	—	531	8	0	91	1	NL	0.54	9.38	116	Banet/Worah (1.4/8.5)
JAFIX	5.6	5.0	BBB	58	32	8	2	124	3	0	95	2	NL	0.69	10.62	9,365	Management Team
LIGRX	4.6	5.0	BBB	30	57	9	4	23	17	1	72	11	4.25	0.83	11.38	6,962	Management Team
MWTRX	4.8	5.0	BBB	72	22	5	1	303	4	0	94	2	NL	0.69	10.99	78,598	Management Team
PIGIX	6.5	7.0	—	—	—	—	—	87	-52	0	147	5	NL	0.5	10.45	8,394	Mark Kiesel (13.6)
PLDDX	1.4	2.2	—	—	—	—	—	186	-21	0	118	3	NL	0.75	9.88	10,290	Mather/Schneider (1.7/1.7)
PRRDX	8.0	6.5	—	—	—	—	—	102	-11	0	109	2	NL	0.85	11.1	10,818	Banet/Worah (1.5/8.5)
PSHDX	0.0	0.6	—	—	—	—	—	1753	13	0	83	4	NL	0.7	9.7	12,606	Jerome Schneider (5.5)
PTTRX	5.4	5.0	—	—	—	—	—	478	-9	0	105	4	NL	0.46	10.31	86,115	Management Team
SCPZX	5.6	5.0	A	74	22	4	0	187	11	0	88	0	NL	0.4	32.98	925	Management Team
PRPIX	7.5	7.0	BBB	8	78	14	0	48	4	0	95	2	NL	0.62	9.79	831	David Tiberii (12.9)
PRGMX	3.0	4.0	AAA	100	0	0	0	430	2	0	98	0	NL	0.59	9.52	1,557	Andrew McCormick (8.2)
PRCIX	5.3	5.0	BBB	60	32	8	1	144	11	0	88	1	NL	0.59	9.72	29,339	Daniel Shackelford (13.6)
PRWBX	1.9	2.2	A	53	42	5	0	53	13	0	87	1	NL	0.52	4.75	5,414	Reinartz/Wiese (1.4/21.5)
TGLMX	4.7	5.0	BB	79	6	13	2	287	13	0	87	0	NL	0.49	10.42	10,767	Management Team
USAIX	6.0	5.0	BBB	34	57	7	3	10	2	1	90	6	NL	0.53	13.26	6,578	Management Team
VFIIX	3.4	4.0	AA	99	0	0	1	706	0	4	95	2	NL	0.21	10.85	26,538	Michael Garrett (9.5)
VIPSX	8.1	6.5	AAA	100	0	0	0	43	0	0	100	0	NL	0.2	13.66	23,789	Gemma Wright-Casparius (4.8)
VBILX	6.5	5.0	A	60	40	0	0	51	1	0	99	0	NL	0.09	11.88	22,742	Joshua Barrickman (8.2)
VFICX	5.5	7.0	A	37	62	1	1	70	1	0	99	0	NL	0.2	10.08	25,738	Gregory Nassour (8.1)
VFITX	5.3	4.0	AAA	100	0	0	0	142	0	0	100	0	NL	0.2	11.74	6,674	Gemma Wright-Casparius (1.5)
VWESX	13.4	7.0	A	41	56	0	2	35	5	0	95	0	NL	0.21	10.95	14,734	Nassour/St. John (2.5/2.1)
VUSTX	16.9	15.6	AAA	100	0	0	0	117	0	0	100	0	NL	0.2	13.89	3,932	Gemma Wright-Casparius (1.5)
VBIRX	2.7	2.2	AA	75	25	0	0	52	3	0	97	0	NL	0.09	10.62	42,463	Barrickman/Pu (3.3/3.3)
VSGBX	2.3	2.2	A	95	0	0	5	314	14	0	86	0	NL	0.2	10.86	5,488	Brian Quigley (1.5)
VFSTX	2.6	2.2	A	44	53	2	1	75	11	0	89	0	NL	0.2	10.77	55,095	Gregory Nassour (8.1)
VFISX	2.3	2.2	A	97	0	0	3	211	16	0	84	0	NL	0.2	10.8	7,461	Gemma Wright-Casparius (1.5)
VTIPX	2.6	6.5	AAA	100	0	0	0	26	20	0	80	0	NL	0.17	24.77	14,442	Barrickman/Wright-Casparius (3.7/3.7)
VBTLX	5.7	5.0	AA	73	27	0	0	84	4	0	96	0	NL	0.06	11.09	159,880	Joshua Barrickman (3.3)
WATFX	5.5	5.0	BBB	61	32	2	5	85	2	0	98	0	NL	0.45	12.68	5,853	Management Team
WACPX	5.8	5.0	BB	47	32	14	6	93	3	0	95	1	NL	0.45	11.87	17,495	Management Team
—	3.7	—	B	3	6	88	3	72	5	1	92	1	—	1.07	—	1,281	—
EVIBX	3.6	3.7	B	0	5	93	2	36	9	0	89	2	4.75	1.0	5.58	6,185	Concannon/Weilheimer (1.7/20.5)
FOCIX	—	3.7	—	—	—	—	—	67	34	7	48	11	Clsd	1.01	10.64	211	Bruce Berkowitz (6.5)
FAGIX	4.2	3.7	B	4	6	67	23	35	6	19	74	1	NL	0.75	9.22	10,105	Mark Notkin (12.9)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk					
			Morningstar Rating vs. Category 5=Best	Total Return % 06-30-16					Total Return % Category Rank 1=Best, 10=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category		
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr					
Morningstar 500 Bond Funds			Morningstar Analyst Rating															
High-Yield Bond (cont'd)				—	6.4	-0.5	2.9	4.6	6.0	—	—	—	—	—	5.52	(5)	—	
Fidelity High Income SPHIX	Silver		★★★★	7.7	-0.4	3.1	4.7	6.6	22	55	53	50	26	6.7	6.15	(5)	+Avg	
Hotchkis & Wiley High Yield A HWHAX	Bronze		★★★★	7.2	-1.3	3.0	5.1	—	32	71	56	29	—	7.5	5.81	(3)	Avg	
Janus High-Yield T JAHYX	Neutral		★★★★★	5.8	0.9	3.7	5.0	6.7	67	29	29	35	24	6.2	4.81	(7)	-Avg	
Metropolitan West High Yield Bond M MWHYX	Bronze		★★★★	3.6	0.8	2.3	3.7	6.6	93	32	75	84	28	3.8	4.28	(7)	-Avg	
PIMCO High Yield D PHYDX	Bronze		★★★★★	5.9	1.6	3.8	5.0	6.3	65	20	26	36	38	5.1	5.2	(9)	-Avg	
T. Rowe Price High Yield PRHYX			Gold	★★★★★	6.9	0.0	3.9	5.5	6.9	39	48	23	17	14	5.6	5.49	(4)	Avg
Vanguard High-Yield Corporate Inv VWEHX			Silver	★★★★★	5.7	2.4	4.6	5.9	6.5	69	8	7	10	31	5.5	4.77	(10)	-Avg
Specialty Bond				—	5.8	1.0	1.7	2.4	4.1	—	—	—	—	—	6.14	(24)	—	
American Funds Capital World Bond A CWBFX	Neutral	IB	★★★★	7.8	6.3	2.4	1.7	4.3	38	36	37	47	52	1.7	4.54	(40)	Avg	
Calamos Convertible A CCVIX	Neutral	CV	★★	-1.2	-6.4	3.5	3.3	4.5	85	44	78	88	68	—	9.03	(82)	Avg	
Dodge & Cox Global Bond DODLX	—	IB	NR	6.3	1.9	2.1	—	—	51	82	—	—	—	—	5.44	(11)	—	
Eaton Vance Floating Rate A EVBLX	Bronze	BL	★★★★	5.0	0.9	2.0	3.1	3.4	19	41	60	61	43	3.9	3.06	(1)	Avg	
Fidelity Floating Rate High Income FFRHX	Bronze	BL	★★★★★	4.5	0.7	2.1	2.9	3.8	35	45	56	74	19	4.4	3.07	(1)	Avg	
Fidelity New Markets Income FNMIX	Silver	EB	★★★★★	12.0	9.8	5.9	6.3	8.0	15	9	9	4	10	5.8	7.66	(9)	Avg	
Fidelity Strategic Income FSICX	Silver	MU	★★★★★	6.2	2.9	3.6	3.9	6.2	26	36	34	50	25	3.7	4.13	(19)	Avg	
FPA New Income FPNIX	Bronze	NT	★★★★	1.4	0.7	1.1	1.3	2.7	60	45	50	65	66	2.2	0.77	(41)	Low	
Janus Global Unconstrained Bond D JUCDX	—	NT	NR	3.0	2.5	—	—	—	32	17	—	—	—	4.2	—	(—)	—	
Loomis Sayles Bond Retail LSBRX	Gold	MU	★★★★	6.2	0.9	2.6	4.0	6.2	26	76	76	46	24	3.7	6.03	(6)	High	
Loomis Sayles Global Bond Retail LSLGX	Bronze	IB	★★★★	8.7	6.6	1.6	1.1	4.2	27	33	57	63	57	1.7	4.76	(27)	Avg	
PIMCO Emerging Local Bond Instl PELBX	Neutral	XP	★★★★	14.3	0.0	-4.3	-2.9	—	12	53	51	48	—	5.9	12.6	(14)	+Avg	
PIMCO Foreign Bond (Unhedged) D PFBDX	Bronze	IB	★★★★	10.8	8.4	2.2	1.1	5.0	10	17	45	62	35	2.1	6.72	(15)	High	
PIMCO Foreign Bond (USD-Hedged) D PFODX	Bronze	IB	★★★★★	5.9	7.8	6.2	6.5	6.4	58	22	2	2	5	1.4	3.05	(53)	-Avg	
PIMCO Income D PONDY	Silver	MU	★★★★★	4.1	3.6	5.5	7.9	—	72	22	7	2	—	3.7	2.85	(15)	-Avg	
PIMCO Unconstrained Bond D PUBDX	Neutral	NT	↓★★	1.0	-2.0	-0.2	1.1	—	66	80	82	70	—	3.3	3.08	(1)	Avg	
T. Rowe Price International Bond RPIBX	Neutral	IB	★★	11.6	9.9	1.4	0.1	3.5	4	7	62	83	79	1.2	6.64	(13)	+Avg	
T. Rowe Price Spectrum Income RPSIX	Bronze	MU	★★★★★	7.0	4.7	4.1	4.4	5.7	16	11	21	33	47	3.0	3.98	(20)	Avg	
Templeton Global Bond A TPINX	Gold	IB	★★★★	-0.4	-4.4	0.2	1.4	6.6	97	97	86	55	2	3.7	6.1	(1)	+Avg	
Vanguard Convertible Securities Inv VCVSX	Bronze	CV	↓★★★★	-0.1	-6.7	3.4	4.4	6.0	66	52	85	60	20	2.1	7.3	(77)	-Avg	
Vanguard Total Intl Bd Idx Investor VTIBX	—	IB	★★★★★	5.9	7.9	5.6	—	—	57	20	4	—	—	0.6	2.68	(76)	-Avg	
Municipal Bond National				—	3.8	6.6	4.7	4.8	3.9	—	—	—	—	—	2.75	(81)	—	
American Funds Tax-Exempt Bond A AFTEX	Bronze	MI	★★★★★	4.3	7.4	5.6	5.7	4.8	20	24	14	14	12	1.4	2.77	(98)	Avg	
Baird Quality Intermediate Muni Bd Inst BMBIX	—	MI	★★★★	2.5	4.8	3.4	3.2	4.3	92	85	85	90	49	1.6	2.2	(87)	Low	
Fidelity Interm Muni Inc FLTMX	Gold	MI	★★★★	3.5	6.0	4.2	4.1	4.4	58	59	61	64	44	1.2	2.26	(98)	-Avg	
Fidelity Limited Term Municipal Income FSTFX	Gold	MI	★★★★★	1.6	2.8	1.9	1.9	3.0	30	27	26	28	27	0.7	1.22	(74)	Avg	
Fidelity Municipal Income FHIGX	Gold	ML	★★★★★	5.0	8.5	6.3	5.9	5.2	27	30	29	44	19	1.5	3.14	(98)	Avg	
Fidelity Tax-Free Bond FTABX	Gold	ML	★★★★★	5.2	8.8	6.4	6.1	5.4	17	26	24	35	12	1.6	3.15	(98)	Avg	
Franklin Federal Tax-Free Income A FKTIX	Bronze	ML	★★★★	4.1	6.7	5.6	5.7	4.9	79	85	66	53	34	1.4	3.25	(96)	Avg	
Franklin High Yield Tax-Free Inc A FRHIX	Bronze	HM	★★★★	5.8	9.4	6.6	6.5	5.2	54	66	70	76	21	2.3	4.24	(91)	Avg	
T. Rowe Price Summit Municipal Intm PRSMX	Gold	MI	★★★★★	3.6	6.6	4.8	4.4	4.7	46	40	34	47	21	1.1	2.39	(96)	Avg	
T. Rowe Price Tax-Free High Yield PRFHX	Gold	HM	★★★★★	5.9	9.7	7.7	7.8	5.4	52	59	40	35	11	2.3	3.94	(91)	Avg	
T. Rowe Price Tax-Free Income Inv PRTAX	Gold	ML	★★★★★	4.4	7.5	5.9	5.8	5.1	53	62	47	48	27	1.3	3.03	(97)	-Avg	
T. Rowe Price Tax-Free Shrt-Interm PRFSX	Gold	MS	★★★★★	1.6	2.6	1.9	1.9	3.1	31	31	26	29	26	0.5	1.31	(58)	+Avg	
USAA Tax Exempt Intermediate-Term USATX	Bronze	MI	★★★★★	4.1	7.0	4.9	5.1	4.9	23	31	29	21	8	1.5	2.22	(97)	-Avg	
Vanguard High-Yield Tax-Exempt VWAHX	Silver	MI	★★★★★	5.8	10.0	7.0	6.7	5.4	1	2	5	4	1	2.2	3.42	(97)	High	
Vanguard Interm-Term Tx-Ex Inv VWITX	Silver	MI	★★★★★	3.8	6.9	5.0	4.7	4.7	37	35	28	38	20	1.3	2.42	(97)	Avg	
Vanguard Long-Term Tax-Exempt VWLTX	Silver	ML	★★★★★	5.3	9.5	6.8	6.2	5.3	14	11	12	29	18	1.7	3.27	(98)	Avg	
Vanguard Ltd-Term Tx-Ex VMLTX	Silver	MS	★★★★★	1.5	2.6	1.9	1.7	2.8	36	32	27	33	33	0.9	1.14	(62)	Avg	
Vanguard Short-Term Tx-Ex VWSTX	Silver	MS	★★	0.7	1.1	0.8	0.8	1.9	78	75	78	78	76	0.7	0.39	(34)	Low	
BarCap Municipal TR USD					4.3	7.7	5.6	5.3	5.1									
BofAML US HY Master II TR					9.3	1.7	4.2	5.7	7.4									

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
 CI Intermediate-Term Bond
 CV Convertibles Bond
 EB Emerging Market Bond
 HM High-Yield Muni
 IB World Bond
 MI Muni National, Intermediate
 ML Muni National, Long
 MS Muni National, Short
 MU Multisector Bond
 NT Nontraditional Bond
 XP Emerging Market Local Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	3.7	—	B	3	6	88	3	72	5	1	92	1	—	1.07	—	1,281	—
SPHIX	3.4	3.7	B	7	1	91	1	33	7	0	90	2	NL	0.73	8.32	4,563	Fred Hoff (16.1)
HWHAX	4.4	3.7	B	0	5	88	6	44	5	2	88	5	3.75	0.95	11.4	2,480	Management Team
JAHYX	3.5	3.7	B	4	7	85	3	71	7	0	91	2	NL	0.87	8.17	2,041	Management Team
MWHYX	2.5	3.7	B	21	6	71	3	139	16	0	81	3	NL	0.85	9.26	1,035	Management Team
PHYDX	3.5	3.7	—	—	—	—	—	32	7	0	91	2	NL	0.9	8.53	9,972	Andrew Jessop (6.4)
PRHYX	3.5	3.7	B	3	2	92	3	59	4	1	88	8	Clsd	0.74	6.41	9,742	Mark Vaselkiv (20.0)
VWEHX	4.2	3.7	B	5	4	88	3	34	8	1	88	3	NL	0.23	5.7	18,525	Michael Hong (8.3)
—	0.7	—	—	1	7	3	3	—	-1	1	87	0	—	0.99	—	1,072	—
CWBFX	6.3	5.5	BBB	46	46	7	2	185	6	0	93	0	3.75	0.93	20.22	12,183	Management Team
CCVIX	3.9	—	B	0	24	29	47	63	3	8	3	86	4.75	1.13	15.54	816	Management Team
DODLX	3.2	5.5	BBB	17	62	21	0	55	7	0	89	4	NL	0.6	10.28	73	Management Team
EVBLX	0.3	0.8	B	0	7	90	3	19	5	0	86	9	2.25	1.03	8.94	7,071	Page/Russ (15.4/8.6)
FFRHX	0.3	0.8	B	6	5	86	3	26	10	0	90	0	NL	0.7	9.35	9,132	Eric Mollenhauer (3.2)
FNMIX	—	5.6	B	3	32	54	10	110	3	6	91	0	NL	0.86	15.8	4,528	John Carlson (21.0)
FSICX	4.7	4.1	BB	26	16	53	5	88	7	1	80	11	NL	0.71	10.59	7,449	Management Team
FPNIX	1.3	1.4	BBB	80	1	8	11	29	10	0	90	0	NL	0.49	10.04	5,242	Atteberry/Patwardhan (11.6/0.6)
JUCDX	-0.5	1.4	BB	7	44	43	6	107	48	8	45	0	NL	0.96	9.7	1,445	Gross/Palghat (1.7/1.0)
LSBRX	3.8	4.1	BB	26	32	32	10	22	16	9	63	12	NL	0.89	13.53	15,302	Management Team
LSGLX	6.7	5.5	BBB	32	60	8	1	117	9	0	83	7	NL	1.0	15.92	1,221	Management Team
PELBX	5.0	4.8	—	—	—	—	—	58	-24	0	119	5	NL	0.9	7.39	4,136	Michael Gomez (9.5)
PFBDX	7.6	5.5	—	—	—	—	—	327	-38	1	130	7	NL	0.9	9.95	1,249	Management Team
PFODX	7.7	5.5	—	—	—	—	—	313	-47	0	138	8	NL	0.9	10.44	7,583	Management Team
PONDY	3.1	4.1	—	—	—	—	—	52	-20	0	114	6	NL	0.79	11.89	59,786	Ivascyn/Murata (9.2/3.2)
PUBDX	-0.7	1.4	—	—	—	—	—	389	70	0	26	3	NL	1.3	10.31	4,651	Management Team
RPIBX	7.5	5.5	BBB	30	60	8	2	60	3	0	91	6	NL	0.83	9.16	5,352	Husain/Orchard (2.5/0.5)
RPSIX	5.1	4.1	BB	38	28	32	1	17	5	12	80	3	NL	0.69	12.51	6,165	Charles Shriver (5.2)
TPINX	0.2	5.5	BB	17	52	31	0	43	45	-1	52	4	4.25	0.89	11.37	48,196	Desai/Hasenstab (5.5/14.5)
VCVSX	5.7	—	B	0	7	20	72	95	1	2	8	89	Clsd	0.38	12.05	1,518	Management Team
VTIBX	7.7	5.5	A	51	49	0	0	13	3	0	92	5	NL	0.17	11.11	56,671	Barrickman/Pu (3.1/3.1)
—	0.7	—	—	18	6	0	1	8	4	0	96	0	—	0.84	—	1,809	—
AFTEX	5.5	5.0	BBB	50	41	4	5	14	9	0	91	0	3.75	0.54	13.44	13,227	Management Team
BMBIX	4.3	5.0	AA	99	1	0	0	9	4	0	96	0	NL	0.3	11.9	1,238	Management Team
FLTMX	—	5.0	A	61	35	1	3	14	14	0	86	0	NL	0.36	10.74	6,166	Management Team
FSTFX	—	2.7	A	63	34	0	4	30	21	0	79	0	NL	0.48	10.72	4,010	Management Team
FHIGX	—	6.5	A	57	40	1	3	14	1	0	99	0	NL	0.48	13.88	5,833	Management Team
FTABX	—	6.5	A	66	31	0	2	9	1	0	96	3	NL	0.25	12.07	3,513	Management Team
FKTIX	—	6.5	A	70	27	2	0	6	2	0	98	0	4.25	0.62	12.64	11,102	Management Team
FRHIX	—	6.7	BBB	35	50	10	5	11	2	0	98	0	4.25	0.67	10.89	8,408	Management Team
PRSMX	5.0	5.0	A	55	40	2	2	11	3	0	97	0	NL	0.5	12.28	3,946	Charles Hill (22.7)
PRFHX	7.3	6.7	BB	10	56	15	19	13	0	1	99	0	NL	0.69	12.44	4,293	James Murphy (15.4)
PRTAX	5.8	6.5	A	35	59	1	5	8	1	0	99	0	NL	0.52	10.63	2,639	Konstantine Mallas (9.0)
PRFSX	2.9	2.7	A	67	32	0	1	14	12	0	88	0	NL	0.49	5.68	2,096	Charles Hill (21.4)
USATX	—	5.0	A	41	56	2	1	10	1	0	99	0	NL	0.55	13.86	4,637	Hoffmann/Shafer (0.6/13.1)
VWAHX	6.5	5.0	BBB	35	51	7	7	21	4	0	96	0	NL	0.2	11.76	10,480	Mathew Kiselak (5.9)
VWITX	4.8	5.0	A	76	22	1	1	12	5	0	95	0	NL	0.2	14.6	50,476	James D'Arcy (3.0)
VWLTX	6.4	6.5	A	70	28	1	1	18	0	0	100	0	NL	0.2	12.16	10,003	Mathew Kiselak (5.9)
VMLTX	2.5	2.7	A	74	25	1	1	16	10	0	90	0	NL	0.2	11.1	22,593	Marlin Brown (8.3)
VWSTX	1.2	2.7	A	78	19	1	2	32	20	0	80	0	NL	0.2	15.85	12,504	Justin Schwartz (0.3)

Fixed Income Style Box

Ltd	Mod	Ext

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

AMG Funds 835-3879	BBH 575-1265	FAM Value Investor 932-3271 FAMVW 28	Fidelity Small Cap Value FCPVX 34
AMG Managers Bond Service MGFIX 42	BBH Core Select N BBTEX 26	FMI Funds 811-5311	Fidelity Stock Selector Small Cap FSDCX 32
AMG Managers Skyline Special Eqts SKSEJ 22	BBH Global Core Select N BBNX 40	FMI Common Stock FMIMX 30	Fidelity Strategic Income FSICX 44
AMG Yackman Focused Service YAFFX 32	Baird 866-442-2473	FMI International FMIJX 38	Fidelity Strategic Real Return FSRRX 34
AMG Yackman Service YACKX 26	Baird Aggregate Bond Inst BAGIX 42	FMI Large Cap FMIHX 26	Fidelity Tax-Free Bond FTABX 44
Akre Focus Retail 877-862-9556 AKREX 28	Baird Quality Interm Muni Bd Inst BMBIX 44	FPA 982-4372	Fidelity Total Bond FTBFX 42
Allianz Funds 988-8380	Baird Short-Term Bond Inst BSBIK 42	FPA Capital FPPTX 30	Fidelity Total Market Index Investor FSTMX 26
AllianzGI NFJ Large-Cap Value A PNBAX 28	Baron Capital Group 992-2766	FPA Crescent FPCAX 34	Fidelity US Bond Index Investor FBIDX 42
AllianzGI NFJ Small-Cap Value A PCVAX 32	Baron Asset Retail BARAX 28	FPA New Income FPNIX 44	Fidelity Value FDVLX 30
AllianzGI Technology Institutional DRGTX 36	Baron Growth Retail BGRFX 28	FPA US Value FPPFX 26	Fidelity Worldwide FWWFX 40
Amana 888-732-6262	Baron Opportunity Retail BOPX 28	Fairholme 866-202-2263	First Eagle 334-2143
Amana Growth Investor AMAGX 24	Baron Small Cap Retail BSCFX 30	Fairholme FAIRX 28	First Eagle Fund of America Y FEAFFX 30
Amana Income Investor AMANX 26	Becker Value Equity Retail 551-3998 BVAFX 28	Fairholme Focused Income FOCIX 42	First Eagle Global A SGENX 40
American Beacon 658-5811	Berwyn 888-995-5505	Fidelity Investments 544-8544	First Eagle Overseas A SGOVX 38
American Beacon Intl Equity Inv AAIPX 38	Berwyn BERWX 32	Fidelity FFDIX 24	First Eagle US Value A FEVAX 26
American Beacon Lg Cap Value Inv AAGPX 28	Berwyn Income BERIX 34	Fidelity 500 Index Investor FUSEX 26	Franklin Templeton Investments 342-5236
American Beacon Small Cp Val Inv AVPA 32	BlackRock Global Allocation 441-7762 MDLOX 40	Fidelity Balanced FBALX 34	Franklin Federal Tax-Free Income A FKTIX 44
American Century Investments 345-2021	Bogle Small Cap Growth 877-264-5346 BOGLX 32	Fidelity Blue Chip Growth FBGRX 24	Franklin High Yield Tax-Free Inc A FRHIX 44
American Century Equity Income Inv TWEIX 28	Bridgeway 661-3550	Fidelity Capital & Income FAGIX 42	Franklin Income A FKINX 34
American Century Growth Inv TWCGX 24	Bridgeway Blue Chip 35 Index BRLIX 26	Fidelity Capital Appreciation FDCAX 24	Franklin Mutual Beacon A TEBIX 28
American Century Heritage Inv TWHIX 28	Bridgeway Ultra-Small Company Market BRSIX 32	Fidelity Contrafund FCNTX 24	Franklin Mutual Global Discovery A TEDIX 40
American Century International Gr Inv TWIEIX 38	Broadview Opportunity 855-846-1463 BVAOX 32	Fidelity Diversified International FDIVX 38	Franklin Mutual Quest A TEQIX 40
American Century Mid Cap Value Inv ACMVX 30	Brown Capital Mgmt Sm Co 877-892-4226 BCSIX 30	Fidelity Dividend Growth FDGFX 26	Franklin Mutual Shares A TESIX 34
American Century Small Cap Value Inv ASVIX 32	Buffalo 492-8332	Fidelity Equity Dividend Income FEQTX 28	Franklin Utilities A FKUTX 36
American Century Ultra Inv TWCUX 24	Buffalo Mid Cap BUFMX 28	Fidelity Equity-Income FEQIX 28	Templeton Global Bond A TPINX 44
American Century Value Inv TWWLX 28	Buffalo Small Cap BUFVX 30	Fidelity Extended Market Index Investor FSEM 30	
American Funds 421-4225		Fidelity Floating Rate High Income FFRHX 44	Gabelli Asset AAA 422-3554 GABAX 26
American Funds 2020 Trgt Date Retire AACTX 34	Calamos 582-6959	Fidelity Focused Stock FTQGX 24	GoodHaven 855-654-6639 GOODX 30
American Funds AMCAP A AMCXP 24	Calamos Convertible A CCVIX 44	Fidelity Four-in-One Index FFNOX 34	Greenspring 366-3863 GRSPX 34
American Funds American Balanced A ABALX 34	Calamos Market Neutral Income A CVSIX 34	Fidelity GNMA FGMNX 42	
American Funds American Mutual A AMRMX 28	Causeway 866-947-7000	Fidelity Government Income FGOVX 42	Harbor 422-1050
American Funds Capital Income Bldr A CAIBX 40	Causeway Emerging Markets Investor CEMVX 40	Fidelity Growth & Income FGRIX 26	Harbor Bond Institutional HABDX 42
American Funds Capital World Bond A CWBFX 44	Causeway International Value Inv CIVVX 38	Fidelity Growth Company FDGRX 24	Harbor Capital Appreciation Instl HACAX 24
American Funds Capital World GrInc CWGIX 38	Century Small Cap Select Inv 303-1928 CSMVX 30	Fidelity Growth Discovery FDSVX 24	Harbor Commodity Real Return ST Instl HACMX 36
American Funds Europacific Growth A AEPGX 38	Champlain Funds 866-773-3238	Fidelity High Income SPHIX 44	Harbor International Institutional HAINX 38
American Funds Fundamental Invs A ANCFX 26	Champlain Mid Cap Adv CIPMX 28	Fidelity Independence FDFFX 24	Harbor Mid Cap Value Investor HIMVX 30
American Funds Growth Fund of Amer AGTHX 24	Champlain Small Company Adv CIPSX 30	Fidelity Interim Muni Inc FLTMX 44	Harbor Real Return Instl HARRX 42
American Funds Income Fund of Amer AMECX 34	Clipper 432-2504 CFIMX 26	Fidelity Intermediate Bond FTHRX 42	Harding Loevner 877-435-8105
American Funds Intl Gr and Inc A IGAAX 38	Cohen & Steers Realty Shares 437-9912 CSRSX 36	Fidelity International Discovery FIGRX 38	Harding Loevner Emerging Mkts Adv HLEMX 40
American Funds Invmt Co of Amer A AIVSX 26	Columbia 345-6611	Fidelity International Growth FIGFX 38	Harding Loevner Global Equity Advisor HLMGX 40
American Funds New Economy A ANEFX 24	Columbia Acorn International Z ACINX 38	Fidelity International Index Investor FSIX 38	Harding Loevner International Eq Inv HLMNX 38
American Funds New Perspective A ANWPX 38	Columbia Acorn Select Z ACTWX 28	Fidelity Investment Grade Bond FBNDX 42	Hennessy Foc Investor 966-4354 HFCSX 30
American Funds New World A NEWFX 40	Columbia Acorn USA Z AUSAX 32	Fidelity Large Cap Stock FLCX 26	Hotchkiss & Wiley High Yld 866-493-8637 HWHAX 44
American Funds SMALLCAP World A SMCWX 38	Columbia Acorn Z ACRNX 28	Fidelity Leveraged Company Stock FLVX 30	
American Funds Tax-Exempt Bond AFTEX 44	Columbia Dividend Income Z GSFTX 28	Fidelity Limited Term Municipal Income FSTFX 44	IVA Funds 866-941-4482
American Funds Washington Mutual AWSHX 28	Conestoga Small Cap Investors 494-2755 CCASX 32	Fidelity Low-Priced Stock FLPSX 30	IVA International A IVOIX 38
Arbitrage R 295-4485 ARBFX 34		Fidelity Magellan FMAGX 24	IVA Worldwide A IWVAX 40
Ariel Investments, LLC 292-7435	Davis Funds 279-0279	Fidelity Mid-Cap Stock FMCSX 30	Invesco 959-4246
Ariel Appreciation Investor CAAPX 30	Davis Financial A RPFIX 36	Fidelity Mortgage Securities FMSFX 42	Invesco Comstock A ACSTX 28
Ariel Fund Investor ARGFX 30	Davis NY Venture A NYVTX 26	Fidelity Municipal Income FHIGX 44	Invesco Diversified Dividend A LCEAX 28
Ariel International Investor AINTX 38	Dean Small Cap Value 888-899-8343 DASCX 34	Fidelity New Markets Income FNMIX 44	Invesco Equity and Income A ACEIX 34
Artisan 344-1770	Delafield Fund 697-3863 DEFIX 30	Fidelity New Millennium FMILX 24	Invesco Growth and Income A ACGIX 28
Artisan Global Equity Investor ARTHX 38	Diamond Hill Funds 888-226-5595	Fidelity OTC FOCPX 24	
Artisan Global Opportunities Inv ARTRX 40	Diamond Hill Large Cap A DHLAX 28	Fidelity Overseas FOSFX 38	JOHCM International Select II 866-260-9549
Artisan Global Value Investor ARTGX 40	Diamond Hill Small Cap A DHSCX 34	Fidelity Puritan FPURX 34	JOHAX 38
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Funds Facing a Tax Challenge

U.S. stock indexes are hitting record highs while Europe remains in a slump. That tells me that we're in for some significant capital gains distributions for U.S. equity funds, but it might not be that bad elsewhere. The trend is confirmed by data on mutual fund taxes. Potential capital gains exposure has been on the rise. Once a year, funds report how much unrealized capital gains are in their portfolios. We then adjust that figure each month for appreciation or depreciation. The figure tells you approximately what the fund might have to pay out as a capital gains distribution if it sold every holding. Of course, it won't sell everything, so it's quite rare for a fund's actual capital gains payout to equal its potential capital gains exposure. In addition, we've had two mini-sell-offs this year that could mean some funds realized losses to offset gains or at least sold at less of a profit.

When PCGE rises, tax payouts rise. You can see that from the graph, which shows that the tax-cost ratio trend follows PCGE up and down. It makes perfect sense that rising unrealized gains will lead to rising realized gains. After all, most equity funds have turnover rates greater than 50%, implying that quite a few names will be traded in the course of a year.

Today, the average equity fund has a PCGE of 11.2% of assets and a three-year tax-cost ratio of 1.92%. Think of that tax-cost ratio as an expense ratio for taxes. It assumes that investors are in the highest tax bracket and estimates how much per year investors paid out

in taxes as a percentage of returns. So, investors in the top tax bracket who own funds in taxable accounts paid out a big chunk of recent returns in taxes because we are a long way into a market rally.

It's a little worse than that for most investors. If I limit my screen to funds with more than \$1 billion in assets—because that reflects the funds most investors own—the PCGE goes up to 19%, although the three-year tax-cost ratio is about the same.

You can find a fund's tax-cost ratio in the FundInvestor 500 tab of mfi.morningstar.com. Slide the bar to the right to see that column. To find a fund's PCGE, click its name and pull up the one-page report. The PCGE is on the left-hand side of the report near the middle of the page, just below the tax section.

Now, let's add a third data point: flows. Many U.S. equity funds have been hit with sizable outflows, which means they have to sell off a good chunk of their portfolios. This makes it much tougher for the manager to keep the tax bill low.

I looked for funds with an unhappy convergence of significant PCGE and outflows in order to flag some funds likely to make a big payout. Typically, these payouts come in December, but occasionally funds will make them early in order to get them out of the way and remove the incentive for investors to flee. Whether you should actually sell to avoid the capital gains payout depends on your cost basis. If you bought within the past couple of years, you probably would do all right by selling. However, if you've held for a decade or more, you probably would end up with a big tax bill either way, so ask your accountant. (Brokerages are now required to track your cost basis but only from the

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past few years, so check with your brokerage to see what your cost basis is.)

12 Funds Cruising for a Tax-Related Bruising

Let's take these 12 funds in order of outflows. I used their 12-month organic growth rate, which essentially tells you by what percentage the funds have shrunk from their original asset base a year ago.

Selected American SLADX

This fund saw nearly half its assets (48%) go out the door, and it has a PCGE of 50%. In fact, it just made a 10% distribution on July 1. In each of the past two years, it made distributions in July and December. Last year, the December payout was a little smaller than the July payout, but it still seems likely that payouts will continue as long as outflows do.

Kalmar Growth-with-Value Small Cap KGSCX

Things are looking tough for Kalmar Investments. This fund had \$436 million in outflows the past 12 months, leaving it down to just \$180 million. In addition, Vanguard fired it from running a sleeve of **Vanguard Morgan Growth VMRGX**, though it still runs a piece of **Vanguard Explorer VEXPX**. The fund has a 66% PCGE. So, for the short term I'm worried about capital gains payouts, but for the longer term I'm worried about how many more client defections it can handle. At least this fund's one-year returns are a solid top-quartile, so perhaps outflows will slow or stop. Last December, the fund paid out about 25% of assets under management as capital gains.

Columbia Acorn USA AUSAX

This fund has seen 40% of AUM go out the door, and it has PCGE of 49%. The fund is currently on a twice-a-year payout schedule with distributions in June and December. The June distributions have been much smaller than the ones in December. This June, the fund made a 13% payout, but in December, it made a huge 34% payout. That's awfully hard on a taxable account.

Royce Premier RYPRX

After a long cold spell, this fund has rebounded to post strong 12-month returns. Yet the three- and five-year returns are weak, and that explains why \$1.7 billion has gone out the door, leaving the fund with \$2.3 billion total. With a hefty 56% of capital gains exposure, it seems likely the fund will make a big distribution. A huge 38% weighting in industrials makes the fund pretty cyclical, but it still has a solid track record.

Touchstone Sands Capital Select Growth PTSGX

This fund's 4.5% year-to-date loss makes it one of the worst-performing large-growth funds. Its big 42% tech weighting is the culprit, and a number of biotech stocks are hurting, too. That would make three straight years of underperformance. This leads me to believe that outflows will continue to be strong throughout the second half of 2016. The fund has seen about 38% of AUM go out the door, and its 46% PCGE makes capital gains all but inevitable. In 2015, the capital gains payout was a fairly modest 10%, but I doubt it will be that low this year.

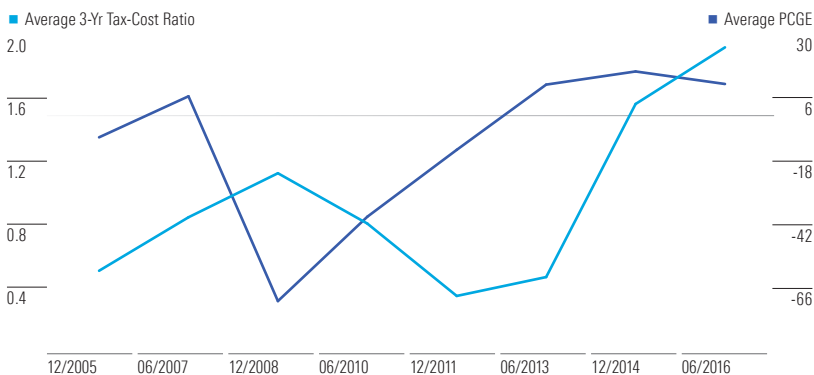
Baron Small Cap BSCFX

This fund's 31% outflow is a notch below that suffered by the Touchstone fund, but its PCGE is a very large 63%. With a low turnover last measured at 15%, the fund is certain to have some long-held names with large embedded gains. Manager Cliff Greenberg made an ill-timed bet on master limited partnerships that got hammered when oil prices dropped in 2015.

Dreyfus Appreciation DGAGX

This is another very low turnover fund that doesn't often make big capital gains distributions. But with a 62% PCGE and 30% outflows, it won't likely have much choice. The fund's high-quality bent gives it good defensive qualities, but it owns more energy

Taxes Follow Spikes in PCGE



Data as of July 2016.



than most high-quality investors, and that's hurt performance until recently. The fund paid out about 10% in capital gains in March, but it was the December 2015 payout of 27% that really stood out.

Amana Growth AMAGX

This fund, with a Morningstar Analyst Rating of Bronze, has a remarkable 76% PCGE, and I'm sure the 27% outflow will be enough to smoke out some capital gains. Last year, it paid out a modest 7% capital gain, but I would expect it to be more this year. The fund is rebounding nicely from a rough 2015. It helps that its Shariah-compliant strategy keeps it away from banks.

Davis NY Venture NYVTX

This near-clone of Selected American is a little better-positioned than its sibling with 25% outflows and 42% capital gains.

Westport WPFRX

This fund may have a whopper of a capital gains distribution on the way. It is sitting on PCGE of 56%, and Westport has agreed to merge the fund into Hennessey Cornerstone Mid Cap 30 HIMDX pending shareholder approval in September. When funds merge, we often see a big cap gains payout, as the inheriting manager doesn't want the old fund's tax position going onto its books. In addition, the new manager may not want the stock. In short, there's a

decent chance of a very big payout coming. The funds appear to have only one holding in common.

Gabelli Asset GABAX

This fund is facing 22% redemptions on a PCGE of 65%. It paid out 13% in gains last year. It's easy to see the reason for the outflows. The fund is in the bottom quartile for the trailing three- and five-year periods.

Baron Growth BGRFX

Ron Baron's fund has seen 21% in redemptions but has a PCGE of 65%. Baron's steady growth style often means the fund lags in growth rallies and outperforms in growth slumps. He invests in names like **Vail Resorts** MTN and **MSCI** MSCI while his peers go for biotech or fast-growing tech stocks. Thus, he's ahead of the pack so far in 2016, but two poor years prior to that have the fund in redemptions. The fund's capital gains payouts have doubled in each of the past two years as Baron has to work his way through more-profitable names.

What If You Want to Buy?

Most of the funds I highlighted carry a Bronze rating. Thus, you might be considering buying one or maybe a different fund with significant capital gains built up. The simplest way to handle that would be to buy them in an IRA or 401(k), where capital gains distributions are not an issue. If that's not an option, you should probably look for a substitute fund with a more appealing tax profile. ■■■

Funds Likely to Send a Big Tax Bill

Name	Ticker	Potential Capital Gains Exposure	One-Year Net Flow \$	One-Year Organic Growth Rate (%)	Tax-Cost Ratio Three-Year	Turnover Ratio (%)
Selected American Shares	SLADX	50	-1,727,500,008	-48	3.86	27
Kalmar Growth-with-Value Sm Cp	KGSCX	66	-436,274,484	-46	2.31	50
Columbia Acorn USA	AUSAX	49	-476,745,448	-40	5.10	35
Royce Premier	RYPXX	56	-1,773,524,056	-39	3.20	13
Touchstone Sands Capital Select Growth	PTSGX	46	-1,772,479,496	-38	1.14	29
Baron Small Cap	BSCFX	63	-1,205,652,825	-31	1.61	15
Dreyfus Appreciation	DGAGX	62	-1,091,720,273	-30	3.18	6
Amana Growth	AMAGX	76	-301,052,103	-27	1.29	0
Davis NY Venture	NYVTX	42	-4,050,462,082	-25	3.88	23
Westport	WPFRX	56	-143,200,609	-25	1.40	3
Gabelli Asset	GABAX	65	-551,222,750	-22	1.76	3
Baron Growth	BGRFX	64	-1,384,112,589	-21	1.25	7

Data as of July 31, 2016.

Data through July 31, 2016 FINRA members: For internal or institutional use only.

Loomis Sayles Global Equity and Income A

Ticker: LGMAX Yield: 0.8% Total Assets: \$1,535 mil Mstar Category: World Allocation

Benchmark 1: Morningstar Gbl Allocation TR USD
Benchmark 2: Morningstar Mod Tgt Risk TR USD

Morningstar Analyst Rating 08-02-16

Bronze

Morningstar Pillars

- Process: Positive
- Performance: Positive
- People: Positive
- Parent: Neutral
- Price: Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 07-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	11.41	-3.87	5.76	1.67	15.17
2013	4.04	-1.29	5.87	6.68	15.99
2014	0.05	4.78	-1.98	0.44	3.20
2015	3.64	0.21	-4.99	2.89	1.51
2016	0.28	1.05	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	3.73	0.18	-0.23	29	10,373
6 Mo	9.81	-1.62	-1.24	37	10,981
1 Yr	0.42	-3.30	-3.71	47	10,042
3 Yr Avg	6.17	0.95	0.71	5	11,967
5 Yr Avg	6.03	0.58	-0.47	20	13,401
10 Yr Avg	7.94	2.30	1.95	1	21,478
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	2.61	31	1.42	52
5 Yr (estimated)	3.70	34	1.03	39
10 Yr (estimated)	6.29	2	0.95	15

Potential Capital Gain Exposure: 10% of assets

Morningstar's Take by Jason Kephart 08-02-16

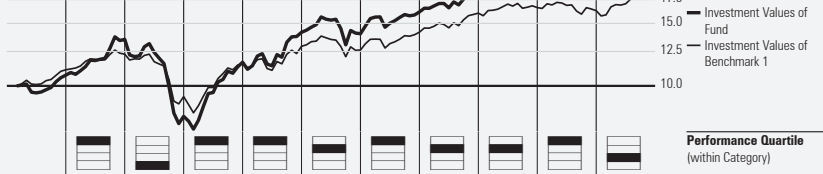
Loomis Sayles Global Equity and Income's experienced team and strong long-term results inspire confidence that this strategy, from the world-allocation Morningstar Category, will deliver for investors. This fund receives a Morningstar Analyst Rating of Bronze.

This allocation fund combines three distinct portfolios, with managers that are particularly strong on the bond side: a multisector U.S. bond strategy managed by fixed-income veteran Dan Fuss, a global bond strategy managed by David Rolley, and a global equity strategy managed by Eileen Riley and David Rosenbaum. Fuss and Rolley both run stand-alone Loomis Sayles fixed-income funds that achieve Morningstar Medalist status. However, Riley and Rosenbaum are less proven, having only been managers here since 2013.

Each manager focuses on individual company research, an area where the firm has excelled over the long term and which separates it from larger peers that are more focused on macro calls, such as country bets. The managers meet at least quarterly to set the fund's split between the three underlying strategies. The amount of bottom-up prospects the managers are finding

Historical Profile

Return: Above Avg
Risk: High
Rating: ★★★★★
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	07-16	History
NAV	13.28	15.79	9.32	12.93	15.45	15.07	17.08	19.24	18.70	17.99	18.92	NAV
Total Return %	—	26.14	-39.34	42.09	21.46	-0.94	15.17	15.99	3.20	1.51	5.17	Total Return %
+/- Bmark 1	—	15.49	-15.28	18.46	9.34	1.45	2.92	2.80	-0.46	3.49	-2.53	+/- Bmark 1
+/- Bmark 2	—	17.51	-17.14	20.31	9.13	-1.53	3.12	1.68	-1.68	3.31	-2.36	+/- Bmark 2
Income Return %	—	4.01	1.57	3.26	1.97	1.51	1.82	1.91	1.04	0.82	0.00	Income Return %
Capital Return %	—	22.13	-40.91	38.83	19.49	-2.45	13.35	14.08	2.16	0.70	5.17	Capital Return %
Total Rtn % Rank Cat	—	8	88	5	1	32	12	27	28	2	52	Total Rtn % Rank Cat
Income \$	0.25	0.53	0.25	0.30	0.25	0.23	0.27	0.33	0.20	0.15	0.00	Income \$
Capital Gains \$	—	0.44	0.00	0.00	0.00	0.00	0.00	0.24	0.96	0.84	0.00	Capital Gains \$
Expense Ratio %	1.56	1.37	1.27	1.34	1.29	1.24	1.21	1.18	1.17	1.18	1.17	Expense Ratio %
Income Ratio %	1.52	1.44	1.74	3.56	1.96	1.41	2.16	1.82	1.46	1.06	1.09	Income Ratio %
Turnover Rate %	103	78	133	114	99	65	29	58	49	48	—	Turnover Rate %
Net Assets \$mil	13	83	38	51	84	134	221	282	237	267	291	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return%	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-5.35	—	—	—
3 Yr	4.09	+ Avg	+ Avg	★★★★
5 Yr	4.78	Avg	+ Avg	★★★★
10 Yr	7.31	High	High	★★★★
Incept	6.48	—	—	—

Other Measures

	Standard Index	Best Fit Index
Alpha	-0.5	0.8
Beta	1.24	0.80
R-Squared	88	91
Standard Deviation	9.13	—
Mean	6.17	—
Sharpe Ratio	0.69	—

Portfolio Analysis 06-30-16

Total Stocks: 50
Share change since 05-31-16

Company	Sector	Country	% Assets
TransDigm Group Inc	Industri	United States	2.92
AutoZone Inc	Cnsmr Cyc	United States	2.64
Allergan PLC	Hlth Care	United States	2.36
Alibaba Group Holding Ltd	Cnsmr Cyc	China	2.32
Anheuser-Busch Inbev SA	Cnsmr Def	Belgium	2.29
Sherwin-Williams Co	Basic Mat	United States	2.24
AIA Group Ltd	Finan Svcs	Hong Kong	2.21
Facebook Inc A	Technology	United States	2.10
Alphabet Inc A	Technology	United States	1.92
Comcast Corp Class A	Comm Svcs	United States	1.83
Starwood Hotels & Resorts	Cnsmr Cyc	United States	1.81
UnitedHealth Group Inc	Hlth Care	United States	1.78
FactSet Research Systems	Industri	United States	1.57
Nomura Research Institute	Technology	Japan	1.51
Thales	Industri	France	1.47
The Priceline Group Inc	Cnsmr Cyc	United States	1.41
Roche Holding AG Dividend	Hlth Care	Switzerland	1.37
Legal & General Group PLC	Finan Svcs	United Kingdom	1.33
S&P Global Inc	Industri	United States	1.33
Newell Brands Inc	Cnsmr Def	United States	1.27

Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large	Giant	41.9	Cyclical	43.77	1.11
Mid	Large	42.3	BasicMat	8.92	1.48
Small	Mid	15.8	CnsmrCyc	20.19	1.70
Micro	Small	0.0	FinanSvcs	14.66	0.88
	Micro	0.0	Real Est	0.00	0.00
	Avg \$mil:	44,847	Sensitive	35.05	0.98
			CommSvcs	2.86	0.67

Value Measures	Rel Category	%	Regional Exposure	% Stock
Price/Earnings	20.80	1.23	UK/W. Europe	24
Price/Book	2.81	1.56	N. America	61
Price/Sales	2.03	1.42	Japan	4
Price/Cash Flow	15.17	2.11	Latn America	0
Dividend Yield %	1.68	0.51	Asia X Japan	10
			Other	0

Growth Measures	% Rel Category	Country Exposure	% Stock
Long-Term Erngs	11.25	United States	61
Book Value	10.36	Switzerland	4
Sales	4.94	China	3
Cash Flow	9.65	UK	4
Historical Erngs	8.89	Other	0

Composition - Net

Category	%
Cash	5.9
Bonds	27.0
Stocks	64.1
Other	3.0
Foreign (% of Stock)	40.5

Address: Loomis Sayles Funds II (Natisvis)
Kansas City, MO 64121-9579
800-225-5478
Web Address: NGAM.natisvis.com
Inception: 02-01-06
Advisor: Loomis Sayles & Company LP
Subadvisor: None

Minimum Purchase: \$2500 Add: \$100 IRA: \$1000
Min Auto Inv Plan: \$1000 Add: \$50
Sales Fees: 5.75%L
Management Fee: 0.75% mx./0.73% mn.
Actual Fees: Mgt:0.75% Dist:0.25%
Expense Projections: 3Yr:\$928 5Yr:\$1187 10Yr:\$1924
Income Distribution: Annually

Data through July 31, 2016 FINRA members: For internal or institutional use only.

Metropolitan West High Yield Bond M

Ticker MWHYX **Yield** 4.0% **SEC Yield** 4.03% **Total Assets** \$1,046 mil **Mstar Category** High Yield Bond

Benchmark 1: BofAML US HY Master II TR USD
Benchmark 2: Barclays US Agg Bond TR USD

Morningstar Analyst Rating 07-12-16

Neutral

Morningstar Pillars

- Process: ● Neutral
- Performance: ● Neutral
- People: ● Positive
- Parent: ● Neutral
- Price: ● Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 07-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	4.73	1.19	5.06	2.57	14.20
2013	3.08	-1.58	2.17	3.08	6.84
2014	2.17	1.96	-2.23	-1.49	0.33
2015	1.17	-0.59	-2.50	-0.25	-2.18
2016	0.82	2.79	—	—	—

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	1.94	-2.44	-0.52	93	10,194
6 Mo	5.24	-8.64	0.70	94	10,524
1 Yr	1.15	-3.77	-4.78	77	10,115
3 Yr Avg	2.06	-2.34	-2.17	82	10,631
5 Yr Avg	3.81	-2.16	0.24	87	12,053
10 Yr Avg	6.56	-1.03	1.50	35	18,871
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	-0.30	68	2.31	32
5 Yr (estimated)	1.28	83	2.44	44
10 Yr (estimated)	3.61	40	2.76	73

Potential Capital Gain Exposure: -13% of assets

Morningstar's Take by Karin Anderson 07-12-16

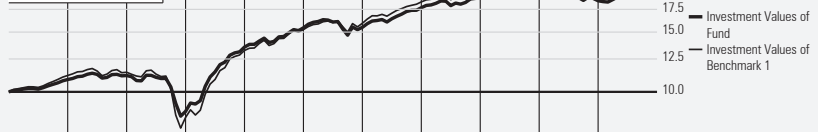
Metropolitan West High Yield Bond benefits from an experienced group of managers, including Steve Kane, Laird Landmann, and Jamie Farnham, who've been at the helm since its 2002 inception, in addition to a well-resourced team of credit analysts and traders. While generally a stable team, this fund's management saw a change in April 2016 when longtime comanager Gino Nucci transitioned off the fund.

The fund's process hinges on individual credit analysis, attractive valuations, and portfolio positioning based on the team's views on the credit cycle. Many high-yield bond funds stick with a specific niche of the market, whether the cautious, moderate, or aggressive portions of the quality spectrum. But this fund's managers will make big adjustments depending on their view of the current stage of the credit cycle. This worked especially well around 2008's credit crisis, as the team grew more conservative with its Tier 3 bonds (roughly equivalent to CCCs) by mid-2008 and then tripled that stake by the time the market turned in March 2009.

This approach can thrive around market turning points but has less of an impact during the in-between

Historical Profile

Return Average
Risk Below Avg
Rating ★★★
Neutral



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	07-16	History
NAV	10.95	10.32	7.35	10.20	10.68	9.82	10.42	10.27	9.71	9.11	9.32	NAV
Total Return %	8.74	2.73	-21.59	54.69	13.94	0.35	14.20	6.84	0.33	-2.18	4.64	Total Return %
+/- Bmark 1	-3.02	0.54	4.80	-2.83	-1.25	-4.03	-1.39	-0.58	-2.17	2.46	-7.44	+/- Bmark 1
+/- Bmark 2	4.41	-4.23	-26.83	48.76	7.40	-7.49	9.98	8.86	-5.63	-2.73	-1.34	+/- Bmark 2
Income Return %	7.92	8.81	8.75	13.39	8.51	7.67	7.36	5.55	4.63	4.18	2.30	Income Return %
Capital Return %	0.82	-6.08	-30.34	41.30	5.43	-7.32	6.83	1.29	-4.29	-6.36	2.35	Capital Return %
Total Rtn % Rank Cat	80	25	23	17	53	87	61	44	73	28	94	Total Rtn % Rank Cat
Income \$	0.83	0.93	0.87	0.93	0.84	0.79	0.70	0.56	0.46	0.40	0.21	Income \$
Capital Gains \$	0.00	0.00	0.00	0.04	0.05	0.12	0.05	0.28	0.14	0.00	0.00	Capital Gains \$
Expense Ratio %	1.10	1.05	0.98	0.99	0.88	0.85	0.85	0.81	0.82	0.89	0.85	Expense Ratio %
Income Ratio %	7.25	8.01	8.15	10.24	9.29	7.73	7.14	6.20	5.20	4.41	4.19	Income Ratio %
Turnover Rate %	111	97	120	107	40	34	54	74	66	61	139	Turnover Rate %
Net Assets \$mil	37	41	38	393	1,017	1,156	1,234	1,352	834	498	484	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	1.15			
3 Yr	2.06	-Avg	-Avg	★★
5 Yr	3.81	-Avg	-Avg	★★
10 Yr	6.56	Avg	-Avg	★★★★
Incept	8.63			

Other Measures

	Standard Index	Best Fit Index
Alpha	0.2	-0.8
Beta	0.46	0.64
R-Squared	8	84
Standard Deviation	4.21	
Mean	2.06	
Sharpe Ratio	0.48	

Portfolio Analysis 06-30-16

	Date of Maturity	Amount '000	Value \$'000	% Assets
Total Fixed Income: 219				
Metropcs Wireless 6.625	11-15-20	18,348	19,168	1.89
Tenet Healthcare 6%	10-01-20	17,119	18,403	1.82
Hca 6.5%	02-15-20	14,786	16,795	1.66
Delta Air Pt 2002-1 6.7	07-02-24	11,994	14,089	1.39
Homer City Generation L	10-01-26	22,781	13,824	1.36
Engy Transfer Ptrns L	11-01-66	23,007	13,629	1.34
Regionalcare Hosp Partn	05-01-23	12,250	12,792	1.26
Reynolds Grp Issuer 144	07-15-21	12,500	12,568	1.24
Cco Hldgs Llc / Cco Hld	01-31-22	10,371	11,256	1.11
Amer Air Pt Tr 2013-1 5	07-15-22	10,514	11,099	1.10
Sirius Xm Radio 144A 5	08-01-21	10,017	10,670	1.05
Vrx Escrow 144A 6.125%	04-15-25	12,945	10,620	1.05
Ardagh Packaging 144A F	05-15-21	10,050	10,200	1.01
Intl Lease Fin 144A 7.1	09-01-18	8,584	9,636	0.95
Ngpl Pipeco 144A 7.119%	12-15-17	8,602	9,038	0.89
Reynolds Grp Issuer 5.7	10-15-20	8,281	8,682	0.86
Vrx Escrow 144A 5.875%	05-15-23	10,637	8,722	0.86
Churchill Downs 144A 5	12-15-21	8,238	8,608	0.85
Cott Beverages 6.75%	01-01-20	7,890	8,571	0.85
Sprint Nextel 144A 9%	11-15-18	8,000	8,617	0.85

Current Investment Style

Duration	Ltd	Mod	Ext
Avg Eff Duration ¹	2.6 Yrs		
Avg Eff Maturity	4.7 Yrs		
Avg Credit Quality	B		
Avg Wtd Coupon	5.84%		
Avg Wtd Price	100.56% of par		

Sector Breakdown % Assets

Government	0
Government Related	0
Corporate	80
Agency MBS	0
Non-Agency Residential MBS	0
Commercial MBS	0
Covered Bond	0
Asset Backed	4
Municipal	0
Cash & Equivalents	16
Other	0

Coupon Range

% of Bonds	
0% PIK	0.0
0% to 4%	10.3
4% to 6%	52.6
6% to 8%	26.4
8% to 10%	9.8
More than 10%	0.9

Composition - Net

Cash	15.1	Bonds	81.1
Stocks	0.0	Other	3.9

Special Securities

Restricted/illiquid Secs	35
Emerging-Markets Secs	0
Options/Futures/Warrants	0

Credit Analysis

% bonds	06-30-16
AAA	4
AA	13
A	1
BBB	5
BB	37
B	32
Below B	9
Not Rated	0

Address: METROPOLITAN WEST ASSET MANAGEMENT
LOS ANGELES CA 90017
800-241-4671
Web Address: www.mwamllc.com
Inception: 09-30-02
Advisor: Metropolitan West Asset Management, LLC.
Subadvisor: None

Minimum Purchase: \$5000 **Add: \$0** **IRA: \$1000**
Min Auto Inv Plan: \$5000 **Add: \$100**
Sales Fees: No-load
Management Fee: 0.50%
Actual Fees: Mgt:0.50% Dist:0.25%
Expense Projections: 3Yr:\$279 5Yr:\$486 10Yr:\$1082
Income Distribution: Monthly

Data through July 31, 2016 FINRA members: For internal or institutional use only.

T. Rowe Price Real Estate

Ticker TRREX **Yield** 2.1% **Total Assets** \$6,523 mil **Mstar Category** Real Estate

Benchmark 1: S&P United States REIT TR USD
Benchmark 2: MSCI ACWI NR USD

Morningstar Analyst Rating 07-10-16



Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊕ Positive
- Price ⊕ Positive

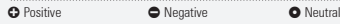
Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Pillar Spectrum



Performance 07-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	12.53	2.40	0.15	1.41	17.03
2013	5.90	-0.85	-2.34	0.72	3.28
2014	10.00	6.51	-3.05	14.23	29.75
2015	5.55	-9.89	2.66	7.31	4.78
2016	4.26	4.64	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	12.03	-2.14	8.22	64	11,203
6 Mo	18.99	-3.57	6.62	72	11,899
1 Yr	18.88	-3.46	19.33	53	11,888
3 Yr Avg	14.36	-0.26	8.49	31	14,957
5 Yr Avg	12.41	-0.66	5.79	25	17,950
10 Yr Avg	6.90	-0.47	2.27	46	19,494
15 Yr Avg	11.83	0.12	1.51	30	53,495

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	13.21	10	1.01	20
5 Yr (estimated)	11.36	13	0.94	28
10 Yr (estimated)	5.61	25	1.21	32

Potential Capital Gain Exposure: 42% of assets

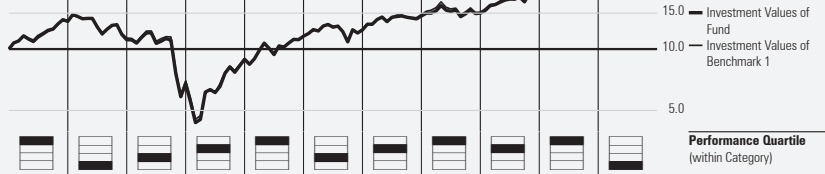
Morningstar's Take by David Kathman, CFA 07-10-16

T. Rowe Price has been managed since its 1997 inception by David Lee, using a strategy that's focused on the long term and thoroughly grounded in fundamentals. With the help of a small team of analysts, Lee seeks out REITs (and some real estate operating companies) that are managed well, likely to keep growing at a steady pace, and trading below the net asset value of their underlying real estate assets. He tends to hold on to favorite stocks for a long time, so turnover is very low, under 10% annually in recent years, and nine of the 10 largest holdings (as of March 31, 2016) have been in the portfolio for more than a decade.

Lee and his team pay particular attention to the real estate characteristics of the underlying assets in the stocks they own, especially location and the length of leases. The fund has long been underweight in healthcare REITs relative to their peers and the Wilshire US REIT Index, because the properties owned by those REITs are often in unattractive locations. Similarly, this fund doesn't own any data center REITs, which have been hot lately as a play on cloud computing, because they also tend to be in out-of-the-way locations. Another reason Lee

Historical Profile

Return Average
Risk Average
Rating ★★★★★
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	07-16	History
NAV	25.33	19.18	11.13	13.83	17.50	18.36	21.01	21.21	26.86	27.49	31.05	NAV
Total Return %	36.75	-18.80	-39.08	31.65	29.89	7.32	17.03	3.28	29.75	4.78	14.05	Total Return %
+/- Bmark 1	0.72	-2.10	-0.74	3.06	1.42	-1.15	-0.96	0.88	-0.52	2.24	-4.27	+/- Bmark 1
+/- Bmark 2	15.80	-30.46	3.12	-2.97	17.22	14.67	0.90	-19.52	25.59	7.14	8.46	+/- Bmark 2
Income Return %	3.23	2.90	3.91	5.06	3.07	2.30	2.53	2.35	2.86	2.33	1.02	Income Return %
Capital Return %	33.52	-21.70	-42.99	26.59	26.82	5.02	14.50	0.93	26.89	2.45	13.03	Capital Return %
Total Rtn % Rank Cat	20	82	55	26	16	59	43	14	45	6	78	Total Rtn % Rank Cat
Income \$	0.62	0.72	0.74	0.55	0.42	0.40	0.46	0.49	0.60	0.62	0.28	Income \$
Capital Gains \$	0.60	0.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	0.78	0.74	0.75	0.77	0.76	0.78	0.78	0.79	0.76	0.76	—	Expense Ratio %
Income Ratio %	1.60	1.49	2.85	2.84	1.26	1.10	1.35	1.25	1.54	1.51	—	Income Ratio %
Turnover Rate %	25	33	15	20	13	5	6	4	3	7	—	Turnover Rate %
Net Assets \$mil	2,333	1,940	1,585	2,206	2,519	2,670	3,392	3,476	4,826	5,212	—	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return%	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	18.88			
3 Yr	14.36	Avg	Avg	★★★★
5 Yr	12.41	+ Avg	- Avg	★★★★
10 Yr	6.90	Avg	+ Avg	★★★
Incept	10.72			

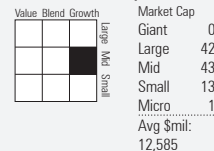
Other Measures

	Standard Index	Best Fit Index
Alpha	10.8	0.6
Beta	0.58	0.94
R-Squared	22	98
Standard Deviation	14.58	
Mean	14.36	
Sharpe Ratio	0.99	

Portfolio Analysis 06-30-16

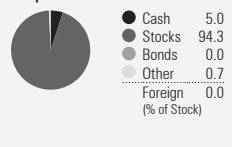
Total Stocks: 37	Share change since 03-31-16	Sector	YTD Ret %	% Assets
⊕ Simon Property Group Inc	Real Est	Real Est	18.41	9.16
⊖ T. Rowe Price Reserve Inv	—	—	—	5.02
⊕ General Growth Properties	Real Est	Real Est	18.82	4.78
⊕ AvalonBay Communities Inc	Real Est	Real Est	2.29	4.70
⊕ Prologis Inc	Real Est	Real Est	28.91	4.69
⊕ Equity Residential	Real Est	Real Est	-5.63	4.21
⊖ Public Storage	Real Est	Real Est	-2.13	4.06
⊕ Regency Centers Corp	Real Est	Real Est	26.15	3.89
⊕ Essex Property Trust Inc	Real Est	Real Est	-0.97	3.64
⊖ Federal Realty Investment	Real Est	Real Est	17.44	3.63
⊕ Macerich Co	Real Est	Real Est	12.28	3.57
⊕ SL Green Realty Corp	Real Est	Real Est	5.56	3.54
Douglas Emmett Inc	Real Est	Real Est	23.41	3.07
⊕ Camden Property Trust	Real Est	Real Est	18.67	3.04
⊕ Kimco Realty Corp	Real Est	Real Est	23.24	3.03
⊕ Boston Properties Inc	Real Est	Real Est	12.46	2.88
Vornado Realty Trust	Real Est	Real Est	8.70	2.67
⊕ Weingarten Realty Investo	Real Est	Real Est	27.01	2.44
⊕ Healthcare Realty Trust I	Real Est	Real Est	29.80	2.35
DCT Industrial Trust Inc	Real Est	Real Est	35.94	2.33

Current Investment Style



Sector Weightings	% of Stocks	Rel Bmark 1
⊖ Cyclical	100.00	-0.05
⊖ BasicMat	1.02	—
⊖ CnsmrCyc	1.60	11.43
⊖ FinanSvcs	0.00	—
⊖ Real Est	97.38	0.99
⊖ Sensitive	0.00	0.00
⊖ CommSvcs	0.00	—
⊖ Energy	0.00	—
⊖ Industri	0.00	0.00
⊖ Technlgy	0.00	—
⊖ Defensive	0.00	—
⊖ CnsmrDef	0.00	—
⊖ Hlthcare	0.00	—
⊖ Utilities	0.00	—

Composition - Net



Address: T. Rowe Price Real Estate Fund, Inc.
Baltimore, MD 21202
800-638-5660
Web Address: www.troweprice.com
Inception: 10-31-97
Advisor: T. Rowe Price Associates, Inc.
Subadvisor: None

Minimum Purchase: \$2500 **Add:** \$100 **IRA:** \$1000
Min Auto Inv Plan: \$2500 **Add:** \$100
Sales Fees: No-load, 1.00%R
Management Fee: 0.30%, 0.15%A
Actual Fees: Mgt:0.59% Dist:0.00%
Expense Projections: 3Yr:\$243 5Yr:\$422 10Yr:\$942
Income Distribution: Quarterly

Profitability %
Return on Equity 14.01
Return on Assets 4.95
Net Margin 32.62

Data through July 31, 2016 FINRA members: For internal or institutional use only.

USAA World Growth

Ticker USAWX **Yield** 0.7% **Total Assets** \$1,205 mil **Mstar Category** World Stock

Benchmark 1: MSCI ACWI NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 07-05-16

Silver

Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊖ Neutral
- Price ⊖ Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

⊕ Positive ⊖ Negative ⊖ Neutral

Performance 07-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	14.33	-5.28	7.40	6.10	23.41
2013	8.86	0.34	8.28	7.99	27.74
2014	0.55	4.01	-3.86	3.14	3.71
2015	3.04	-0.25	-7.73	3.73	-1.62
2016	2.03	0.56	—	—	—

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	2.64	-1.17	1.05	78	10,264
6 Mo	11.66	-0.71	0.20	32	11,166
1 Yr	0.06	0.50	5.60	33	10,006
3 Yr Avg	6.47	0.60	5.12	29	12,068
5 Yr Avg	9.33	2.71	7.98	8	15,620
10 Yr Avg	6.96	2.33	4.69	9	19,590
15 Yr Avg	7.25	1.86	1.50	19	28,560

Tax Analysis

	Tax Adj Rtn%	%Rank	Cat	Tax-Cost Rtr	%Rank
3 Yr (estimated)	5.75	19	0.67	31	
5 Yr (estimated)	8.74	6	0.53	31	
10 Yr (estimated)	6.16	6	0.74	37	

Potential Capital Gain Exposure: 34% of assets

Morningstar's Take by William Samuel Rocco 07-05-16

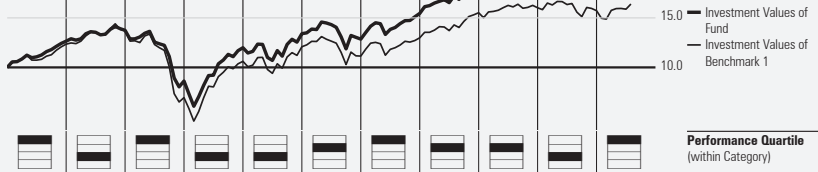
The management team at USAA World Growth won't be as strong after an upcoming retirement as it is now. But the team still will be much better than average after the transition, and this fund's other strengths remain intact. The fund retains its Morningstar Analyst Rating of Silver.

David Mannheim, who has run the fund with various comanagers as well as on his own since mid-2002, will retire in 12-24 months. Roger Morley, who became a comanager on the fund in 2009, will remain in place, and Ryan McAllister will become a comanager on this fund on Sept. 30, 2016. Mannheim is exceptionally seasoned and skilled, and McAllister has no portfolio-management experience yet, so the team won't be as robust once Mannheim leaves. (Mannheim, Morley, and McAllister all work for MFS, which has subadvised the fund since mid-2002.)

That said, the team will remain above-average after Mannheim retires. Morley is quite experienced and talented. McAllister has good credentials and will serve as a comanager for at least nine months before Mannheim departs, providing a good transition period. And the managers will be supported by the same sizable

Historical Profile

Return High
Risk Average
Rating ★★★★★ Highest



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	07-16	History
NAV	19.96	20.31	12.86	16.81	18.70	17.72	21.66	27.03	27.33	26.14	27.96	NAV
Total Return %	23.96	9.32	-34.00	31.36	12.19	-4.35	23.41	27.74	3.71	-1.62	6.96	Total Return %
+/- Bmark 1	3.00	-2.35	8.20	-3.26	-0.48	3.00	7.28	4.94	-0.45	0.74	1.37	+/- Bmark 1
+/- Bmark 2	-2.69	-7.34	11.53	-10.08	1.03	9.36	6.58	12.45	7.58	4.04	3.09	+/- Bmark 2
Income Return %	2.55	0.95	1.08	0.65	0.92	0.88	1.12	0.87	1.05	0.72	0.00	Income Return %
Capital Return %	21.41	8.37	-35.08	30.71	11.26	-5.23	22.29	26.87	2.66	-2.34	6.96	Capital Return %
Total Rtn % Rank Cat	14	53	13	57	54	26	4	35	38	51	24	Total Rtn % Rank Cat
Income \$	0.42	0.18	0.21	0.08	0.15	0.16	0.20	0.19	0.28	0.19	0.00	Income \$
Capital Gains \$	1.71	1.35	0.31	0.00	0.00	0.00	0.01	0.44	0.43	0.56	0.00	Capital Gains \$
Expense Ratio %	1.26	1.30	1.24	1.42	1.34	1.29	1.30	1.25	1.19	1.17	1.17	Expense Ratio %
Income Ratio %	2.15	1.31	1.01	1.31	0.76	0.95	0.96	0.93	0.75	0.91	0.81	Income Ratio %
Turnover Rate %	44	29	28	20	15	17	12	12	9	9	10	Turnover Rate %
Net Assets \$mil	506	563	351	460	549	571	724	1,054	1,137	1,120	1,183	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return%	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	0.06			
3 Yr	6.47	+ Avg	Avg	★★★★
5 Yr	9.33	High	Avg	★★★★
10 Yr	6.96	High	-Avg	★★★★
Incept	7.89			

Other Measures

	Standard Index	Best Fit Index
Alpha	5.2	0.7
Beta	0.82	0.98
R-Squared	84	94
Standard Deviation	11.92	
Mean	6.47	
Sharpe Ratio	0.58	

Portfolio Analysis 02-29-16

Total Stocks: 94

Share change since 11-30-15	Sector	Country	% Assets
⊖ Thermo Fisher Scientific	Hlth Care	United States	2.72
⊖ Nestle SA	Cnsmr Def	Switzerland	2.67
⊖ Honeywell International I	Industrl	United States	2.51
⊕ Time Warner Inc	Cnsmr Cyc	United States	2.50
⊖ Accenture PLC A	Technology	United States	2.48
⊖ Reckitt Benckiser Group P	Cnsmr Def	United Kingdom	2.47
⊖ Walt Disney Co	Cnsmr Cyc	United States	2.36
⊕ Bayer AG	Hlth Care	Germany	2.22
⊖ Visa Inc Class A	Finan Svcs	United States	2.14
⊕ Medtronic PLC	Hlth Care	United States	2.02
⊖ Diageo PLC	Cnsmr Def	United Kingdom	1.99
⊖ Danone SA	Cnsmr Def	France	1.89
⊖ LVMH Moet Hennessy Louis	Cnsmr Cyc	France	1.89
⊕ Stryker Corp	Hlth Care	United States	1.85
⊖ Canadian National Railway	Industrl	Canada	1.82
⊖ Kellogg Co	Cnsmr Def	United States	1.81
State Street Corp	Finan Svcs	United States	1.81
⊖ 3M Co	Industrl	United States	1.79
⊖ Oracle Corp	Technology	United States	1.78
⊖ Svenska Cellulosa AB B	Cnsmr Def	Sweden	1.78

Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large Mid Small	Giant	38.3	📊 Cyclical	37.15	1.01
	Large	51.1	📊 BasicMat	5.99	1.14
	Mid	9.9	📊 CnsmrCyc	16.52	1.45
	Small	0.8	📊 FinanSvcs	14.64	0.87
	Micro	0.0	📊 Real Est	0.00	0.00
	Avg \$mil:	39,097	📊 Sensitive	26.60	0.72
			📊 CommSvcs	2.20	0.44

Value Measures	Rel Category	Value Measures	Rel Category	
Price/Earnings	17.12	0.96	Energy	1.51
Price/Book	2.60	1.13	Industrl	13.86
Price/Sales	2.04	1.27	Technlgy	9.03
Price/Cash Flow	10.62	1.23	Defensive	36.24
Dividend Yield %	2.36	0.89	CnsmrDef	18.34
			Hlthcare	17.90
			Utilities	0.00

Long-Term Emrgs	Book Value	Sales	Cash Flow	Historical Emrgs	Regional Exposure	% Stock
8.72	2.05	3.77	4.47	4.42	UK/W. Europe	38
0.85	0.77	14.76	1.36	1.43	N. America	58
					Japan	1
					Latn America	1
					Asia X Japan	1
					Other	1

Composition - Net	Country Exposure	% Stock
Cash 0.0	United States	56
Bonds 0.0	UK	11
Stocks 98.6	Switzerland	8
Other 1.4	Germany	6
	France	8
Foreign (% of Stock)		

Address:	Usaa Mutual Funds Trust San Antonio, TX78288 800-531-8722	Minimum Purchase:	\$3000	Add: \$50	IRA: —
Web Address:	www.usaa.com	Min Auto Inv Plan:	—	Add: —	
Inception:	10-01-92	Sales Fees:	No-load		
Advisor:	USAA Asset Management Company	Management Fee:	0.75%, 0.15%A		
Subadvisor:	MFS Investment Management	Actual Fees:	Mgt:0.78% Dist:—		
		Expense Projections:	3Yr:\$372 5Yr:\$644 10Yr:\$1420		
		Income Distribution:	Annually		

Do Objectives-Based Funds Deliver?

Morningstar Research | Janet Yang

Objectives-based investing has moved to the asset-management industry's fore in recent years, but the results haven't matched the hype. We reviewed over 1,000 distinct multiasset funds to identify strategies aiming to provide what investors most commonly seek from objectives-based portfolios: income, target returns, volatility protection, and inflation protection. A healthy number of funds accomplish their objective, though comparable blended indexes would do the same, usually with higher returns and lower volatility. Instead, the markers of worthy objectives-based investments are similar to those of other strong funds, and we indicate them through our Morningstar Analyst Ratings.

Background: Financial-Planning Origins

We use the term "objectives-based" to describe funds that seek to address a specific investor preference or problem, which is in contrast to a more traditionally oriented strategy that seeks to provide exposure to a certain asset class.

Whereas the traditional planning process typically begins with investors and their advisors picking a conceptually acceptable level of risk and return, goals-based planning begins with more concrete and measurable goals. Goals might include having enough money to fund college education, retirement, or even material possessions like boats and vacation homes. The measure of investor success isn't necessarily centered on beating a benchmark. Instead, it more holistically takes into account the interactions between savings, spending, time horizons, and expected investment returns to maximize the probability of achieving the goal.

Asset-management firms have noticed this shift in benchmarking perspective and responded in kind. Some of the newly developed or rejiggered multiasset funds can be easily slotted into a goals-based finan-

cial plan. That financial-planning process often takes a goal and backs into the required rate of return needed to achieve it; target-return funds are tailor-made for that approach. Objectives-based funds can also be used to address certain investor preferences, such as a smoother return stream or protection from inflation. In those cases, the focus changes from what is in the portfolio—for instance, blue-chip stocks or Treasury Inflation-Protected Securities—to why it's in the portfolio.

Investing with a specific objective or goal in mind isn't new. One can argue that this applies to target-date retirement funds and the age-based portfolios found in 529 college-savings plans. What is newer, though, is the way some objectives-based funds have been positioned to investors—as strategies whose value derives from their ability to satisfy the goal concerned. In effect, it shifts the yardstick from how well the fund performs versus a benchmark index to how well it satisfies the specified objective.

Meeting the Objective, Not Beating the Index

Not surprisingly, funds with an objectives-based angle generally meet their objectives, partly because those objectives can be so ambiguously defined. However, they're not nearly as successful when measured against a passively managed blended index. Take income-oriented funds, for instance, which generally have little trouble producing above-average income. However, investors in the average income-oriented fund could have achieved similar returns with lower volatility and with more control over the timing of income using a total-return approach that sold fund shares as needed. In fact, that change in view was signaled in the 1990s when many bond funds shifted from a pure yield focus to a total-return approach, as championed by **PIMCO Total Return** PTTRX. However, the income focus has returned in response to investor demand.

The pattern of meeting the objective but failing to beat the blended index extends to the other objective-based funds as well. The average volatility-protection fund typically cushioned losses in months when the S&P 500 declined but lagged when it climbed; a blended equity and fixed-income index delivers a similar pattern of returns, though with markedly

Exhibit 1

Name	Morningstar Analyst Rating	Morningstar Rating Overall	5-Yr Return Annlzd	5-Yr Std Dev Annlzd	Morningstar Category
Income					
Vanguard Wellesley Income Adm	Gold	★★★★★	8.47	4.69	Alloc—30% to 50% Eq
Berwyn Income	Silver	★★★★★	6.02	5.04	Alloc—30% to 50% Eq
BlackRock Multi-Asset Income Instl	Bronze	★★★★★	6.34	5.74	Tactical Allocation
Principal Global Div Inc Instl	Bronze	★★★★	6.25	6.50	Alloc—30% to 50% Eq
Target Return					
GMO Benchmark-Free Allocation III	Bronze	★★★	3.94	6.33	World Allocation
JHancock Global Absolute Ret Strats I	Bronze	★★★	—	—	Multialternative
Volatility Protection					
BlackRock Global Allocation Instl	Gold	★★★★	4.19	8.87	World Allocation
FPA Crescent	Gold	★★★★	7.65	8.43	Alloc—50% to 70% Eq
AQR Risk Parity I	Bronze	★★★	3.88	9.20	Tactical Allocation
Inflation Protection					
PIMCO All Asset Instl	Gold	★★★	2.93	8.60	Tactical Allocation
PIMCO All Asset All Authority Inst	Bronze	★★★	0.84	9.51	Tactical Allocation
Principal Diversified Real Asset Instl	Bronze	★	0.66	9.40	Alloc—30% to 50% Eq

Source: Morningstar, Inc. Data as of July 31, 2016.

better downside protection, which results in better risk-adjusted results. Target-return funds, also known as absolute return funds, by and large attempt to produce positive returns regardless of the market's direction, and most have produced positive returns over long-enough measurement periods. But so has a simple blended index, which has even better returns and lower volatility than most target-return funds. Inflation-fighting funds have come out ahead of inflation, as measured by the Consumer Price Index, during the past decade's mild inflationary environment. Their reliance on commodities and REITs has produced notably volatile results, especially compared with a blended index or the inflation-protected bond Morningstar Category average, and the latter two have also produced better gains during that time.

It's Hard—but Not Impossible—to Beat the Indexes

A healthy number of objectives-based funds seem to accomplish their goals, but it appears the same objectives could have been met far more simply, and at a sharply reduced cost, by utilizing index-based balanced portfolios. Indeed, though the managers of these funds employed specialized asset classes, sophisticated tools, and techniques like tactical asset allocation to meet their objectives, they were

still bound by the reality that applies to any type of active strategy—it's hard to beat passive indexes after accounting for fees.

To be sure, that doesn't mean objectives-based funds completely lack merit. In fact, we recommend a number of them. But we don't believe that investors should apply a different set of criteria when evaluating the merits of an objectives-based strategy. Exhibit 1 lists the funds that we recommend.

Recommended Objectives-Based Funds in the M500

Berwyn Income BERIX and **Vanguard Wellesley Income** VWINX have a record of producing not only consistently above-average yield but of also doing so with lower volatility and downside risk than many of their income-oriented peers. Lower volatility helps guard against the sequence-of-return risk that affects investors drawing income from their investments.

Meanwhile, **BlackRock Global Allocation** MDLOX and **FPA Crescent** FPACX both predate the idea of objectives-based investing. They rise above most other volatility-protection funds, largely because they go beyond any vague notions of "volatility" to define the concept more concretely. For both funds, that means delivering equitylike returns with lower-than-equity risk, feats that both funds have accomplished over their more-than two-decade histories.

Finally, **PIMCO All Asset** PASDX and **PIMCO All Asset All Authority** PAUDX have rather lofty goals (CPI plus 5.0% and CPI plus 6.5%, respectively) that had us debating whether these funds belonged with inflation-fighting funds. However, both funds' marketing pages are so imbued with inflation-hedging language, and because objectives-based funds are largely classified based on their marketing message, we ultimately decided to put them in the inflation-protection group. Both funds come out ahead of inflation, though they're behind on their ambitious return targets. Still, we believe that Research Affiliates' disciplined, contrarian approach remains well-poised to reward long-term investors. ■■

Contact Janet Yang at janet.yang@morningstar.com

5 Great Funds for Defense

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

In the spring, I wrote on the *FundInvestor* blog that we faced “The Summer of Our Discontent.” With Brexit and a coup attempt in Turkey, we’ve had more turbulence than I expected when I wrote that. Yet, today the U.S. stock market is hitting new highs, though Europe has been hit hard, especially when you consider the currency losses that imply a big blow to buying power.

So, we have turbulence, high U.S. equity prices, and low bond yields everywhere. Sounds like a decent time to play defense. With that in mind, I’ve pulled five funds that play very different kinds of defense. Moving to cash isn’t necessarily the safest bet; if your timing is off, you’ll fall behind. Instead, consider something that offers upside potential to go with downside protection.

FPA New Income FPNIX always plays defense. Always. It’s wary of interest-rate risk, credit risk, and probably open spaces and the number 13. So, it ought to hold up well in just about any calamity. If, however, we get blue skies and happy times, it will likely lag most bond funds. Tom Atteberry aims to have positive absolute returns through thick and thin. To do that, he puts most of the portfolio in high-quality bonds, though he reserves a slot for riskier stuff. That gives the fund a modest yield but robust defense.

Gateway GATEX takes another route to absolute returns. The fund holds a S&P 500-like portfolio, then sells index call options and buys index puts that are out of the money. The hedging gives the fund much less downside and upside than the stock market. It managed positive gains in tough years like 2011 and 2015, and while it lost nearly 14% in 2008, that still left it well ahead of the S&P 500. On the other hand, it gained only 8.4% in 2013, compared with the benchmark’s 32.4%. So, yes, you are giving up a lot of upside.

First Eagle Overseas SGOVX, which has a Morningstar Analyst Rating of Bronze, has greater risk and return compared with the above two, but compared with foreign large-blend funds, it’s still quite conservative. Management aims to preserve capital by owning gold, cash, and stocks trading at a significant discount to intrinsic value. The result has been a tremendous risk/reward profile over the long haul, though current managers don’t own the whole record. The strategy and early record were of Jean-Marie Eveillard’s devising, but the current managers came on board in 2008 and 2010. Fortunately, performance has remained strong even with a continued emphasis on defense.

Matthews Asia Dividend MAPIX tones down the risk of investing in Asia by focusing on dividend payers. That means investing in more-mature businesses with healthy balance sheets, which has really made the fund stand out in the diversified Pacific/Asia Morningstar Category. The fund has pummeled its peer group since it was launched and landed in the top 5% of the category in the brutal years of 2008 and 2011. Comanagers Yu Zhang and Robert Horrocks have done a fine job looking for dividend payers with stable cash flows and solid franchises. The fund has a hefty Japan weighting with names like **Japan Tobacco**, **Bridgestone**, and **Hoya**, and Japan is a more mature market than most of the rest of Asia.

American Century Equity Income TWEIX also looks for dividends, and a slug of bonds and cash give it added defense. Phil Davidson is the longest-tenured manager listed here. His tenure goes back to 1994, and the strategy has worked nicely year in and year out. The bond stake, which includes convertibles, has generally ranged from 15% to 25%, and that gives the fund a more defensive posture than most equity-income funds. Yes, the fund will lag in big rallies like 2009, but it provides a much smoother ride and still-strong long-term returns. ■■

Funds That Go Moatless

Red Flags | Andrew Daniels

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

In a free-market economy, capital seeks the areas of highest return, and whenever a firm develops a profitable product or service, competitive forces are fast to drive down economic profits. Only firms with economic moats—a structural competitive advantage that allows firms to earn long-term above-average returns on capital—are able to fend off competition, the theory goes.

To help investors identify firms with moats, our equity analysts assign one of three Morningstar Economic Moat Ratings: none, narrow, or wide. Some attributes that drive economic moats include network effects, intangible assets, a cost advantage, high switching costs, and efficient scale. Firms with a moat rating of none do not possess durable competitive advantages, and hence they may not earn above-average returns over the long term. Firms with no moats can be vulnerable to recessions and competition alike.

We found three funds that heavily invest in no-moat companies. While doing so has risks, price discipline can overcome some of the problems of having no moat. We consider this a risk but wouldn't suggest that these funds have strategies that are broken. In fact, all three have Morningstar Medalist ratings.

Artisan Value ARTLX has 42% of its assets in firms with economic moat ratings of none, up from 29% 12 months ago. The fund's veteran managers sometimes lean toward more-cyclical firms when they deem valuations to be compelling. That's been the case in recent years: The fund, which has a Morningstar Analyst Rating of Bronze, increased its exposure to economically sensitive fare—which tends to lack economic moats—and has bigger stakes in energy and basic materials. As of June 2016, 32% of the fund's assets were in energy and basic-materials stocks, and all but two of those 10 holdings had economic moat ratings of none. Though

that bet on energy and basic materials dragged on results in recent years as commodity prices fell, it's been the main source of outperformance this year as commodity prices have rebounded.

Bronze-rated **T. Rowe Price Value** TRVLX has 22% of its assets in firms with economic moat ratings of none, up from 15% 12 months ago. Lead manager Mark Finn looks for stocks that appear cheap relative to historical standards, the broad market, or their sum-of-the-parts value because of a temporary headwind. The fund has picked up several no-moat stocks during the past year, including energy firms **Royal Dutch Shell** RDS.A and **Total** TOT. To be fair, Finn has had an underweighting in energy since oil prices began falling in 2014 and only recently began increasing exposure there. Finn also purchased no-moat **Tyson Foods** TSN, believing that it would become more brand-focused following its acquisition of **Hillshire Farms**, and it's now a top holding in the portfolio. Finn's record speaks for itself: Since taking over the fund in December 2009 through June 2016, its annualized gain of 12.3% beats 87% of its large-value peers.

Silver-rated **Invesco Comstock** ACSTX has 20% of its assets in firms with economic moat ratings of none, up from 16% 12 months ago. The managers look for firms that look cheap on a variety of valuation metrics and generally won't pay up for higher-quality firms. This deep-value approach occasionally leads it to buy companies vulnerable to a downturn. The team increased exposure to energy stocks such as **Devon Energy** DVN, **Hess** HES, and **Suncor Energy** SU—all of which are no-moat stocks—as oil prices plummeted in late 2014 and throughout 2015. That energy overweighting dragged on results in 2014 and 2015 but has helped performance thus far in 2016 as oil prices have rebounded. Still, the fund has underperformed nearly 85% of its large-value peers in 2016 through June because of its overweighting to poor-performing financials—specifically banks. ■■
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Stocks Hit New Highs

Market Overview | Andrew Daniels

Stocks climbed to new highs in July. The S&P 500 gained 3.7% and the Russell 2000 Index gained 6.0% as the reaction to recent economic data and second-quarter earnings has been positive. As expected, the Federal Reserve left short-term interest rates unchanged at its July policy meeting.

The small-blend Morningstar Category outperformed the large-blend category in July. **DFA US Small Cap** DFSTX, with a Morningstar Analyst Rating of Gold, rose 5.0%, while Gold-rated Vanguard Large Cap Index VLACX rose 3.8%.

Technology was the top-performing sector in July, gaining approximately 8%. The sector was lifted by better-than-expected earnings from **Apple** AAPL, **Microsoft** MSFT, **Facebook** FB, and **Alphabet** GOOG. Consumer discretionary stocks also posted solid results in July—online retailer **eBay** EBAY rose more than 30% while **General Motors** GM rose more than 11%.

After gaining for most of the year, Brent crude prices fell 14.5% in July, ending the month at \$42.46 per barrel, as excess supply concerns resurfaced. Hence, energy was the worst-performing sector in July. Neutral-rated **Vanguard Energy** lost 1.1%. The dividend-heavy utilities and consumer staples sectors also took a breather in July, falling 0.8% and 0.4%, respectively.

Overseas markets also posted gains in July. The MSCI EAFE Index gained 5.1%—shaking off the June Brexit vote—and is now in the black for the year. Austrian, Spanish, and German stocks all gained more than 6%, while U.K. stocks rose 2.6%. Emerging-markets stocks gained 5.0% in July, led by Brazil's 10% gain, South Africa's 9% gain, and Czech Republic's 8% gain. Turkish stocks fell 6% after a failed military coup. ■■■

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Benchmark Performance

Total Return % Through 07-31-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	5.0	2.9	10.3	11.4	8.0
Large Blend	3.7	5.9	8.9	11.4	6.8
Large Value	3.3	7.4	7.3	10.8	5.7
Mid-Cap Growth	4.6	4.6	7.6	9.7	7.7
Mid-Cap Blend	4.2	7.1	7.0	10.0	7.1
Mid-Cap Value	3.9	9.0	7.3	10.4	7.1
Small Growth	5.7	4.9	6.1	9.3	7.7
Small Blend	5.0	8.1	5.8	9.4	6.8
Small Value	4.9	9.8	5.5	9.4	6.5
Allocation--70% to 85% Equity	3.1	5.9	5.8	7.1	5.0
Allocation--30% to 50% Equity	1.9	6.3	4.2	5.1	4.7
Allocation--50% to 70% Equity	2.6	5.9	5.6	6.9	5.5
Communications	3.1	11.6	8.2	8.9	5.7
Financial	3.9	-1.5	4.2	8.8	1.6
Global Real Estate	4.7	11.1	7.6	7.3	3.2
Health	6.7	-3.5	14.2	17.8	11.8
Natural Resources	2.3	17.2	-4.3	-4.5	0.1
Equity Precious Metals	9.7	114.6	7.8	-10.3	1.0
Real Estate	3.9	14.8	13.3	11.8	6.6
Technology	7.5	5.2	13.2	11.6	9.8
Utilities	-0.2	19.3	9.0	10.4	7.2
S&P 500	3.7	7.7	11.1	13.3	7.7
S&P MidCap 400	4.3	12.6	9.9	12.3	9.3
Russell 2000	5.9	8.4	6.8	10.4	7.2
Diversified Pacific/Asia	4.0	6.2	5.2	4.0	3.9
Diversified Emerging Mkts	4.2	10.8	-0.4	-2.3	3.5
Europe Stock	3.6	-2.0	1.4	3.5	2.7
Foreign Large Blend	4.3	1.1	1.5	2.3	1.8
Foreign Large Growth	4.2	1.9	3.0	3.7	3.3
Foreign Large Value	4.1	1.0	0.3	1.5	0.7
Foreign Small/Mid Growth	4.6	1.5	5.1	5.8	5.4
Foreign Small/Mid Value	5.1	3.7	3.5	3.4	3.2
World Stock	4.1	4.5	5.3	6.6	4.8
MSCI World	4.2	4.9	6.6	7.9	4.8
MSCI Emerging Markets	5.4	13.4	-0.4	-3.2	3.2
MSCI EAFE	4.0	0.9	1.6	2.9	1.8
MSCI Europe	4.2	-1.2	0.9	2.6	1.8
MSCI Latin America	5.4	30.7	-8.8	-11.1	-0.2
MSCI Pacific	6.6	3.5	3.8	3.9	2.4
High Yield Bond	2.2	8.7	3.0	4.9	6.1
Inflation-Protected Bond	0.7	5.9	1.2	1.0	3.6
Intermediate-Term Bond	0.9	5.8	3.8	3.5	4.7
Muni National Long	-0.1	4.4	6.3	5.5	4.4
World Bond	1.2	7.8	2.1	1.7	4.5
BarCap US Agg Bond TR USD	0.5	5.9	4.2	3.5	4.9
BofAML US HY Master II TR	2.5	12.1	4.4	6.0	7.6
BarCap Municipal TR USD	0.1	4.4	5.9	5.1	5.0

Manning & Napier Gets Its Groove Back

Leaders & Laggards | Andrew Daniels

10 Best-Performing Funds

Fund Name	YTD Cat Rank %
Artisan Value Investor	1
Champlain Mid Cap Adv	1
Fairholme Focused Income	1
GoodHaven	1
Jensen Quality Growth J	1
Longleaf Partners	1
Mairs & Power Growth Inv	1
Manning & Napier Equity S	1
PIMCO Inflation Response	1
Permanent Portfolio Perma	1

10 Worst-Performing Funds

Fund Name	YTD Cat Rank %
Matthews India Investor	100
FPA US Value	99
Fidelity Independence	99
Oakmark Global I	99
Sequoia	99
Touchstone Sands Capital	99
Scotia Dynamic U.S. Growt	98
Dreyfus Opportunistic Sma	97
Fidelity Leveraged Compan	97
Litman Gregory Masters In	97

Leaders

Manning & Napier Equity EXEYX has outperformed 99% of its large-growth peers for the year to date. Although the management team's penchant for sizable sector bets has backfired at times, it's helped the fund this year. The fund has benefited from its overweighting to strong-performing basic-materials stocks: Chemical producer **Ashland** ASH and agriculture giant **Monsanto** MON are both up more than 10% this year. Strong stock selection in the healthcare sector also helped returns: **Alere** ALR rose sharply after announcing it would be acquired by **Abbott Laboratories** ABT—though the team has since sold its stake—and **Intuitive Surgical** ISRG is up 27%.

Lazard Emerging Markets Equity LZOEX, with a Morningstar Analyst Rating of Silver, has excelled thus far in 2016, outperforming 95% of its diversified emerging-markets peers. The fund has benefited from its overweightings to strong-performing Brazilian, Russian, and Indonesian stocks. Additionally, the fund has an underweighting in Chinese stocks, which have bounced around this year. Top individual contributors to performance include banks **Banco do Brasil** and **Sberbank of Russia** SBER and auto firms **Localiza Rent A Car** and **Imperial Holdings** IPL, all of which are up more than 35% this year.

Gold-rated **Vanguard REIT Index** VGSIX has outperformed 99% of its real estate peers in 2016. The fund has 100% of investments in North America; the typical real estate fund has 91%, and this year Brexit hit foreign currencies hard. Strong-performing REITs this year include **Realty Income** O, **EPR Properties** EPR, and **National Retail Properties** NNN, all of which are up more than 35%.

Laggards

Bronze-rated **Fidelity Leveraged Company Stock** FLVCX has lagged 97% of its mid-cap-value peers thus far in 2016. Lead manager Thomas Soviero invests primarily in firms with debt/capital ratios in excess of 50% and below-investment-grade credit ratings, which make this fund much more volatile than its typical peer. Despite having an overweighting in strong-performing basic materials, its top holding in that sector—**LyondellBasell Industries** LYB—is down 11.5% this year. Additionally, the fund's overweighting to poor-performing airlines—such as **Delta Air Lines** DAL, **Southwest Airlines** LUV and **American Airlines** AAL—have dragged on results.



Bronze-rated **Matthews India** MINDX has trailed all of its India equity peers for the year to date. This fund's managers readily consider lesser-known and smaller-cap stocks, so it's distinct from its typical peer. The fund has been hurt this year by subpar stock selection in the technology and financials sectors. Detractors include online media firm **Just Dial** JUST-DIAL, software firm **MindTree** MINDTREE, and banking firm **IDFC Bank**. The fund's underweighting to strong-performing basic-materials stocks has also dragged on results.

Neutral-rated **Metropolitan West High Yield Bond** MWHYX has lagged 95% of its high-yield bond peers in 2016. The managers make big adjustments to the fund's quality tilt depending on their view of the current stage of the credit cycle. The team believes that the economy is in the late stages of the credit cycle, so it has kept a light stake in rallying junk bonds. Additionally, the fund's 20%-plus energy stake in late 2014 hurt as oil prices plummeted, while the team's decision to cut that stake to roughly 6% and instead hold a 20%-plus cash stake as of March 2016 meant the fund missed out on the second quarter's energy rally. ■■■


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Fund Manager Changes


AMG Yacktman Focused YAFFX and AMG Yacktman YACKX Impact: Neutral Date: 05/01/2016

Founder Don Yacktman stepped down officially as manager on the fund. Stephen Yacktman and Jason Subotky remain as managers. **Our Take:** Don Yacktman has been dialing back his work on the fund for a number of years, so this was not a surprise and our ratings already reflected the fact that Stephen Yacktman and Subotky were the driving forces at the funds. The funds retain their respective  Silver and  Gold ratings.

MFS Global Equity MWEFX Impact: Negative Date: 2017

MFS announced that longtime lead manager David Mannheim will retire in one to two years. Ryan McAllister will join the fund as a comanager in September 2016. Roger Morley, who has been a comanager since 2009, will remain on board. **Our Take:** Mannheim has done a great job and will be missed. While Morley is a seasoned MFS veteran who has a successful record running a fund on his own, McAllister doesn't have as much experience, though he has been at the firm since 2007. Also, Morley and McAllister will continue to draw on the work of a strong group of analysts. We still have faith in the fund but have cut our rating one notch to  Silver.

Perkins Global Value JGVAX Impact: Negative Date: 07/10/2016

Tadd Chessen, who joined Perkins Investment Management in April 2013 as an international analyst and was named comanager of Perkins Global Value later that year, has left the firm. His departure comes just a year after comanager Christian Kirtley left to rejoin ICAP, his employer prior to Perkins. Firm CIO and lead manager Greg Kolb remains in place. Kolb has overseen this fund since 2005 when it was run out of parent company Janus; he and the fund moved to value subsidiary Perkins in 2010. Meanwhile, George Maglares, an analyst who joined Perkins in 2013, has been promoted to comanager. **Our Take:** Given Kolb's history with the fund, it retains its Morningstar Analyst Rating of  Bronze and Positive People rating. However, we'll be watching turnover on the investment team.

T. Rowe Price Health Sciences PRHSX Impact: Negative Date: 07/01/2016

Manager Taymour Tamaddon moved to run T. Rowe Price Institutional Large Cap Growth TRIGX. Ziad Bakri took his place on July 1, 2016. Bakri had been a healthcare analyst with the firm since 2011. He is an M.D. and had previously worked as a biotech analyst for Cowen and Co. **Our Take:** This is a challenge for T. Rowe because it follows the loss of a manager and two healthcare analysts in 2014. The firm says it plans to hire additional analysts. This is Bakri's first time serving as a portfolio manager.


T. Rowe Price Small-Cap Stock OTCFX Impact: Negative Date: 10/01/2016

Greg McCrickard is set to retire in October. He will be replaced by Frank Alonso, who has been an associate portfolio manager on the fund since 2013. Alonso has been with T. Rowe Price since 2000. **Our Take:** We don't have much of a track record to go by for Alonso, so it's a big drop from the proven McCrickard. We lowered our rating to **Neutral** from Silver.

Vanguard Capital Value VCVLX Impact: Neutral Date: 07/10/2016

Wellington as sole manager. **Our Take:** Higgins was responsible for the higher-risk half of the fund, so this may moderate the fund's profile as Palmer has more of a classic value approach. We are maintaining our **Neutral** rating.

Vanguard International Growth VWIGX Impact: Neutral Date: 07/10/2016

Vanguard fired subadvisor M&G Investment, which was running 12% of assets. Those assets were handed to the other two subadvisors, Baillie Gifford Overseas and Schroder Investment Management. Baillie will now manage 60% of assets and Schroder 40%. **Our Take:** M&G's comanager Charles Annis had only been on the fund since October 2014, and his predecessor was only on the fund for two years, too. It may be that turnover prompted the change, and in any case M&G wasn't why we had a Silver rating on the fund. We are maintaining our  Silver rating.

Fund News

Vanguard Dividend Growth Closes to New Investors

Vanguard announced on July 28 that **Vanguard Dividend Growth** VDIGX has closed to new investors. Assets topped \$30 billion. It is welcome news, as I wouldn't want asset growth to overwhelm Wellington's ability to run the fund. It has a Morningstar Analyst Rating of Gold, as Donald Kilbride has done a great job.

"Vanguard is proactively taking steps to slow strong cash flows to help ensure that the advisor's ability to produce competitive long-term results for investors is not compromised," said Vanguard CEO Bill McNabb. "We have long been committed to protecting the interests of our funds' shareholders, and demonstrate this conviction by closing or restricting funds to stem further growth."

Closing without warning is a shareholder-friendly way to avoid a final blast of cash from investors. It is also encouraging that Vanguard wanted to maintain Kilbride's influence over the whole portfolio rather than add another subadvisor who would water down his contribution.

Westport Funds to Merge Into Hennessy Funds

We criticized Westport funds for lacking succession plans, and now it has announced plans to merge its funds into **Hennessy Cornerstone Mid Cap 30** HIMDX. The boards of **Westport** WPFRX and **Westport Select Cap** WPSRX approved the merger to convert the funds into institutional shares of the Hennessy fund. The next step is for shareholders of the funds to vote on the proposal in September 2016. If approved, the merger will happen Sept. 26, 2016.

The fund is a 3-star mid-blend fund charging 0.96% in expenses. It has \$1 billion in assets, and it is run by Brian Peery and Neil Hennessy. We don't have a Morningstar Analyst Rating on the fund. If I owned a Westport fund, I probably would sell and look for a

replacement rather than waiting around to see what happens with the shareholder vote.

Sequoia Dumps Valeant

Sequoia SEQUX sold the rest of its shares of **Valeant Pharmaceuticals** VRX. “Valeant was our largest position to start the year and its 80% decline through June 30 badly penalized our results,” management wrote in a shareholder letter. “For the first half, Sequoia generated a negative 13.2% return vs. a positive 3.8% return for the S&P 500 Index. Absent Valeant, the rest of the Fund’s portfolio generated a positive return of 2.3% for the first half. At the end of this letter you will find holdings data for the Fund’s 10 largest holdings in Sequoia as of June 30th. While we are all disappointed by these results, we have responded by changing our leadership and committing ourselves to restoring the legacy handed down to us from Bill Ruane and Rick Cunniff.”

Vanguard Core Bond Shows Promise

Morningstar Analyst Emory Zink shared these thoughts on a relatively new fund from Vanguard: “**Vanguard Core Bond** VCORX—a member of the open-end intermediate-term bond category—has popped up on our radar. Launched earlier this year, the fund has a short track record, but there are ample reasons to follow its progress.

“First, each of the three named portfolio managers have spent more than a decade at Vanguard and are supported by the firm’s deep credit analyst, risk analysis, and economic research teams.

“Second, for an actively managed core fixed-income product, its 25 basis point net expense ratio is one of the lowest in the category—a trademark of most Vanguard products.

“And third, the economies of scale offered across Vanguard’s global operations have grown dramatically in the last decade. That’s why this actively managed fund is worth considering now.”

PIMCO Brings in Outsider to Be CEO

PIMCO announced on July 20 that it hired a new CEO, Emmanuel (Manny) Roman, most recently the chief executive of Man Group, a London-based asset manager focused on alternative investments. Roman will replace current CEO Doug Hodge in the role effective Nov. 1, 2016.

The firm embarked on a process earlier in 2016 to find an executive with a strong strategic management focus, and PIMCO says the effort eventually evolved into the quest for a new CEO. A committee of PIMCO executives, including CIO Dan Ivascyn and president Jay Jacobs, reviewed candidates, and the decision was approved by PIMCO’s managing directors, after which Allianz signed off on the selection. The firm claims Hodge is supportive of the decision, and he will remain at the firm indefinitely as a senior advisor to help transition his responsibilities.

There’s been no indication that business management was a problem during Hodge’s tenure, but he presided over a difficult stretch for the firm, having taken over as CEO when Mohamed El-Erian, who had been both CEO and co-CIO, departed in January 2014. The firm had already endured high-profile outflows—Morningstar estimates that outflows at **PIMCO Total Return** PTRRX from April 2013 through January 2014 were more than \$47 billion—and Hodge had been in the CEO role for roughly nine months when Bill Gross left the firm in late September of that year. Between then and June 30, 2016, meanwhile, the firm’s overall assets under management sank to \$1.5 trillion from \$1.9 trillion. Notably, those figures include roughly \$400 billion in presumably sticky assets the firm runs for parent Allianz.

Although Hodge’s replacement was itself something of a surprise, Roman’s hiring squares with the business strategy on which PIMCO has focused of late. The firm has been adamant about its commitment to its large business in more-conventional fixed-income strategies, including its flagship PIMCO Total Return. It’s not surprising that alternatives have become an increasingly large part of its focus in recent years, though. ■■

Check These 7 Retirement Blindspots

Portfolio Matters | Christine Benz

Your investment portfolio, despite the market ups and downs of the past few months, looks tantalizingly large. Social Security will provide a surprisingly high percentage of your basic income needs. Maybe retirement is more doable than you thought, sooner than you thought.

But don't limit your retirement-readiness check to an assessment of your account balances and your Social Security payments. Make sure that you're considering the whole gamut of financial-planning considerations in retirement—especially new expenses and costs that you might not have had to contend with when you were working—when determining whether you're really ready to hang it up.

What follows are some of the financial realities of retirement that can blindside new retirees who don't plan for them.

You Could Encounter a Down Market Early in Retirement

Market volatility in early 2016 provided a reminder that retirement-portfolio balances can decline. And, encountering a bum market, especially early in retirement, can change the math on the viability of retirement in short order. If your \$1 million portfolio were to drop by 25% next year, your \$40,000 annual withdrawal would jump from 4% to more than 5% in the space of a year. That might not be catastrophic, but financial planners usually advise pre-retirees to build some variability into their in-retirement spending programs so that they spend less in down markets, especially if those down markets happen early in their retirement years. I also like the idea of "bucketing"—holding enough cash and bonds to ensure that you're never going to have to sell stocks to meet living expenses when stocks are in a trough.

Your Healthcare Costs May Well Go Up

Some retirees incorrectly assume that turning 65 and being Medicare-eligible means that healthcare costs automatically go away. But Medicare covered roughly 60% of the healthcare expenditures for retirees, according to a 2012 report from the Employee Benefit Research Institute. Factoring in supplemental insurance premiums and out-of-pocket expenditures, among other healthcare outlays, Fidelity Investments estimated in 2015 that the typical 65-year-old couple will need \$245,000 to cover healthcare expenses during their retirement years. Importantly, that figure does not include long-term-care expenditures. Of course, retirees' healthcare expenses vary widely and may change over time; some retirees may be covered by an employer-provided plan. That's a shrinking share of workers, though: A Kaiser Family Foundation report noted that 25% of firms with more than 200 employees offered retiree healthcare benefits in 2014, down from 38% in 2004.

Inflation Will Take a Bite Out of Your Withdrawals

Gas prices provide a regular, visible gauge of whether costs are going up or down. But most price changes are far more subtle and easy to ignore: The pasta box that was 16 ounces shrinks to 14, or the cable bill (don't get me started on the cable bill!) jumps by \$20. Over time, those minor cost increases, both direct and indirect, mean that you'll need to spend more to maintain a steady standard of living. That's why it's so important to make sure that you're factoring in the role of inflation when assessing the viability of your plan—an amount that you can live on today may not be enough to get by on in 10 years. Spending guidelines like the 4% "rule" factor in the role of inflation by assuming the retiree spends 4% of her portfolio balance in year one of retirement and then gives herself a small raise annually to account for inflation. It's also valuable to make sure that your portfolio has a fighting shot at outearning inflation via direct inflation hedges like Treasury Inflation-Protected Securities as well as indirect hedges such as stocks.

You'll Owe Taxes on Your Withdrawals From Tax-Deferred Accounts

Balances for traditional (not Roth) IRAs and 401(k)s are a bit of an optical illusion, in that they look fatter than they actually are. Although you enjoyed pretax contributions and tax-deferred compounding while you were accumulating money there, you'll owe ordinary income tax on each and every one of your withdrawals. That underscores the importance of making sure that you factor in the bite of taxes when crafting your retirement-spending plan, as well as the merits of tax diversification—making sure you come into retirement with accounts that will enjoy varying tax treatment, including Roth and taxable assets.

You'll Be Responsible for Managing Your Own Tax Outlays

Self-employed individuals well know the importance of setting aside enough from each payday to cover taxes. But for retirees who spent most of their lives receiving a paycheck that took taxes out automatically, covering their state and federal tax bills on their own may take some adjustment. Retirees can manage their ongoing tax obligations by withholding a percentage of their retirement-portfolio withdrawals at the time they take them, by paying estimated taxes, or both. A tax advisor can help you make sure that your ongoing tax outlays during retirement aren't so low that you'll incur a penalty and aren't so high that you're giving the government an interest-free loan.

You'll Be on the Hook for Required Minimum Distributions

Wealthy retirees may find themselves in the enviable position of not needing their IRAs; they can draw their income from other sources and continue to take advantage of tax-sheltered compounding that the IRA wrapper affords. That's a fine strategy if the IRA assets are Roth, and it's even a workable approach with traditional IRA assets in the early retirement years. But required minimum distributions begin in the year in which you turn age 70 1/2, and if the IRA is a

large one, your tax bill may well go up right along with those distributions. Here again, tax diversification can come in handy, as withdrawals from Roth and some taxable assets may help retirees offset the tax bills from their RMDs. (Note that Roth IRAs aren't currently subject to RMDs, but a proposal in President Barack Obama's budget outline for fiscal 2017 includes a provision that would add RMDs to Roth IRAs.) Retirees should also bear in mind that the RMD doesn't mean those assets must be spent; you can reinvest them in your taxable account or even in a Roth IRA if you don't need the money. (You need earned income to make a Roth IRA contribution.)

You Might Not Be Able to Continue to Work

Continuing to work at least part time is a fact of life for many of today's "retirees"; they may do so by choice or because it's the only way to make the numbers add up for their retirement. But while there are certainly several important financial advantages associated with working longer—delayed receipt of Social Security benefits and delayed portfolio withdrawals are two of the biggies—working longer may not be tenable for everyone. While one third of the workers in a 2014 Employee Benefit Research Institute survey said they planned to work past age 65, just 16% of retirees said they had retired post-age 65. A much larger contingent of retirees—32%—retired between the ages of 60 and 64, even though just 18% of workers said they plan to retire that early. The disconnect owed to health considerations (the worker's, his or her spouse's, or parents'), unemployment, or untenable physical demands of the job, among other factors. ■■

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Firms With 100% Manager Retention Rates

Tracking Morningstar Analyst Ratings | Russel Kinne

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

We calculate a manager retention rate for fund companies. The idea is to track how many managers a firm has lost and how many it has retained. A new manager doesn't count against the number, only departures. We look at the past five years and compute a percentage based on the annual retention rate.

Good firms stay above 90% consistently. A few manage to hit 100%. You won't be surprised to know those are mostly smaller firms. Even so, it's a picture of stability that's quite appealing. I'll highlight five Morningstar Medalists from firms that haven't lost a single manager in the past five years. It's a good sign when a firm's culture is strong enough that no one wants to leave.

Hotchkis & Wiley High Yield HWHAX

Hotchkis & Wiley has a total of 15 portfolio managers—the most of any firm that has a 100% retention rate. This fund, which has a Morningstar Analyst Rating of Bronze, is led by former PIMCO managers Mark Hudoff and Ray Kennedy, who joined the firm in 2009 and 2008, respectively. Perhaps enjoying the freedom of a smaller asset base than the one they ran at PIMCO, the managers have emphasized smaller issuers and a more concentrated portfolio. They've produced top-third five-year returns. They added comanagers Patrick Meegan and Richard Mak in 2012 and 2013, respectively.

Causeway International Value CIVVX

Causeway has 11 portfolio managers. Some are qualitative and some are quantitative. This Gold-rated fund is run by the qualitative side. Sarah Ketterer and Harry Hartford are lead managers who co-founded the firm in 2001. They ply a contrarian strategy that is limited to developed markets. They like to find good companies priced cheaply because of a crisis. Thus, they've added banks, drug companies, and

even **Volkswagen** VOW3—all of which are facing some big challenges.

Champlain Mid Cap CIPMX

Champlain has 10 managers, and it's been a model of stability. Co-founder Scott Brayman's former firm, Sentinel, has seen much more turnover, so he would seem to have learned some lessons when he set up this firm in 2004. This Silver-rated fund seeks out stable growth companies trading at respectable prices. Brayman and his team are much more disciplined on valuation than most mid-growth managers, and that can really pay off in years like this one, as the fund's year-to-date returns are in the top percentile. More importantly, its long-term record is strong, too.

Metropolitan West Total Return Bond MWTRX

This firm has eight managers, and it's a good thing they've stuck around, as this Gold-rated fund has been a big magnet for investors leaving **PIMCO Total Return** PTTRX. No doubt the stability of management is a welcome aspect of MetWest. The firm was founded by ex-PIMCO managers, and it is run in a way that would seem familiar with PIMCO Total Return. However, it's not an exact match. The fund does very little with derivatives because management wants to focus on bond selection. Tad Rivelle, Steve Kane, and Laird Landmann have worked together for more than two decades. They tend to invest where prices are attractive, but they do take on more credit risk than their peers, and their value-oriented strategy doesn't shield the fund from all credit risk.

Sound Shore SSHFX

OK, this is the only fund offered by Sound Shore, and it has three managers, so its 100% retention rate is maybe a little less impressive than those above. But talk about experience. Harry Burn and Gibbs Kane founded the firm in 1978, and John DeGulis has been with the firm 20 years. The Silver-rated fund is a mild-mannered focused fund that has consistently performed well through all kinds of markets. ■■

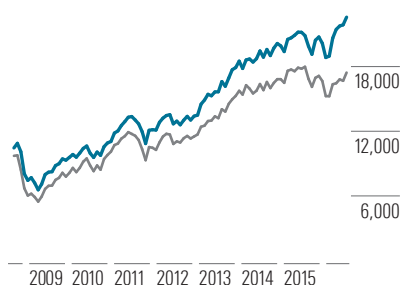
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	80.70	45.61	83.47	45.45	74.27	46.95
Taxable Bond	77.73	41.51	69.29	36.73	48.16	25.83
International Stock	73.54	47.32	71.15	45.74	59.01	39.62
Municipal Bond	61.13	35.94	38.54	16.13	45.43	10.64
Balanced	87.41	50.84	84.57	50.85	76.05	57.26

Data through July 31, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

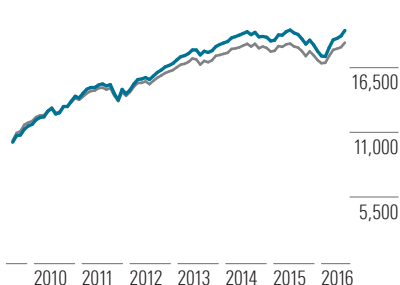
Tops in Manager Retention

Champlain Mid Cap Adv CIPMX



Fund Return %	Category Return %
125.38	73.93
★★★★★	Silver
Process	Positive
Performance	Positive
People	Positive
Parent	Neutral
Price	Negative

Hotchkis & Wiley High Yield A HWHAX



Fund Return %	Category Return %
96.26	85.92
★★★	Bronze
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive

Sound Shore Investor SSHFX



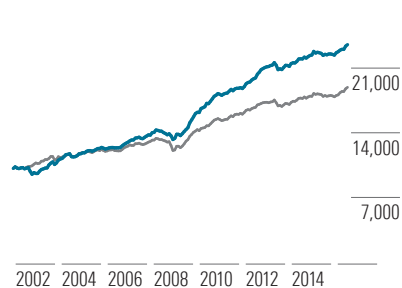
Fund Return %	Category Return %
91.03	68.42
★★★★★	Silver
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Neutral

Causeway International Value Inv CIVVX



Fund Return %	Category Return %
108.80	91.86
★★★	Gold
Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Negative

Metropolitan West Total Return Bond MWTRX



Fund Return %	Category Return %
134.85	88.66
★★★★★	Gold
Process	Positive
Performance	Positive
People	Positive
Parent	Neutral
Price	Positive

Return data through July 31, 2016.

Bank-Loan Funds Feel the Heat

Income Strategist | Sumit Desai

These are interesting times for bank-loan portfolio managers. Bank-loan funds have proved to be especially prone to whipsawing views about the path of interest rates. Like high-yield bonds, bank loans are usually issued by below-investment-grade companies, so credit risk is still high, and returns typically display a higher correlation to equities than traditionally safe-haven bonds like Treasuries. If the economy is weak or in recession, this asset class may not perform well. For example, the bank-loan Morningstar Category fell 29.8% in 2008 (it also surged by 41.8% in 2009).

However, bank loans are higher in the capital structure compared with traditional corporate bonds and are also secured by assets of the issuing firm, whereas bonds are typically unsecured. So, in the event of bankruptcy, bank loans come first, thus making them safer bets with regard to credit risk. This means that bank loans should hold up relatively well compared with corporate bonds in the case of a default or general economic weakness (but losses can still occur).

There's still a strong case that bank loans, also referred to as floating-rate loans, can help insulate investors from the price declines that traditional bonds would experience when rates rise. The interest paid by bank loans is determined in part by Libor rates (typically between 30–90 day Libor, depending on the individual loan), and the floating-rate nature of these loans means that income payments should actually increase when that key interest rate rises. There is a catch, though: Libor floors. Most bank loans issued post-financial crisis include a floor, around 1% on average across all outstanding bank-loan issues, that three-month Libor rates must surpass before income payments adjust upward.

Despite these seemingly attractive qualities, investors have fled the category en masse over the past

two years. Bank loans gained attention in 2013 when former Federal Reserve chairman Ben Bernanke suggested rates could increase following the end of the Fed's quantitative-easing program. Following this "taper tantrum," assets under management in the bank-loan category doubled from \$75 billion at the start of 2013 to almost \$150 billion by March 2014. Since then, investor sentiment toward the category has faded, and persistent outflows caused category-wide assets to plunge back to just \$89 billion at the end of June 2016.

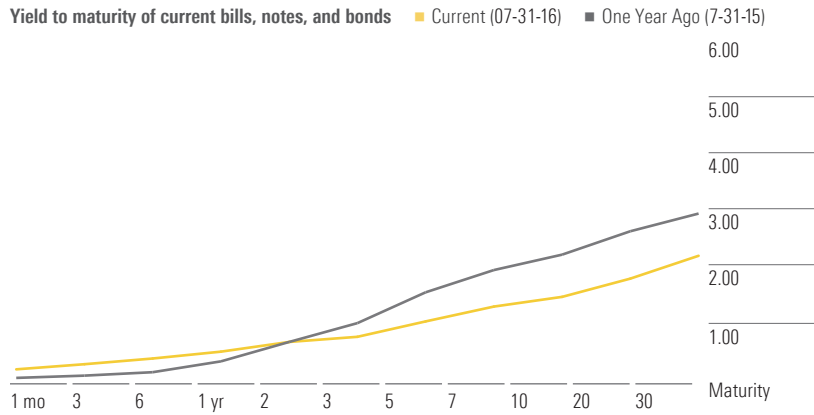
However, a shift in interest-rate expectations likely played a larger role in driving outflows. Longer-term rates, like 10- and 30-year Treasury yields, have surprisingly declined despite Bernanke's proclamation. Shorter-term rates, like the three-month Libor rate that bank-loan interest is indexed to, have increased lately (to 0.74%), but this important interest rate still remains well below 1% Libor floors, so income payments have yet to adjust upward. The Federal Reserve has regularly indicated a desire to increase rates but has yet to follow through because of uncertainty in the global economy, which has worked against bank-loan funds. Liquidity is particularly troubling for bank loans because of archaic trading traditions that cause settlement times (the time between when a manager sells a loan and receives cash for it) to increase to as long as 14 days, if not longer. This liquidity dynamic is the primary reason Morningstar's bank-loan category does not have any funds with a Morningstar Analyst Rating higher than Bronze.

In the current economic environment, where growth is stable but not strong enough for the Fed to raise rates, it's possible that high-yield bonds may continue to outperform bank loans. Over the trailing five-year period ended June 30, 2016, the bank-loan category returned an annualized 3.3%, while the high-yield bond category returned 4.6%. However, if the economy is strong enough that three-month Libor rates surpass the 1% Libor floor present with most loans, bank loans may provide some downside protection relative to other, more interest-rate-sensitive fixed-income areas. ■■

Contact Sumit Desai at sumit.desai@morningstar.com

Bond-Market Snapshot

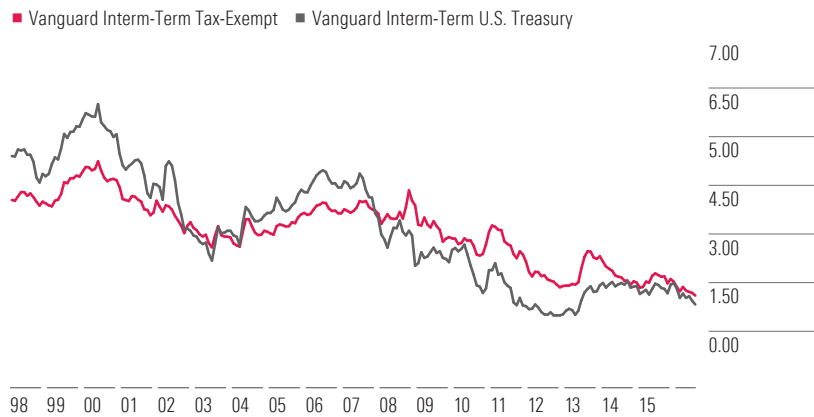
Treasury Yield Curve (%)



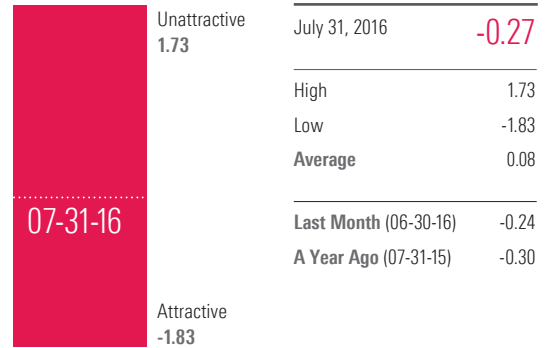
Interest-Rate Review

Bonds continued to rally as the Barclays U.S. Aggregate Bond Index rose 0.6% in July. The yield curve continued to flatten, with the Barclays U.S. Treasury Long Index growing by 2.2% for the month and up a whopping 17.7% for the year to date. Yield-hungry investors also drove the Barclays IG Corporate Index up 1.5% for the month. Although an energy sell-off hit high-yield hard from November through February, the sector has bounced back, with a 13% return from March through the end of July. Although inflation remains stubbornly low, the Barclays U.S. TIPS Index rose 0.9% for the month.

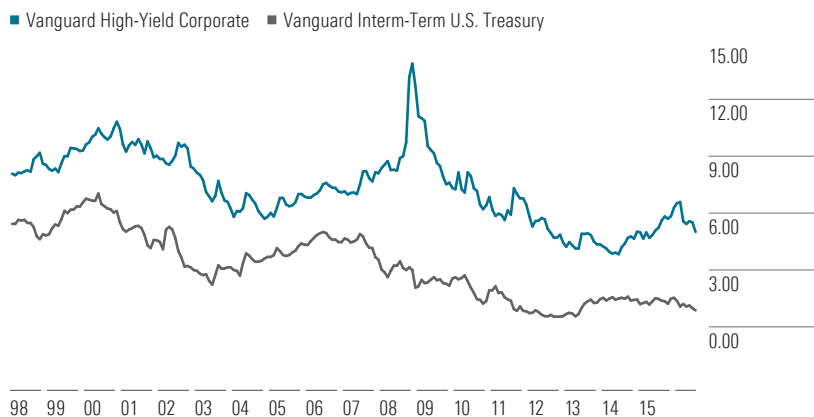
Treasury and Municipal-Bond Yields



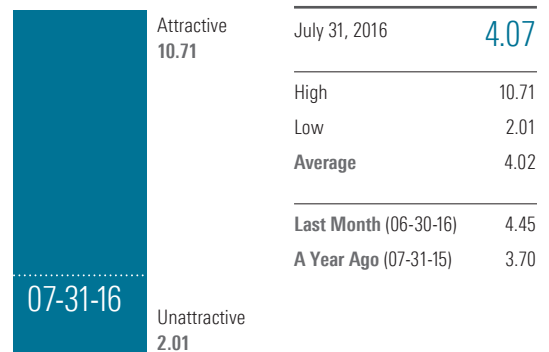
Municipal-Bond Spread Snapshot



High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Data as of July 31, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

Funds From Loomis Sayles and Parnassus Join the 500

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds.

Use the list to get new investment ideas and track the funds you already own.

FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

Two very different funds are joining the Morningstar 500.

Loomis Sayles Global Equity and Income LGMAX is a wide-ranging fund in the world-allocation Morningstar Category. The bond side is run by Dan Fuss and David Rolley, while Eileen Riley and Lee Rosenbaum run the stock side. The four determine the allocation mix based on where they are finding attractive investments. The fund has consistently held more in stocks than bonds, and it currently has a 70/30 mix. Compared with most world-allocation funds, this fund has a clear lean toward high-yield and growth stocks. That's been nicely in sync with the market lately, leading to solid returns.

The fund is available in No Transaction Fee super-markets despite the official front load. See facing page for more details.



I'm also adding large-growth category fund **Parnassus PARNX**. The 4-star fund has a nice low expense ratio of 0.84%. That's not bad for a fund under \$1 billion. The fund follows environmental, social, and governance principles by screening out less ethical companies and leaning in favor of those that are ethical. Lead manager Jerome Dodson is assisted by relatively new additions Ian Sexsmith and Robert Klaber. The fund skews toward the smaller, more-value end of large growth because it is more value-conscious. The managers like growth, but they emphasize buying names at significant discounts to their intrinsic value estimate. They often add to positions when a stock is falling and trim when it approaches their estimate of intrinsic value. The fund's ESG criteria give it a clear skew toward technology and away from energy and utilities.

To make room, I'm taking out **Kalmar Growth-with-Value Small Cap KGSCX**. Although it has some appeal, its asset base is shrinking rapidly, as I detailed in the cover story. The fund will need to improve to turn around that trend and continue in business.




I'm also dropping **Oppenheimer Global Opportunities OPGIX**. We give the fund a Morningstar Analyst Rating of Neutral because it's the definition of key-man risk. Although manager Frank Jennings is in his late 60s, he has no analyst support and no clear successor on the fund. He's a fine manager, but it's tough to make the case for the fund at this point. **MI**

Summary of Changes

Add	Drop
Loomis Sayles Global Equity & Inc Parnassus	Kalmar Grwth-with-Value Sm Cap Oppenheimer Global Opportunities

Downgrades	From	To
MFS Global Equity	 Gold	 Silver
Metropolitan West High Yield Bond	 Bronze	Neutral

Rating Change	Not Ratable	Neutral
DoubleLine Total Return Bond		

New Rating	
Loomis Sayles Global Equity and Income	 Bronze
Matthews India Investor	 Bronze
Parnassus	 Bronze

Data through July 31, 2016 FINRA members: For internal or institutional use only.

Parnassus

Benchmark 1: Russell 1000 Growth TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 08-01-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Bronze** Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 07-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	17.55	-4.91	8.67	3.78	26.06
2013	5.79	6.59	9.27	8.93	34.21
2014	3.14	4.81	-1.74	7.97	14.67
2015	2.79	0.47	-6.32	3.65	0.27
2016	-1.14	-0.51	—	—	—

Trailing

	Total Return %	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	5.71	-0.62	-0.12	51	10,571
6 Mo	14.01	1.59	0.73	6	11,401
1 Yr	-2.27	-6.62	-7.88	73	9,773
3 Yr Avg	9.67	-3.19	-1.49	65	13,189
5 Yr Avg	14.25	0.63	0.87	4	19,462
10 Yr Avg	10.26	0.76	2.52	6	26,565
15 Yr Avg	6.06	0.05	4.18	33	24,160

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	6.06	75	3.29	85
5 Yr (estimated)	11.40	21	2.49	88
10 Yr (estimated)	8.75	15	1.37	85

Potential Capital Gain Exposure: 5% of assets

Morningstar's Take by Wiley Green 08-01-16

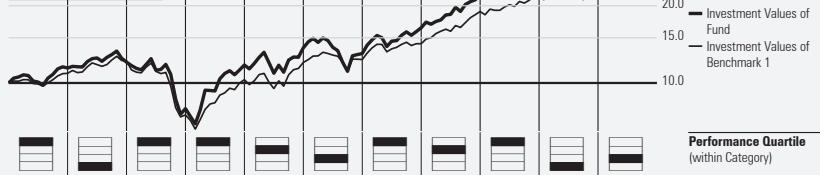
An experienced manager; a proven process; a strong environmental, social, and governance focus; and a record of excellent stock-picking give this fund an edge. It has generated a strong long-term record and benefits from low fees, but succession questions raise a concern. The fund earns a Morningstar Analyst Rating of Bronze.

Lead manager and firm founder Jerome Dodson has guided the fund since 1984, and his importance can't be understated. He has built a robust team at Parnassus and has a good track record launching funds and developing managers to run each portfolio. Parnassus Core Equity PRBLX, with a Silver rating, and Parnassus Mid-Cap PARMX exemplify this. But Dodson's retirement is a possibility, and the additional managers on this fund—lan Sexsmith, CFA, and Robert Klaber—are untested. Dodson has proved he can run concentrated portfolios and is a top technology analyst, a focus of the fund. Both skills are tough to replace.

The team narrows its investable universe using a rigorous ESG research process. Then it invests based on company fundamentals, valuation, and perceived long-term competitive advantages. The resulting portfolio has

Historical Profile

Return High
Risk High
Rating ★★★★★
Above Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	07-16	History
NAV	36.23	36.66	23.59	34.82	40.49	35.23	40.62	45.86	48.09	40.46	41.57	NAV
Total Return %	14.36	5.43	-34.13	47.93	16.70	-5.01	26.06	34.21	14.67	0.27	2.72	Total Return %
+/- Bmark 1	5.29	-6.38	4.31	10.73	-0.01	-7.65	10.80	0.73	1.62	-5.40	-3.42	+/- Bmark 1
+/- Bmark 2	-1.43	-0.06	2.87	21.47	1.64	-7.12	10.06	1.82	0.98	-1.12	-4.94	+/- Bmark 2
Income Return %	0.00	0.02	0.47	0.34	0.42	0.33	2.43	5.45	3.74	4.23	0.00	Income Return %
Capital Return %	14.36	5.42	-34.59	47.60	16.28	-5.34	23.63	28.76	10.93	-3.96	2.72	Capital Return %
Total Rtn % Rank Cat	6	86	8	10	37	74	2	45	6	79	54	Total Rtn % Rank Cat
Income \$	0.00	0.01	0.17	0.08	0.15	0.12	0.80	1.94	1.62	1.78	0.00	Income \$
Capital Gains \$	0.00	1.59	0.31	0.00	0.00	3.02	2.73	6.41	2.84	6.16	0.00	Capital Gains \$
Expense Ratio %	1.01	1.00	1.01	1.00	0.97	0.94	0.90	0.86	0.84	0.84	—	Expense Ratio %
Income Ratio %	-0.13	-0.01	0.51	0.30	0.42	0.33	0.70	0.54	0.47	0.64	—	Income Ratio %
Turnover Rate %	142	89	98	53	52	74	53	65	60	69	—	Turnover Rate %
Net Assets \$mil	338	280	174	351	444	355	469	572	679	709	699	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-2.27			
3 Yr	9.67	Avg	+Avg	★★★★
5 Yr	14.25	High	High	★★★★
10 Yr	10.26	High	High	★★★★
Incept	9.91			

Other Measures

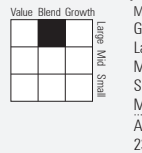
	Standard Index	Best Fit Index
Alpha	-2.2	-1.5
Beta	1.11	1.08
R-Squared	80	88
Standard Deviation	13.73	
Mean	9.67	
Sharpe Ratio	0.74	

Portfolio Analysis 06-30-16

Total Stocks: 37

Share change since 05-31-16	Sector	YTD Ret %	% Assets
International Business Ma	Technology	18.67	4.92
Ciena Corp	Technology	-7.25	4.66
Micron Technology Inc	Technology	-2.97	4.37
Motorola Solutions Inc	Technology	2.56	3.64
Allergan PLC	Hlth Care	-19.06	3.25
Charles Schwab Corp	Finan Svcs	-13.30	3.14
Praxair Inc	Basic Mat	15.27	3.10
CVS Health Corp	Hlth Care	-3.86	3.09
Pentair PLC	Industl	30.87	3.07
Gilead Sciences Inc	Hlth Care	-20.58	3.05
Intel Corp	Technology	2.70	3.03
Mondelez International In	Cnsmr Def	-1.16	3.01
Patterson Companies Inc	Hlth Care	10.73	2.91
Applied Materials Inc	Technology	41.89	2.65
Whole Foods Market Inc	Cnsmr Def	-7.81	2.54
Trimble Navigation Ltd	Technology	23.26	2.52
American Express Co	Finan Svcs	-6.07	2.51
Thomson Reuters Corp	Industl	—	2.51
Deere & Co	Industl	3.46	2.46
Potash Corp of Saskatchewan	Basic Mat	—	2.46

Current Investment Style



Value Measures	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Price/Earnings	17.03	Cyclical	31.02	1.07
Price/Book	1.92	BasicMat	7.84	2.52
Price/Sales	1.47	CnsmrCyc	2.45	0.13
Price/Cash Flow	7.13	FinanSvcs	18.51	3.82
Dividend Yield %	2.12	Real Est	2.22	0.98
Long-Term Emrgs	9.07	Sensitive	47.15	1.09
Book Value	7.35	CommSvcs	0.00	0.00
Sales	5.97	Energy	0.00	0.00
Cash Flow	15.10	Industl	14.70	1.17
Historical Emrgs	6.94	Technlgy	32.45	1.26
		Defensive	21.82	0.78
		CnsmrDef	5.89	0.59
		Hlthcare	15.93	0.89
		Utilities	0.00	0.00

Composition - Net

Category	Percentage
Cash	5.7
Stocks	94.3
Bonds	0.0
Other	0.0
Foreign	5.3

Address:	PARNASSUS FUNDS San Francisco CA 94105 800-999-3505	Minimum Purchase:	\$2000	Add: \$50	IRA: \$500
Web Address:	www.parnassus.com	Min Auto Inv Plan:	\$2000	Add: \$50	
Inception:	12-27-84	Sales Fees:	No-load		
Advisor:	Parnassus Investments	Management Fee:	0.70% mx./0.60% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.62% Dist:—		
		Expense Projections:	3Yr:\$268 5Yr:\$466 10Yr:\$1037		
		Income Distribution:	Annually		

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Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 07-31-16					Total Return % Category Rank 1=Best, 100=Worst					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Growth	—	—	2.9	-0.4	10.3	11.4	8.0	—	—	—	—	—	—	12.6 (85)	—
Amana Growth Investor AMAGX	Bronze	↑★★★★	8.6	4.8	11.1	10.4	8.5	3	5	40	75	39	0.5	11.5 (92)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★	4.9	2.9	11.2	11.4	8.8	23	16	38	51	30	0.3	11.85 (92)	-Avg
American Century Ultra Inv TWCUX	Bronze	★★★★	3.7	0.0	11.9	12.2	8.8	40	46	25	33	32	0.2	12.61 (88)	Avg
American Funds AMCAP A AMCPX	Gold	★★★	5.7	1.0	10.6	12.7	8.3	14	37	51	21	43	0.0	10.96 (90)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	4.7	2.8	10.9	12.4	7.5	26	18	45	28	63	0.6	11.76 (89)	-Avg
American Funds New Economy A ANEFX	Gold	↓★★	0.8	-5.3	8.7	11.8	8.5	80	91	76	43	37	0.4	12.7 (75)	Avg
ASTON/Montag & Caldwell Growth N MCGFX	Bronze	↑★★★★	2.0	-0.5	8.9	10.4	7.9	63	52	74	74	53	0.3	10.43 (84)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	★★	3.7	-3.1	8.6	12.6	7.4	40	81	78	23	65	0.0	12.92 (80)	Avg
Fidelity FFIDX	—	★★★★	3.6	0.0	10.4	11.0	7.1	41	46	54	62	71	0.7	11.62 (93)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	★★★★	0.7	-2.7	12.2	13.1	9.9	80	77	20	16	10	0.0	13.17 (81)	+Avg
Fidelity Capital Appreciation FDCAX	Neutral	★★★★	0.9	-4.4	8.7	12.6	7.7	79	89	77	24	58	0.7	12.89 (81)	Avg
Fidelity Contrafund FCNTX	Silver	↓★★★★	3.2	1.1	11.3	12.3	8.8	47	36	36	29	31	0.3	11.2 (86)	-Avg
Fidelity Focused Stock FTQGX	—	★★★★	5.8	-0.5	8.5	11.2	8.5	13	52	79	56	37	0.2	12.43 (72)	Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	1.9	-0.3	12.5	13.7	10.8	65	50	16	8	3	0.0	14.35 (77)	High
Fidelity Growth Discovery FDSVX	—	↓★★★★	1.7	0.0	11.7	12.0	8.7	67	47	28	39	33	0.1	12.22 (71)	Avg
Fidelity Independence FDFFX	—	★	-3.3	-10.3	7.8	9.3	7.5	99	99	86	89	63	0.1	14.99 (70)	High
Fidelity Magellan FMAGX	Neutral	★★	2.3	-0.3	11.1	11.3	5.9	59	50	40	55	91	0.5	12.03 (93)	Avg
Fidelity New Millennium FMILX	Bronze	★★★★	7.7	0.9	8.0	11.4	9.0	4	37	84	53	26	0.9	11.86 (86)	-Avg
Fidelity OTC FOCPX	Bronze	★★★★★	2.1	3.5	14.0	14.7	13.0	62	11	4	3	1	0.0	16.17 (66)	High
Harbor Capital Appreciation Instl HACAX	Gold	★★★★	-0.7	-2.7	12.7	12.3	9.3	92	77	12	30	19	0.1	14.03 (77)	High
Janus Research T JAMRX	—	★★★★	3.6	1.4	12.2	12.7	9.9	43	33	19	20	11	0.3	12.09 (91)	Avg
Janus T JANSX	Neutral	★★★★	3.0	-1.2	11.2	11.3	7.6	51	60	37	55	62	0.6	12.22 (89)	Avg
Janus Twenty T JAVLX	Neutral	★★★★	2.0	2.6	10.7	11.5	8.7	64	20	48	51	33	0.5	12.46 (90)	Avg
Jensen Quality Growth J JENSX	Silver	★★★★	10.8	11.2	12.1	13.2	8.7	1	1	22	13	33	1.1	10.89 (89)	Low
Lateef A LIMAX	—	★★	1.2	-4.6	7.1	10.5	—	75	89	91	72	—	0.1	14.34 (82)	+Avg
Laudus US Large Cap Growth LGILX	Bronze	★★★★	1.4	-2.5	11.3	12.1	10.8	72	75	36	35	4	0.0	13.58 (80)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	5.7	1.9	9.8	9.9	6.4	14	28	63	81	86	0.3	12.58 (90)	Avg
LKCM Equity Instl LKEQX	Silver	★★★★	8.5	3.1	7.1	10.7	8.0	3	15	91	68	50	0.8	12.05 (93)	-Avg
Manning & Napier Equity Series EXEYX	—	★★	10.3	3.5	8.4	10.1	6.9	1	11	80	79	78	0.0	12.73 (87)	Avg
Marsico Focus MFOCX	Neutral	★★	-2.2	-7.1	8.4	9.8	6.8	96	96	79	83	79	0.0	12.79 (75)	Avg
MFS Growth A MFEQX	Silver	★★★★	4.8	3.7	12.2	13.1	10.1	23	10	20	15	8	0.0	11.91 (85)	-Avg
Morgan Stanley Inst Growth A MSEGX	Silver	★★★★	2.4	-0.3	14.3	12.4	10.5	58	51	3	27	5	0.0	15.24 (62)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	5.9	3.4	9.2	10.8	7.4	12	12	71	66	65	1.0	11.5 (93)	-Avg
★ Parnassus PARNX	Bronze	★★★★	2.7	-2.3	9.7	14.2	10.3	54	73	65	4	6	3.7	13.73 (80)	+Avg
Polen Growth Investor POLRX	Bronze	★★★★	1.9	4.1	15.8	13.0	—	64	7	1	16	—	0.0	11.75 (80)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	★★★★	2.6	2.1	10.6	13.7	9.4	56	26	50	8	17	0.3	13.69 (72)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	★★	2.0	-5.6	5.6	9.9	—	64	93	97	81	—	0.1	11.43 (87)	Low
Scotia Dynamic U.S. Growth I DWUGX	—	★	-2.8	-9.8	9.5	9.1	—	98	98	67	90	—	0.0	17.52 (30)	High
Sequoia SEQUX	Bronze	★★	-9.3	-28.3	0.6	7.4	6.6	99	100	99	97	83	0.0	13.16 (13)	Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	↓★★★★	-0.2	-0.8	12.8	14.1	9.6	89	56	12	6	14	0.0	13.78 (78)	+Avg
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★	-0.3	-1.6	12.5	13.4	9.2	89	66	15	12	22	0.0	13.68 (77)	+Avg
T. Rowe Price New America Growth PRWAX	Neutral	↑★★★★★	1.0	-0.2	12.1	12.6	10.2	77	49	21	23	7	0.0	14.26 (82)	High
T. Rowe Price Spectrum Growth PRSGX	—	★★	5.2	0.3	7.9	9.5	6.9	20	43	84	86	78	1.1	11.67 (92)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★	5.1	1.3	10.8	13.0	9.4	21	34	47	17	17	1.2	12.03 (95)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	↓★★	-4.4	-7.3	7.3	10.7	9.6	99	96	90	68	14	0.0	16.46 (70)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★	3.8	1.7	12.1	15.1	10.1	39	30	22	2	8	0.6	13.3 (70)	+Avg
Vanguard Growth Index Adm VIGAX	Silver	★★★★	6.2	3.0	12.3	13.3	9.4	9	15	18	12	16	1.2	12.26 (94)	Avg
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★★	3.3	1.0	11.5	12.1	8.1	46	37	31	37	47	0.7	12.18 (89)	Avg
Russell 1000 Growth Index			6.1	4.2	12.6	13.4	9.3								
S&P 500 Index			7.7	5.5	11.1	13.3	7.7								

Legend
Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
AMAGX	21.2	4.3	43,688	26	18	18	62	2	98	0	0	5	1.14	—	2,584	—		
TWCGX	20.5	4.2	70,007	27	17	16	93	49	0	98	0	1	0.97	29.45	7,579	Brown/Woodhams (0.5/18.8)		
TWCUX	20.9	4.5	71,158	27	23	16	79	16	1	99	0	1	0.98	36.33	8,386	Management Team		
AMCPX	20.9	3.3	31,869	25	24	11	268	31	12	82	1	6	5.75	0.67	26.89	49,192	Management Team	
AGTHX	22.2	3.0	57,262	23	20	17	368	29	5	91	1	3	5.75	0.65	43.21	145,771	Management Team	
ANEFX	20.8	2.4	22,551	28	28	13	201	34	3	88	0	8	5.75	0.78	36.23	15,054	Management Team	
MCGFX	23.0	3.3	87,022	33	23	16	38	12	7	93	0	0	NL	1.06	20.37	1,396	Canakaris/Jung (21.7/1.4)	
SHRAX	20.5	2.3	29,940	35	21	13	77	3	2	98	0	0	5.75	1.13	194.09	11,962	Bauman/Freeman (7.2/32.7)	
FFIDX	23.5	3.2	69,169	17	17	12	100	59	3	97	0	0	3	NL	0.52	43.54	4,538	John Avery (14.4)
FBGRX	23.1	3.9	50,686	32	26	15	359	51	0	99	0	1	8	NL	0.89	69.46	19,395	Sonu Kalra (7.1)
FDCAX	15.8	2.8	33,730	26	26	14	114	126	3	97	0	0	11	NL	0.83	32.67	7,436	J. Shiel (10.7)
FCNTX	22.7	3.6	72,317	28	19	17	339	35	2	97	0	1	7	NL	0.71	101.38	109,325	William Danoff (25.8)
FTQGX	24.2	3.6	42,743	18	17	16	50	189	2	98	0	0	6	NL	0.73	19.01	1,728	Stephen DuFour (9.3)
FDGRX	23.7	4.0	37,054	35	21	18	396	18	0	99	0	1	5	Clsd	0.88	139.13	38,433	Steven Wymer (19.6)
FDSVX	25.7	4.2	48,847	38	16	14	124	51	5	95	0	0	6	NL	0.77	25.69	1,219	Jason Weiner (9.5)
FDFFX	16.9	2.7	39,078	24	17	13	111	48	2	98	0	0	11	NL	0.86	34.81	3,791	Robert Bertelson (9.7)
FMAGX	20.5	2.6	54,061	19	17	16	140	78	1	99	0	0	2	NL	0.85	90.64	15,278	Jeffrey Feingold (4.8)
FMLX	18.1	1.9	19,613	18	17	17	168	57	0	99	0	0	13	NL	0.74	35.87	3,012	John Roth (10.1)
FOCPX	26.1	2.9	27,085	55	17	15	185	66	1	98	0	1	9	NL	0.83	85.15	13,335	Gavin Baker (7.1)
HACAX	27.3	4.9	82,205	31	31	16	63	37	2	98	0	0	13	NL	0.65	60.38	25,922	McCarragher/Segalas (3.4/26.2)
JAMRX	22.6	4.0	41,208	28	18	17	104	45	1	98	0	0	1	NL	1.0	43.14	4,468	Carmel Wellso (1.6)
JANSX	24.7	4.1	48,284	30	18	15	94	53	4	95	0	1	5	NL	0.87	36.09	7,481	Barnard/Wilson (0.5/5.2)
JAVLX	17.4	3.9	78,673	23	20	15	28	68	0	100	0	0	0	Clsd	0.82	55.93	8,493	Marc Pinto (3.2)
JENSX	20.2	5.5	79,839	22	22	18	27	14	2	98	0	0	0	NL	0.87	40.23	5,374	Management Team
LIMAX	23.9	3.3	31,421	27	19	14	24	65	1	99	0	0	11	5.00	1.24	11.27	417	Management Team
LGILX	31.5	4.2	84,348	29	16	16	52	82	0	96	4	0	11	NL	0.75	16.81	1,879	Lawrence Kemp (2.7)
MSEFX	18.7	2.3	30,323	27	25	17	79	33	4	96	0	0	11	NL	1.18	16.99	314	Management Team
LKEQX	21.2	3.0	37,461	18	16	14	65	13	3	97	0	0	0	NL	0.8	23.22	277	Management Team
EXEYX	21.6	3.5	29,664	29	18	16	48	62	2	98	0	0	2	NL	1.06	12.39	107	Management Team
MFOCX	30.8	6.0	74,068	38	23	12	25	48	5	95	0	0	7	NL	1.19	15.85	651	Marsico/Witter (18.6/5.7)
MFEQX	26.5	4.4	58,866	25	16	16	89	35	2	98	0	0	2	5.75	0.97	73.69	12,683	Fischman/Sabel (14.3/2.2)
MSEGX	32.9	5.3	60,715	41	20	14	40	34	3	94	0	4	4	5.25	0.96	37.88	3,557	Management Team
NRAAX	19.8	2.9	31,932	20	18	15	42	28	1	99	0	0	10	5.75	1.05	20.04	2,338	Management Team
PARNX	17.0	1.9	23,410	32	19	16	38	68	6	94	0	0	5	NL	0.84	41.57	755	Management Team
POLRX	25.1	6.0	82,312	39	28	9	23	9	3	97	0	0	5	NL	1.25	19.51	1,189	Davidowitz/Ficklin (5.8/5.8)
POGRX	17.3	2.6	21,591	34	30	14	125	5	5	95	0	0	13	NL	0.64	28.03	6,618	Management Team
RWGFY	21.8	3.1	65,140	25	21	16	20	24	8	92	0	0	0	NL	1.16	16.71	1,616	David Rolfe (5.8)
DWUGX	53.9	6.6	18,838	48	32	15	27	297	1	99	0	0	0	NL	0.84	25.06	66	Noah Blackstein (7.3)
SEQUX	21.7	2.6	35,364	26	26	18	36	10	13	85	1	0	17	NL	1.03	169.95	4,861	Management Team
TRBCX	23.9	3.9	69,625	26	22	21	143	33	1	99	0	0	6	NL	0.71	72.22	30,752	Larry Puglia (23.1)
PRGFY	23.9	3.8	69,399	26	26	19	98	37	1	97	0	2	5	NL	0.67	53.52	42,606	Joseph Fath (2.5)
PRWAX	24.2	3.6	50,086	25	22	13	84	81	2	98	0	0	6	NL	0.79	42.36	3,767	Justin White (0.3)
PRSGX	18.0	2.0	29,128	16	15	15	13	14	3	96	0	1	35	NL	0.79	21.99	3,408	Charles Shriver (5.2)
TIGRX	19.7	2.6	51,707	22	16	13	178	90	0	100	0	0	7	NL	0.43	11.98	5,012	Susan Kempler (11.4)
PTSGX	44.9	4.9	58,564	42	18	18	32	29	0	100	0	0	9	Clsd	1.08	15.68	3,413	Management Team
VHCOX	18.0	2.9	30,736	31	31	18	140	7	3	97	0	0	13	Clsd	0.45	53.34	12,535	Management Team
VIGAX	22.3	4.1	61,045	25	18	15	333	9	0	100	0	0	0	NL	0.08	57.83	48,459	Nejman/O'Reilly (0.2/21.6)
VMRGX	21.5	4.1	50,878	28	20	17	317	41	3	97	0	0	4	NL	0.4	25.75	10,958	Management Team
	21.9	5.2	62,497															
	19.2	2.7	76,417															

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 07-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr	%	(R ²)	
Morningstar 500 Domestic Equity		Morningstar Analyst Rating			3 Yr	5 Yr	10 Yr									
Large Growth (cont'd)			—	2.9	-0.4	10.3	11.4	8.0	—	—	—	—	—	—	12.6 (85)	—
Vanguard PRIMECAP Core Inv VPCCX	★ Gold	↑ ★★★★★	6.0	5.4	12.5	13.9	9.6	11	4	15	7	14	1.1	11.62 (90)	-Avg	
Vanguard PRIMECAP Inv VPMCX	★ Gold	★★★★★	4.7	5.1	13.3	14.5	9.7	25	5	7	3	13	1.0	11.89 (87)	Avg	
Large Blend			—	5.9	1.9	8.9	11.4	6.8	—	—	—	—	—	11.45 (94)	—	
Amana Income Investor AMANX	★ Bronze	★★★★	10.8	8.8	9.0	10.7	8.6	4	4	54	72	6	1.3	11.02 (92)	-Avg	
American Funds Fundamental Invs A ANCFX	★ Gold	★★★	7.0	5.6	10.6	12.0	7.6	37	13	19	44	24	1.4	11.55 (97)	Avg	
American Funds Invmt Co of Amer A AIVSX	★ Silver	★★★	10.7	6.2	11.0	12.6	6.9	4	10	10	29	50	1.6	11.0 (94)	-Avg	
AMG Yacktman Focused Service YAFFX	★ Silver	★★★★	9.2	9.0	6.6	10.5	10.8	10	4	87	74	1	0.9	10.33 (83)	Low	
AMG Yacktman Service YACKX	★ Gold	★★★★	8.8	6.9	6.6	10.6	10.3	12	8	87	72	1	1.3	9.28 (88)	Low	
BBH Core Select N BBTEX	★ Silver	★★★★	6.0	1.7	6.3	11.0	9.2	53	54	89	68	3	0.5	9.59 (92)	Low	
Bridgeway Blue Chip 35 Index BRLIX	★ Silver	★★★★★	8.0	7.0	10.4	13.4	7.9	17	8	26	7	14	2.4	11.26 (96)	Avg	
Clipper CFIMX	★ Bronze	↓ ★★	5.6	4.6	10.1	12.1	5.3	58	28	33	42	89	0.7	12.74 (87)	High	
Davis NY Venture A NYVTX	★ Bronze	★★	3.7	0.6	7.9	10.3	5.4	81	66	73	76	88	0.4	13.18 (88)	High	
Dreyfus Appreciation Investor DGAGX	★ Bronze	★★★	6.8	3.4	6.9	8.7	6.0	40	38	84	92	78	1.4	11.45 (94)	Avg	
Fidelity 500 Index Investor FUSEX	★ Gold	★★★★	7.6	5.5	11.1	13.3	7.7	23	14	8	9	21	1.9	11.11 (100)	Avg	
Fidelity Dividend Growth FDGFY	Neutral	★★	4.0	0.3	8.8	10.2	6.9	78	70	56	78	49	1.4	10.83 (98)	-Avg	
Fidelity Growth & Income FGRIX	★ Bronze	★★	6.4	0.9	7.9	12.6	3.6	46	63	73	30	98	1.9	12.29 (94)	+Avg	
Fidelity Large Cap Stock FLCSX	★ Silver	★★★	6.8	0.0	8.6	13.1	8.3	40	72	61	13	8	1.3	12.98 (91)	High	
Fidelity Total Market Index Investor FSTMX	★ Gold	★★★★	7.7	4.3	10.4	12.9	7.9	20	31	25	20	16	1.8	11.3 (99)	Avg	
First Eagle US Value A FEVAX	Neutral	★★	10.7	8.6	6.6	8.2	7.0	4	5	86	95	45	0.2	8.81 (80)	Low	
FMI Large Cap FMIHX	★ Gold	★★★★	9.0	3.0	9.5	11.9	8.4	11	41	45	48	8	0.9	10.35 (93)	-Avg	
FPA US Value FPPFX	—	★★	-2.1	-3.8	5.9	10.0	7.6	99	93	91	80	25	0.0	14.13 (67)	High	
Gabelli Asset AAA GABAX	—	↑ ★★★★★	9.9	2.5	6.3	9.9	7.8	8	46	89	81	17	0.3	11.99 (93)	+Avg	
Janus Growth & Income T JAGIX	Neutral	★★★	7.0	7.6	10.0	11.8	6.5	37	6	36	51	61	2.0	11.11 (96)	-Avg	
Longleaf Partners LLPFX	Neutral	★	13.9	-0.5	3.5	6.4	4.0	1	77	98	98	98	1.1	15.86 (77)	High	
MainStay ICAP Equity I ICAEX	Neutral	★★	3.2	-1.3	6.6	10.5	6.1	84	83	86	74	73	1.0	12.28 (94)	+Avg	
MainStay ICAP Select Equity I ICSLX	Neutral	★★	1.8	-4.7	4.9	9.1	5.8	92	94	95	88	83	0.9	12.76 (94)	+Avg	
MainStay MAP I MUBFX	★ Bronze	★★	4.0	-1.7	6.6	9.9	6.2	78	85	87	81	71	1.2	12.26 (97)	+Avg	
Mairs & Power Growth Inv MPGFX	★ Silver	★★★★★	13.8	10.1	9.9	14.8	9.0	1	2	37	1	4	1.3	11.4 (88)	Avg	
MFS Research A MFRFX	★ Bronze	★★★	7.4	3.6	9.6	12.2	8.2	27	37	43	39	9	0.7	10.91 (97)	-Avg	
Oakmark I OAKMX	★ Gold	★★★★★	5.6	0.7	8.4	13.0	8.8	57	64	66	16	5	0.9	12.92 (94)	High	
Oakmark Select I OAKLX	★ Gold	★★★★	1.4	-2.2	8.2	12.6	7.6	94	88	69	28	23	0.3	13.98 (88)	High	
Parnassus Core Equity Investor PRBLX	★ Silver	★★★★★	6.3	4.4	10.6	13.3	10.1	48	31	20	9	1	2.0	10.32 (91)	Low	
PRIMECAP Odyssey Stock POSKX	★ Gold	↑ ★★★★★	5.8	3.8	10.9	13.3	8.6	54	36	10	9	5	1.0	11.63 (92)	+Avg	
Royce Special Equity Multi-Cap Service RSEMXX	★ Bronze	★★	4.0	-5.0	2.6	8.8	—	78	95	99	91	—	2.3	13.29 (82)	High	
Schwab S&P 500 Index SWPPX	★ Silver	★★★★	7.6	5.5	11.1	13.3	7.7	23	14	8	9	21	2.0	11.09 (100)	Avg	
Schwab Total Stock Market Index SWTSX	★ Silver	★★★★	7.7	4.4	10.4	12.9	8.0	20	30	25	19	14	1.8	11.29 (99)	Avg	
Selected American Shares D SLADX	★ Bronze	★★	4.3	2.1	8.3	10.6	5.8	74	49	67	73	83	0.4	13.0 (88)	High	
T. Rowe Price Dividend Growth PRDGY	★ Silver	★★★★★	9.7	8.6	11.5	13.5	8.4	9	4	4	6	8	1.2	10.46 (97)	-Avg	
T. Rowe Price Growth & Income PRGIX	—	★★★★	6.3	5.8	11.8	13.1	8.0	47	11	2	15	13	1.0	10.76 (95)	-Avg	
Thornburg Value A TVAFX	—	★	3.2	-1.5	11.3	9.1	6.0	85	84	6	89	78	0.0	11.0 (88)	-Avg	
TIAA-CREF Social Choice Eq Retail TICRX	★ Bronze	★★★	8.1	4.2	8.7	11.6	7.2	16	32	60	55	37	1.6	11.41 (98)	Avg	
Vanguard 500 Index Admiral VFIAX	★ Gold	★★★★★	7.6	5.6	11.1	13.3	7.7	22	13	7	8	20	2.0	11.1 (100)	Avg	
Vanguard Dividend Appreciation Idx Inv VDAIX	★ Gold	★★★★	10.6	8.4	9.1	11.8	7.8	5	5	53	50	19	2.0	10.6 (91)	-Avg	
Vanguard Dividend Growth Inv VDIGX	★ Gold	★★★★★	7.5	7.3	10.6	13.3	9.0	26	7	20	8	3	1.8	9.96 (93)	Low	
Vanguard FTSE Social Index Inv VFTSX	★ Bronze	★★★	5.7	2.2	11.1	14.0	6.8	56	49	7	3	55	2.2	11.72 (97)	+Avg	
Vanguard Growth & Income Inv VQNPX	Neutral	★★★★	7.4	5.6	11.3	13.7	7.1	28	13	6	5	42	1.9	10.87 (99)	-Avg	
Vanguard Tax-Managed Capital App Adm VTCLX	★ Gold	★★★★	7.3	4.7	11.0	13.2	8.0	32	27	9	12	14	2.4	11.32 (99)	Avg	
Vanguard Total Stock Mkt Idx Adm VTSAX	★ Gold	★★★★	7.7	4.4	10.5	13.0	8.0	19	30	21	18	14	1.8	11.27 (99)	Avg	
S&P 500 Index				7.7	5.5	11.1	13.3	7.7								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	22.9	4.2	83,363	26	18	18	—	62	2	98	0	0	5	—	1.14	—	2,584	—
VPCX		16.9	2.9	49,801	30	25	19	149	10	8	92	0	0	13	Clsd	0.47	22.06	7,884	Management Team
VPMX		18.0	3.2	63,097	35	27	17	129	9	4	96	0	0	11	Clsd	0.4	104.41	44,906	Management Team
	—	18.5	2.8	101,786	17	15	15	—	62	2	97	0	0	3	—	0.99	—	4,244	—
AMANX		20.4	4.9	53,432	27	20	19	44	0	3	97	0	0	10	NL	1.13	46.68	1,340	Kaiser/Klimo (26.6/3.8)
ANCFX		19.4	2.8	81,209	18	14	13	218	27	3	95	0	2	10	5.75	0.6	53.5	77,302	Management Team
AIVSX		17.7	2.7	75,550	18	15	13	270	30	5	90	0	4	8	5.75	0.58	36.62	78,545	Management Team
YAFFX		15.5	2.4	116,154	36	32	18	24	6	18	80	2	0	15	NL	1.25	21.59	5,044	Subotky/Yackman (6.6/13.6)
YACKX		16.7	2.9	97,734	35	25	13	45	3	18	80	2	0	6	NL	0.74	22.7	8,907	Subotky/Yackman (6.6/13.6)
BBTEX		19.1	2.6	76,795	25	20	14	33	8	9	91	0	0	12	NL	1.0	21.62	3,844	Hartch/Keller (10.8/7.7)
BRLIX		17.8	2.7	179,524	24	14	14	38	19	12	88	0	0	0	NL	0.15	12.62	589	Management Team
CFIMX		19.4	1.9	56,533	41	11	11	25	31	2	98	0	0	11	NL	0.72	104.7	1,176	Davis/Goei (10.6/2.6)
NYVTX		18.6	2.0	61,364	32	16	13	58	23	1	99	0	0	12	4.75	0.86	29.88	12,095	Davis/Goei (20.8/2.6)
DGAGX		19.7	3.2	128,944	26	18	15	53	5	1	99	0	0	18	NL	0.92	38.81	2,293	Management Team
FUSEX		18.4	2.6	74,074	18	15	14	511	5	1	99	0	0	2	NL	0.09	76.51	101,161	Management Team
FDGFX		17.7	2.4	77,959	21	14	14	106	64	2	98	0	0	8	NL	0.69	31.51	7,542	Ramona Persaud (2.6)
FGRIX		16.5	1.9	64,888	22	17	14	198	35	0	99	0	1	8	NL	0.67	30.48	6,295	Matthew Fruhan (5.4)
FLCSX		16.3	1.8	55,167	22	18	15	189	31	0	100	0	0	6	NL	0.78	27.44	2,556	Matthew Fruhan (11.2)
FSTMX		18.6	2.4	42,439	17	14	14	3436	3	1	99	0	0	2	NL	0.09	62.87	34,485	Management Team
FEVAX		19.2	2.3	25,591	25	20	16	83	15	17	74	0	9	4	5.00	1.09	20.34	2,271	Management Team
FMIHX		18.6	2.8	47,664	19	17	16	31	18	8	92	0	0	13	NL	0.87	20.28	7,361	Management Team
FPPFX		12.9	2.4	21,716	36	31	13	24	109	10	90	0	0	2	Clsd	0.97	9.08	135	Gregory Nathan (0.9)
GABAX		19.3	2.4	15,308	22	22	19	487	3	0	100	0	0	17	NL	1.35	59.44	2,767	Management Team
JAGIX		17.3	3.6	64,975	17	17	15	67	30	0	97	0	3	0	NL	0.87	46.79	4,167	Buckley/Pinto (2.0/8.7)
LLPFX		17.9	1.3	21,080	40	15	12	23	46	19	77	2	2	28	NL	0.93	24.43	3,549	Cates/Hawkins (22.3/29.2)
ICAEX		17.0	1.8	53,601	24	16	16	43	76	1	99	0	0	9	NL	0.88	42.96	847	Management Team
ICSLX		16.2	1.7	57,299	26	19	14	31	86	0	99	0	1	6	NL	0.9	36.28	2,022	Management Team
MUBFX		16.9	1.9	56,428	21	16	15	149	51	3	97	0	0	13	NL	0.86	37.49	1,488	Management Team
MPGFX		19.2	3.4	25,413	31	24	12	52	9	1	99	0	0	3	NL	0.65	118.03	4,385	Adams/Henneman (1.6/10.6)
MFRFX		20.9	2.9	47,985	16	15	14	125	44	0	99	0	0	2	5.75	0.82	38.73	5,056	Joseph MacDougall (8.2)
OAKMX		14.2	1.7	57,689	35	22	14	54	33	4	96	0	0	7	NL	0.85	66.41	15,204	Grant/Nygren (16.3/16.3)
OAKLX		14.5	1.5	49,622	40	30	10	23	46	7	90	4	0	0	NL	0.95	39.75	4,974	Management Team
PRBLX		19.6	2.5	38,158	25	18	18	39	26	3	97	0	0	4	NL	0.87	39.07	13,459	Ahlsten/Allen (15.2/4.2)
POSKX		16.4	2.4	39,980	29	23	17	120	7	6	94	0	0	11	NL	0.65	24.99	5,744	Management Team
RSEMX		14.6	3.3	17,576	47	30	17	24	31	12	88	0	0	0	NL	1.24	12.88	117	Dreifus/McBoyle (5.6/1.8)
SWPPX		18.4	2.6	74,092	18	15	14	508	2	1	99	0	0	2	NL	0.09	33.95	22,344	Management Team
SWTSX		18.7	2.4	42,433	17	14	14	2463	2	1	99	0	0	1	NL	0.09	38.88	4,720	Hong/Juwono (4.4/3.4)
SLADX		17.9	2.0	59,292	31	16	15	59	27	1	98	0	1	11	NL	0.61	34.75	2,512	Davis/Goei (21.7/2.6)
PRDGX		20.5	3.2	56,830	20	17	16	106	24	7	93	0	0	4	NL	0.64	37.44	5,644	Thomas Huber (16.3)
PRGIX		19.9	2.6	85,046	22	17	13	52	76	5	94	0	1	2	NL	0.67	30.08	1,606	Jeffrey Rottinghaus (1.2)
TVAFX		17.3	1.9	23,728	19	18	15	50	59	9	89	0	2	8	4.50	1.37	53.49	909	Browne/MacDonald (10.5/1.5)
TICRX		18.4	2.7	36,241	19	15	14	818	17	0	100	0	0	1	NL	0.44	15.22	2,783	Campagna/Liao (10.6/2.2)
VFIAX		18.4	2.6	73,842	18	15	14	513	3	0	100	0	0	1	NL	0.05	200.79	221,900	Butler/Geiger (0.2/0.2)
VDAIX		19.8	4.1	48,451	24	22	16	188	22	0	100	0	0	2	NL	0.19	34.08	24,461	Nejman/O'Reilly (0.2/0.2)
VDIGX		19.4	3.9	87,451	21	19	16	48	26	0	97	0	3	10	Clsd	0.33	23.83	30,620	Donald Kilbride (10.5)
VFTSX		17.8	2.5	63,393	23	21	19	415	20	0	100	0	0	1	NL	0.25	13.85	2,142	Coleman/O'Reilly (0.6/0.6)
VQNPX		16.8	2.5	55,498	17	15	14	954	116	3	97	0	0	1	NL	0.34	42.06	6,426	Management Team
VTCLX		18.7	2.6	51,390	17	15	14	1014	10	0	100	0	0	0	NL	0.11	110.35	6,817	Butler/Coleman (0.2/0.2)
VTSAX		18.6	2.4	42,470	17	15	14	3657	3	0	99	0	1	1	NL	0.05	54.23	433,935	Nejman/O'Reilly (0.2/21.6)
		19.2	2.7	76,417															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 07-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr	%	(R ²)	
		Morningstar Analyst Rating			3 Yr	5 Yr	10 Yr									
Morningstar 500 Domestic Equity																
Large Blend (cont'd)																
Weitz Partners Value Investor WPV LX	Bronze	★★	5.9	1.9	8.9	11.4	6.8	—	—	—	—	—	—	11.45	(94)	—
Weitz Value Investor WVALX	Bronze	★★	2.4	-6.2	5.2	10.1	5.0	90	97	94	79	93	0.0	9.56	(80)	Low
Large Value																
AllianzGI NFJ Large-Cap Value A PNBAX	—	↓★	7.4	2.4	7.3	10.8	5.7	—	—	—	—	—	—	11.44	(90)	—
American Beacon Lg Cap Value Inv AAGPX	Bronze	★★★★	4.6	-3.3	5.6	10.7	5.4	77	89	83	55	57	1.5	12.41	(93)	+Avg
American Century Equity Income Inv TWEIX	Silver	★★★★★	15.0	16.2	10.7	12.1	7.5	3	2	5	22	12	2.1	8.11	(84)	Low
American Century Value Inv TWVLX	Silver	★★★★	11.0	7.6	8.7	12.4	6.8	15	15	22	16	23	1.6	10.73	(92)	-Avg
American Funds American Mutual A AMRMX	Gold	★★★★★	11.3	7.9	9.9	12.1	7.5	13	13	9	22	11	2.0	9.85	(95)	Low
American Funds Washington Mutual A AWSHX	Gold	★★★★	8.0	7.0	9.7	12.6	7.0	39	18	11	12	19	1.9	10.55	(98)	-Avg
Artisan Value Investor ARTLX	Bronze	★★★★	18.6	10.1	7.5	9.5	6.6	1	7	48	80	30	0.4	14.33	(62)	High
Auxier Focus Inv AUXFX	—	★★★★	4.6	1.8	5.7	8.1	6.8	78	53	82	92	25	1.0	9.78	(95)	Low
Becker Value Equity Retail BVEFX	Bronze	★★★★	10.2	2.9	8.6	11.9	7.3	19	42	25	27	14	1.1	11.7	(92)	Avg
Columbia Dividend Income Z GSFTX	Silver	★★★★★	9.3	8.6	10.2	12.9	8.2	27	11	7	9	4	2.3	10.29	(95)	-Avg
Diamond Hill Large Cap A DHLAX	Gold	★★★★	6.6	2.3	8.4	12.3	7.0	58	48	31	18	21	0.7	12.22	(95)	+Avg
Dodge & Cox Stock DODGX	Gold	↓★★★★	6.1	-1.1	8.3	12.5	5.6	64	77	33	14	52	1.6	12.82	(91)	+Avg
Fairholme FAIRX	Silver	★	5.0	-9.3	0.6	5.2	5.1	74	99	99	99	65	1.9	16.89	(46)	High
Fidelity Equity Dividend Income FEQTX	—	★★★★	8.9	4.8	8.6	11.0	5.3	31	28	27	47	59	1.9	10.56	(96)	-Avg
Fidelity Equity-Income FEQIX	Neutral	↑★★★★	9.1	3.0	6.8	10.1	4.9	30	40	62	69	70	2.6	10.5	(93)	-Avg
Franklin Mutual Beacon A TEBIX	Bronze	★★	7.4	-1.6	6.2	9.2	4.6	46	80	73	83	77	1.9	10.86	(86)	-Avg
Invesco Comstock A ACSTX	Silver	★★	4.0	-3.2	5.4	10.3	5.8	83	89	85	65	49	1.5	12.74	(91)	+Avg
Invesco Diversified Dividend A LCEAX	Silver	★★★★★	10.6	7.0	10.6	13.2	8.2	18	17	5	6	4	1.5	8.75	(85)	Low
Invesco Growth and Income A ACGIX	Bronze	★★★★	4.6	-1.8	6.5	10.6	6.1	78	82	68	59	41	1.6	11.96	(90)	Avg
JPMorgan Value Advantage A JVAAX	Silver	★★★★	6.1	-0.4	7.4	12.2	8.2	64	73	51	21	5	0.6	10.63	(94)	-Avg
Perkins Large Cap Value T JPLTX	—	★★★★	7.2	2.5	7.2	9.8	—	50	45	54	73	—	1.3	10.09	(96)	Low
Schwab Fundamental US Large Company Idx SFLNX	Bronze	★★★★	10.0	6.7	9.6	12.8	—	21	18	12	10	—	2.1	10.88	(97)	Avg
Sound Shore Investor SSHFX	Silver	★★★★	6.7	-0.2	8.6	12.3	6.7	57	72	25	17	27	0.8	13.24	(93)	High
T. Rowe Price Equity Income PRFDX	Bronze	★★★★	10.4	5.1	6.3	10.6	6.0	18	25	72	59	42	2.0	11.39	(93)	Avg
T. Rowe Price Value TRVLX	Bronze	★★★★	5.6	2.4	9.1	13.0	7.5	67	48	15	7	12	1.8	11.36	(96)	Avg
TCW Relative Value Dividend Apprec N TGIGX	Neutral	★★★★	8.2	3.7	7.2	12.0	6.1	36	35	56	25	39	1.4	12.37	(97)	+Avg
Torrey TORYX	—	★★★★	8.9	8.2	9.1	11.6	6.0	31	13	16	34	43	1.0	10.72	(91)	-Avg
Vanguard Equity-Income Inv VEIPX	Silver	★★★★★	10.1	9.8	10.1	13.9	8.2	20	8	8	3	5	2.7	10.4	(94)	-Avg
Vanguard High Dividend Yield Index Inv VHDYX	Silver	★★★★★	11.2	11.2	10.8	14.2	—	14	5	4	2	—	2.9	10.52	(93)	-Avg
Vanguard US Value Inv VUVLX	Bronze	★★★★	5.8	2.8	8.9	13.4	6.4	66	43	18	5	33	2.0	10.89	(93)	Avg
Vanguard Value Index Adm VVIAX	Silver	★★★★	8.5	6.6	9.7	12.9	6.4	34	19	11	8	34	2.4	10.62	(96)	-Avg
Vanguard Windsor II Inv VWNFX	Bronze	★★★★	6.7	1.3	7.7	11.7	6.2	56	58	44	33	39	2.2	11.28	(96)	Avg
Vanguard Windsor Inv VWNDX	Bronze	★★★★	3.5	-2.7	7.2	12.0	6.0	88	86	56	25	43	1.6	12.83	(92)	+Avg
Mid-Cap Growth																
Akre Focus Retail AKREX	Silver	★★★★★	8.2	4.3	11.4	16.6	—	12	6	8	1	—	0.0	11.95	(84)	-Avg
American Century Heritage Inv TWHIX	Bronze	★★★★	5.2	-1.8	8.5	9.2	10.1	46	39	41	57	12	0.0	12.73	(76)	Avg
Artisan Mid Cap Investor ARTMX	Silver	★★★★	3.0	-2.4	7.9	10.8	10.5	73	47	48	33	9	0.0	14.71	(62)	+Avg
Baron Asset Retail BARAX	—	★★★★	5.2	-0.9	9.8	11.1	7.7	47	29	23	27	55	0.0	12.71	(79)	Avg
Baron Growth Retail BGRFX	Bronze	★★★	7.0	-2.2	6.8	10.6	8.1	23	43	65	36	42	0.0	12.13	(71)	-Avg
Baron Opportunity Retail BIOPX	—	↓★★	0.1	-6.2	4.2	6.7	8.6	92	74	88	91	30	0.0	16.9	(59)	High
Buffalo Mid Cap BUFMX	Neutral	★★★★	4.4	-5.3	6.3	8.1	7.7	57	71	71	75	54	0.0	12.76	(69)	Avg
Champlain Mid Cap Adv CIPMX	Silver	★★★★	12.1	8.2	10.8	12.3	—	1	1	13	14	—	0.0	12.12	(83)	-Avg
Columbia Acorn Select Z ACTWX	—	★★	4.2	-1.1	6.1	7.6	6.3	60	31	74	83	78	0.0	12.69	(74)	Avg
Columbia Acorn Z ACRNX	Neutral	★★★★	5.4	-1.9	5.2	8.2	7.3	44	40	84	74	62	0.0	13.62	(71)	Avg
Eventide Gilead N ETGLX	Neutral	★★★★	-1.4	-12.7	8.6	13.6	—	94	95	38	7	—	0.0	17.16	(56)	High
Russell 1000 Value Index			9.2	5.1	8.8	12.5	6.0									
Russell MidCap Growth Index			7.1	0.8	9.9	11.7	8.8									

Legend

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- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

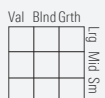
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)		
								Cash	Stock	Bond	Other	Foreign							
WPVLX	—	18.5	2.8	101,786	17	15	15	—	62	2	97	0	0	3	—	0.99	—	4,244	—
WVALX		20.7	1.8	19,346	27	18	14	40	31	20	80	0	0	6	NL	1.18	28.54	811	Hinton/Weitz (10.0/33.2)
		21.4	2.2	38,863	20	18	17	35	47	20	80	0	0	7	NL	1.15	39.46	899	Hinton/Perkins (10.0/4.6)
PNBAX	—	16.6	2.0	78,439	20	13	12	—	62	1	97	1	1	5	—	1.06	—	2,413	—
AAGPX		14.0	1.8	58,310	26	12	12	67	26	0	100	0	0	6	5.50	1.11	20.76	408	Management Team
TWEIX		13.8	1.4	47,214	25	13	13	208	32	1	99	0	0	14	NL	0.94	24.0	8,718	Management Team
TWVLX		18.3	2.2	45,055	16	15	14	86	88	1	78	3	18	3	NL	0.94	9.07	11,197	Management Team
AMRMX		16.9	1.7	53,069	22	20	15	119	48	2	98	0	0	4	NL	0.98	8.35	3,062	Management Team
AWSHX		18.1	3.0	73,207	16	16	11	234	27	5	89	2	4	8	5.75	0.58	37.29	39,477	Management Team
ARTLX		19.2	3.1	92,165	14	14	12	210	30	3	95	0	3	5	5.75	0.58	41.1	82,197	Management Team
AUXFX		13.9	1.4	28,673	21	18	16	38	74	1	99	0	0	19	NL	1.0	12.82	753	Management Team
BVEFX		17.7	2.3	57,830	30	24	20	110	4	13	87	0	0	10	NL	1.14	20.09	252	J. Jeffrey Auxier (17.0)
GSFTX		16.7	1.8	54,015	21	16	15	56	32	3	97	0	0	1	NL	0.79	17.78	367	Management Team
DHLAX		18.9	2.9	95,885	15	15	14	85	27	3	96	0	1	2	NL	0.77	19.03	9,515	Management Team
DODGX		14.6	1.9	57,889	26	16	14	51	20	2	98	0	0	0	5.00	0.99	22.85	3,857	Management Team
FAIRX		14.6	1.7	55,767	26	23	18	67	15	1	99	0	0	10	NL	0.52	167.72	53,716	Management Team
FEQTX		12.4	1.4	1,246	32	29	25	50	40	22	50	10	17	7	NL	1.04	19.42	2,879	Bruce Berkowitz (16.6)
FEQIX		16.8	1.8	72,565	23	16	15	98	49	6	94	0	0	9	NL	0.66	26.57	5,466	Scott Offen (4.7)
TEBIX		15.8	1.8	51,855	22	13	12	180	46	3	97	0	0	8	NL	0.71	54.46	8,064	Management Team
ACSTX		15.7	1.4	40,352	23	19	16	95	35	3	94	3	0	35	5.75	1.09	15.25	3,686	Management Team
LCEAX		13.8	1.4	52,381	29	16	14	82	15	5	95	0	0	11	5.50	0.83	22.34	11,912	Management Team
JVAAX		17.4	2.3	34,267	32	14	14	79	11	13	87	0	0	11	5.50	0.83	19.3	17,665	Management Team
SFLNX		14.8	1.5	54,239	31	13	13	88	23	3	97	0	0	11	5.50	0.84	24.48	7,743	Management Team
PRFDX		15.5	1.6	30,533	30	16	10	116	17	1	99	0	0	1	5.25	1.25	29.49	10,255	Management Team
TRVLX		17.2	2.1	70,797	25	17	13	61	39	6	94	0	0	8	NL	0.87	15.99	160	Perkins/Preloger (7.6/7.6)
SSHFX		17.1	2.1	58,143	15	13	12	651	12	1	99	0	1	1	NL	0.35	15.43	4,792	Management Team
VVWDX		16.1	1.6	46,495	26	24	11	38	39	3	97	0	0	15	NL	0.93	43.8	1,896	Management Team
VVWFX		16.3	1.9	51,411	21	17	13	116	27	2	97	0	0	8	NL	0.66	31.12	21,773	John Linehan (0.7)
VVWDX		16.3	1.8	53,801	20	14	12	111	68	3	97	0	0	8	NL	0.81	33.01	22,521	Mark Finn (6.6)
VVWDX		16.9	1.8	43,894	21	16	13	55	17	0	98	2	0	8	NL	1.14	17.53	1,084	Diane Jaffee (14.7)
VVWDX		14.5	1.9	42,932	24	23	19	32	10	15	85	0	0	6	NL	1.08	49.29	419	Fialco/Torrey (8.2/25.6)
VVWDX		16.6	2.4	78,336	16	14	13	218	32	2	96	0	2	9	NL	0.26	32.1	22,207	Management Team
VVWDX		17.5	2.5	80,686	16	13	13	431	11	0	100	0	0	1	NL	0.16	28.99	16,282	Coleman/O'Reilly (0.4/0.4)
VVWDX		13.7	1.5	21,251	23	14	11	265	66	1	99	0	0	1	NL	0.26	17.25	1,352	Management Team
VVWDX		16.2	2.0	75,557	21	15	12	324	8	0	100	0	0	1	NL	0.08	34.1	38,797	Nejman/O'Reilly (0.2/21.6)
VVWDX		14.4	1.7	63,615	21	19	14	272	26	2	97	0	0	9	NL	0.34	35.34	45,021	Management Team
VVWDX		15.1	1.6	33,169	25	18	15	145	28	2	98	0	1	10	NL	0.39	19.66	16,325	Management Team
AKREX	—	22.9	3.4	9,667	20	19	18	—	61	3	97	0	0	4	—	1.23	—	1,226	—
TWHIX		25.7	2.9	19,817	31	26	18	43	16	8	89	1	2	2	NL	1.34	25.01	5,211	Management Team
ARTMX		23.3	4.2	12,151	24	21	15	104	62	0	99	0	1	5	NL	1.0	22.33	5,231	Management Team
BARAX		26.0	4.5	13,775	26	21	19	67	51	5	95	0	0	3	Clsd	1.19	41.18	7,950	Management Team
BGRFX		29.7	3.9	9,393	24	22	18	57	13	2	98	0	0	2	NL	1.31	60.07	2,497	Andrew Peck (13.0)
BIOPX		27.4	3.5	4,523	24	17	16	65	6	1	98	0	0	5	NL	1.29	67.63	6,059	Ronald Baron (21.6)
BUFMX		48.7	4.6	17,206	43	21	11	47	41	0	98	0	2	7	NL	1.38	16.65	251	Michael Lippert (10.4)
CIPMX		24.4	3.8	7,406	23	20	19	64	46	11	89	0	0	2	NL	1.02	16.0	412	Carlsen/Male (1.5/14.6)
ACTWX		21.8	2.7	7,133	21	19	17	62	46	5	95	0	0	0	NL	1.28	14.85	998	Management Team
ACRNX		21.9	3.5	4,987	28	19	16	34	55	0	100	0	0	5	NL	0.88	14.64	339	Frank/Szafrański (0.7/1.2)
ETGLX		22.4	3.5	4,617	22	20	20	139	21	0	98	0	2	3	NL	0.82	18.27	5,725	Management Team
		22.3	2.7	6,063	37	19	17	78	21	3	95	0	2	11	NL	1.38	25.18	1,454	Barksdale/Kuruville (5.7/8.1)
		17.4	1.7	54,326															
		23.5	4.8	11,062															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 07-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	4.6	-3.2	7.6	9.7	7.7	—	—	—	—	—	13.25	(74)	—
Mid-Cap Growth (cont'd)			—	4.6	-3.2	7.6	9.7	7.7	—	—	—	—	—	13.25	(74)	—
FAM Value Investor FAMVX	—	★★★★	8.7	4.1	9.6	12.0	7.3	9	6	26	16	62	0.0	11.02	(84)	Low
Fidelity Mid-Cap Stock FMCSX	🥉 Bronze	★★★★	9.5	1.6	8.4	11.3	7.8	6	16	41	24	53	0.6	11.64	(78)	-Avg
Hennessy Focus Investor HFCSX	🥉 Bronze	★★★★★	5.7	0.9	10.2	14.6	10.5	37	20	20	2	10	0.0	12.28	(81)	-Avg
Janus Enterprise T JAENX	🥉 Bronze	★★★★★	10.3	6.8	12.2	13.7	10.5	3	2	4	6	9	0.2	10.93	(80)	Low
Meridian Contrarian Legacy MVALX	🥉 Bronze	★★★★	7.7	1.9	7.1	11.3	7.4	15	15	60	24	59	0.1	13.56	(80)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	🏆 Gold	★★★★★	5.7	3.2	13.7	17.8	13.0	38	10	1	1	1	0.0	15.7	(62)	High
T. Rowe Price Mid-Cap Growth RPMGX	🏆 Gold	★★★★★	6.7	3.7	12.9	13.9	11.1	26	7	2	5	2	0.0	11.95	(77)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	🥉 Bronze	★★★★	-0.1	-7.6	7.1	10.2	8.6	92	82	61	41	30	0.6	12.98	(79)	Avg
Westport R WPRFX	—	★★★★	6.6	-1.5	6.3	9.5	8.4	26	34	71	53	34	0.0	12.43	(88)	-Avg
Mid-Cap Blend			—	7.1	-0.4	7.0	10.0	7.1	—	—	—	—	—	12.35	(79)	—
Ariel Appreciation Investor CAAPX	—	★★★	6.8	-2.6	7.3	11.0	8.6	60	74	59	41	21	0.9	14.96	(86)	High
Ariel Fund Investor ARGFX	🥉 Bronze	↑★★★★	3.9	-3.4	8.3	11.4	7.1	79	78	40	32	56	0.6	16.19	(85)	High
ASTON/Fairpointe Mid Cap N CHTTX	🥈 Silver	★★★★	8.7	1.0	5.5	11.5	10.2	43	48	73	31	1	0.3	15.44	(74)	High
Fidelity Extended Market Index Investor FSEM X	🥈 Silver	★★★	8.0	-0.3	7.9	11.2	8.5	48	59	48	39	26	1.2	13.54	(76)	+Avg
First Eagle Fund of America Y FEA FX	🥉 Bronze	★★★★	-2.1	-9.7	5.4	9.2	8.1	93	91	73	68	37	0.0	12.85	(79)	+Avg
FMI Common Stock FMIMX	🏆 Gold	★★★★	9.4	1.0	7.1	10.0	9.1	29	48	60	58	8	0.0	11.69	(77)	-Avg
Janus Contrarian T JSVAX	Neutral	★★	-4.0	-11.8	3.7	8.7	5.0	96	94	87	75	87	0.3	12.94	(60)	+Avg
Longleaf Partners Small-Cap LLSCX	🥈 Silver	★★★★	14.9	5.8	10.2	12.2	9.5	3	5	8	17	3	0.1	12.21	(60)	Avg
Osterweis OSTFX	Neutral	★★★	3.9	-5.4	4.0	8.0	6.2	79	84	84	81	74	0.5	10.92	(82)	-Avg
Vanguard Capital Value Inv VCVLX	Neutral	↑★★	3.3	-7.1	2.9	8.7	6.0	84	87	92	74	78	1.3	16.04	(78)	High
Vanguard Extended Market Idx Adm VEXAX	🏆 Gold	★★★★	8.0	-0.2	7.9	11.3	8.4	48	57	47	37	29	1.8	13.56	(76)	+Avg
Vanguard Mid Cap Index Adm VIMAX	🏆 Gold	↑★★★★★	8.3	2.4	10.4	12.4	8.5	46	35	6	12	24	1.9	11.9	(89)	Avg
Vanguard Strategic Equity Inv VSEQX	🥉 Bronze	★★★★	7.0	0.7	10.7	13.7	7.6	58	50	3	2	47	1.5	12.56	(83)	+Avg
Weitz Hickory WEHIX	🥉 Bronze	★★	8.5	1.2	3.8	8.6	6.2	44	47	87	77	75	0.0	11.25	(72)	-Avg
Westport Select Cap R WPSRX	—	★★	9.8	-0.3	5.8	6.3	6.7	28	58	71	93	64	0.0	16.31	(67)	High
Westwood SMidCap Institutional WHGMX	—	★★★★	4.1	-4.4	5.4	8.6	9.1	78	82	73	77	7	0.1	12.87	(80)	+Avg
Mid-Cap Value			—	9.0	2.2	7.3	10.4	7.1	—	—	—	—	—	12.33	(82)	—
American Century Mid Cap Value Inv ACMVX	🥈 Silver	★★★★★	13.7	10.9	12.0	14.3	9.9	8	4	3	1	5	1.1	10.4	(86)	Low
Artisan Mid Cap Value Investor ARTQX	🥈 Silver	★★★	13.4	3.9	4.2	9.4	8.2	10	34	89	76	21	0.4	11.97	(77)	Avg
Delafield Fund DEFIX	—	★★	11.8	-0.2	-1.0	5.0	6.4	17	73	98	98	73	0.0	17.3	(68)	High
Diamond Hill Small-Mid Cap A DHMAX	🏆 Gold	★★★★	9.0	4.3	9.2	12.4	9.0	50	29	18	12	11	0.1	11.36	(75)	-Avg
Fidelity Leveraged Company Stock FLVCX	🥉 Bronze	★★	2.1	-7.3	3.8	9.2	6.2	97	96	92	79	77	0.9	14.19	(78)	High
Fidelity Low-Priced Stock FLPSX	🥈 Silver	↓★★★★	3.8	-1.5	7.2	10.8	8.3	94	85	62	49	18	1.2	9.87	(86)	Low
Fidelity Value FDVLX	Neutral	★★★	9.2	-0.4	8.2	11.9	6.7	48	76	37	21	60	1.0	12.56	(85)	Avg
FPA Capital FPPTX	🥉 Bronze	★	5.4	-5.5	-1.8	1.6	4.4	87	91	98	99	95	0.4	13.48	(51)	+Avg
GoodHaven GOODX	Neutral	★	17.8	4.4	-3.3	4.3	—	1	28	99	98	—	0.0	12.89	(34)	Avg
Harbor Mid Cap Value Investor HIMVX	🥉 Bronze	↓★★★★	6.6	-0.9	8.4	12.8	7.4	79	78	30	8	42	1.0	12.48	(85)	Avg
Perkins Mid Cap Value T JMCVX	🥉 Bronze	↓★★★★	10.6	6.4	7.6	8.8	7.4	28	16	50	86	41	1.2	10.29	(89)	Low
T. Rowe Price Mid-Cap Value TRMCX	🏆 Gold	★★★★★	15.5	9.9	10.7	12.3	9.1	4	6	6	14	10	1.1	11.38	(81)	-Avg
Vanguard Selected Value Inv VASVX	🏆 Gold	★★★★	5.6	0.4	7.0	11.7	8.0	85	69	66	27	25	1.7	12.58	(82)	Avg
Small Growth			—	4.9	-5.1	6.1	9.3	7.7	—	—	—	—	—	15.53	(59)	—
Artisan Small Cap Investor ARTSX	🥈 Silver	★★★	7.5	-1.1	7.6	11.4	7.8	23	26	26	16	46	0.0	17.24	(38)	+Avg
Baron Small Cap Retail BSCFX	🥉 Bronze	↑★★★★	6.2	-3.6	5.5	8.6	7.8	33	41	63	68	48	0.0	13.94	(74)	-Avg
Brown Capital Mgmt Small Co Inv BCSIX	🏆 Gold	★★★★★	4.5	4.5	11.2	13.7	13.5	56	8	2	3	1	0.0	15.59	(55)	Avg
Buffalo Small Cap BUFSX	Neutral	↑★★★★	3.2	-7.2	1.4	8.6	6.9	72	62	97	67	71	0.0	15.68	(62)	Avg
Century Small Cap Select Inv CSMVX	—	↓★★	-0.8	-12.1	4.3	6.7	5.7	92	86	76	90	90	0.0	16.45	(59)	+Avg
Russell MidCap Growth Index				7.1	0.8	9.9	11.7	8.8								
S&P MidCap 400 Index				12.6	5.5	9.9	12.3	9.3								
Russell MidCap Value Index				13.3	7.5	10.4	13.2	8.1								
Russell 2000 Growth Index				5.0	-5.2	7.5	10.9	8.4								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign					
	—	22.9	3.4	9,667	20 19 18	—	61	3	97	0	0	4	—	1.23	—	1,226	—
FAMVX		18.1	2.5	11,593	31 23 17	39	8	11	89	0	0	4	NL	1.18	65.3	1,038	Fox/Putnam (16.2/29.6)
FMCSX		18.9	1.9	6,857	17 17 15	165	23	4	96	0	0	9	NL	0.73	33.94	7,350	John Roth (5.4)
HFCSX		20.3	2.7	13,632	28 27 13	26	4	16	84	0	0	6	NL	1.47	73.12	2,501	Management Team
JAENX		24.0	4.2	8,770	29 26 18	85	17	6	93	0	1	11	NL	0.92	94.5	8,306	Demain/Wheaton (8.7/0.1)
MVALX		20.8	2.2	6,407	29 17 13	59	76	8	92	0	0	7	Clsd	1.11	34.52	567	Cordisco/England (2.8/14.6)
POAGX		18.4	2.2	6,127	32 30 16	154	15	3	96	0	0	13	Clsd	0.62	34.24	6,850	Management Team
RPMGX		23.0	3.5	10,360	26 19 17	132	27	6	93	0	2	2	Clsd	0.77	78.2	24,315	Brian Berghuis (24.1)
VMGRX		19.9	2.7	9,366	25 23 15	103	93	4	96	0	0	4	NL	0.43	22.43	4,160	Management Team
WPRFX		20.1	3.5	16,523	29 24 16	30	3	1	100	0	0	8	NL	1.23	30.59	410	Edmund Nicklin (18.6)
	—	18.1	2.0	6,603	17 16 14	—	65	3	97	0	0	3	—	1.12	—	1,619	—
CAAPX		15.4	2.0	10,769	30 25 18	41	22	4	95	0	2	0	NL	1.12	48.14	1,774	Fidler/Rogers (6.7/13.8)
ARGFX		14.8	1.8	3,831	29 22 19	39	25	1	99	0	0	0	NL	1.02	61.76	2,006	Management Team
CHTTX		15.8	1.4	4,146	30 22 12	45	31	1	99	0	0	4	NL	1.11	37.31	3,737	Management Team
FSEMX		19.8	2.0	3,334	15 14 14	3215	12	0	100	0	0	2	NL	0.1	53.73	16,573	Management Team
FEAFX		15.4	3.0	10,499	30 25 14	45	32	2	99	0	0	0	Clsd	1.31	34.87	2,952	Management Team
FMIMX		17.6	2.0	3,078	49 14 11	43	29	10	90	0	0	4	NL	1.07	24.96	941	Management Team
JSVAX		16.1	1.7	7,320	28 17 14	46	70	0	98	0	2	2	NL	1.04	17.85	2,670	Daniel Kozlowski (5.1)
LLSCX		22.4	1.4	4,045	36 17 11	20	46	21	76	3	0	8	Clsd	0.91	30.99	4,108	Management Team
OSTFX		19.2	2.6	23,972	25 18 12	33	20	18	82	0	0	13	NL	1.03	26.47	646	Management Team
VCVLX		17.3	1.5	13,301	20 18 15	152	90	0	99	0	1	11	NL	0.5	11.28	935	David Palmer (6.6)
VEVAX		19.7	2.0	3,266	15 14 14	3276	6	0	100	0	0	2	NL	0.09	68.25	43,809	Butler/Geiger (18.6/0.2)
VIMAX		19.7	2.3	11,241	18 15 15	347	15	0	100	0	0	1	NL	0.08	160.11	67,235	Butler/Johnson (18.2/0.2)
VSEQX		14.6	1.9	3,858	18 16 12	403	70	0	99	0	0	1	NL	0.21	30.29	5,718	Management Team
WEHIX		22.5	1.9	4,709	46 15 12	36	27	19	81	0	0	5	NL	1.23	50.19	293	Weitz/Weitz (4.6/13.6)
WPSRX		18.6	2.4	4,527	46 15 14	16	0	3	98	0	-1	0	NL	1.43	14.48	130	Knuth/Nicklin (18.6/18.6)
WHGMX		19.7	2.4	3,658	17 15 13	64	56	0	100	0	0	0	NL	0.96	15.09	478	Management Team
	—	15.3	1.6	9,220	20 14 14	—	60	4	96	0	0	5	—	1.16	—	1,434	—
ACMVX		18.6	1.9	12,258	21 14 11	105	66	3	97	0	0	5	Clsd	0.98	16.5	7,976	Management Team
ARTQX		15.3	1.6	8,994	22 18 16	54	31	7	93	0	0	4	Clsd	1.19	21.26	4,530	Management Team
DEFIX		14.6	1.7	2,667	37 21 18	50	19	12	88	0	0	4	NL	1.26	26.77	441	Management Team
DHMAX		18.1	1.8	5,339	27 18 15	58	21	9	91	0	0	2	Clsd	1.25	19.93	1,928	Management Team
FLVCX		13.5	1.7	16,332	23 17 13	106	4	3	96	1	0	6	NL	0.79	40.64	3,441	Thomas Soviero (13.1)
FLPSX		13.5	1.6	5,536	29 15 14	882	9	13	87	0	0	34	NL	0.79	49.57	40,023	Management Team
FDVLX		15.7	1.6	8,897	19 12 12	272	80	3	97	0	0	11	NL	0.84	104.6	7,972	Management Team
FPPTX		11.9	1.2	3,380	32 31 12	30	45	27	70	2	1	0	Clsd	0.77	33.53	753	Ahitov/Bryan (3.1/8.7)
GOODX		17.0	0.8	6,859	27 16 16	28	18	1	71	0	28	19	NL	1.1	22.82	275	Pitkowsky/Trauner (5.2/5.2)
HIMVX		12.8	1.4	5,612	19 14 13	210	12	0	100	0	0	1	NL	1.25	20.13	825	Management Team
JMCVX		18.4	2.2	7,555	18 16 11	73	49	6	94	0	0	4	NL	0.69	17.01	4,088	Management Team
TRMCX		17.3	1.6	8,299	23 14 12	96	45	8	92	0	0	8	Clsd	0.8	28.8	11,824	David Wallack (15.6)
VASVX		13.8	1.5	9,649	26 18 15	123	24	5	95	0	0	10	NL	0.39	27.29	8,774	Management Team
	—	24.5	3.2	2,801	24 17 17	—	77	3	97	0	0	3	—	1.31	—	858	—
ARTSX		38.2	5.2	3,428	49 16 13	63	45	6	94	0	0	4	Clsd	1.23	28.84	1,195	Management Team
BSCFX		29.3	3.5	3,835	25 21 18	79	14	4	96	0	0	4	NL	1.3	29.95	3,625	Clifford Greenberg (18.8)
BCSIX		41.7	3.9	2,650	63 27 5	39	22	5	95	0	0	0	Clsd	1.27	74.64	2,959	Management Team
BUFSX		32.2	4.3	2,197	32 20 16	63	41	2	98	0	0	7	NL	1.01	18.22	851	Cuellar/Male (1.5/18.2)
CSMVX		23.6	3.1	1,808	26 23 18	60	69	3	97	0	0	5	NL	1.42	21.52	175	Alexander Thorndike (16.6)
		23.5	4.8	11,062													
		18.6	1.7	10,284													
		23.2	3.2	1,634													

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

Bold # = Cheapest Quintile

- Defensive
- Consumer Def
- Healthcare
- Utilities

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 07-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity																
Small Growth (cont'd)			—	4.9	-5.1	6.1	9.3	7.7	—	—	—	—	—	15.53	(59)	—
Champlain Small Company Adv CIP5X	Silver	★★★★★	12.0	6.7	8.4	11.3	10.2	4	4	15	18	3	0.0	14.47	(61)	-Avg
Columbia Acorn USA Z AUSAX	—	★★★	6.1	-1.4	6.7	9.4	6.9	35	27	41	52	72	0.0	15.07	(61)	Avg
Conestoga Small Cap Investors CCASX	Silver	↓★★★★	3.7	2.6	6.8	10.9	9.1	68	10	37	21	13	0.0	16.09	(50)	Avg
Janus Triton T JATTX	Bronze	★★★★★	8.4	1.8	11.4	13.1	12.5	18	13	2	4	1	0.1	13.58	(72)	-Avg
Janus Venture T JAVTX	Bronze	★★★★★	6.3	-1.8	10.2	12.7	10.4	32	30	5	5	2	0.0	15.24	(67)	Avg
LKCM Small Cap Equity Instl LKSCX	Silver	★★	5.1	-7.6	3.1	5.7	5.6	48	64	86	96	91	0.0	15.09	(60)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	Silver	★★★★	2.2	-8.7	5.3	9.5	9.5	75	71	66	48	8	0.0	16.15	(51)	+Avg
Meridian Growth Legacy MERDX	Bronze	↑★★★★★	12.6	4.7	8.8	11.0	9.5	3	7	13	20	7	0.0	13.16	(68)	-Avg
Meridian Small Cap Growth Investor MISGX	Bronze	NR	11.6	0.4	—	—	—	5	19	—	—	—	0.0	—	(—)	
Neuberger Berman Genesis Inv NBGNX	Bronze	★★★★	8.3	2.9	7.2	9.9	8.5	19	9	32	39	26	0.4	12.36	(72)	Low
Royce Premier Invmt RYPRX	Bronze	↓★★	11.3	-0.4	3.4	5.8	7.4	7	21	84	95	60	0.7	14.47	(72)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	★★	0.3	-11.7	4.6	7.1	5.0	88	84	74	87	96	0.0	16.31	(62)	+Avg
T. Rowe Price New Horizons PRNHX	Silver	★★★★★	6.3	1.0	10.9	15.0	11.7	32	16	3	1	1	0.0	14.27	(62)	Avg
T. Rowe Price QM US Small-Cap Gr Eq PRDSX	Silver	★★★★★	6.5	-0.9	10.1	12.8	10.7	30	24	5	5	2	0.0	13.66	(71)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	Neutral	★★★★	9.1	3.0	8.1	11.8	9.2	14	9	19	11	11	0.1	13.78	(68)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	★★★★	7.2	-2.9	6.7	10.6	7.6	25	37	42	27	55	0.5	14.44	(73)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	Silver	↑★★★★	8.1	-1.7	7.0	10.7	9.1	20	29	34	25	13	1.3	13.94	(68)	-Avg
Wasatch Core Growth WGROX	Gold	★★★★	3.5	-2.3	7.8	11.7	8.3	70	33	23	12	36	0.0	13.09	(65)	Low
Wasatch Small Cap Growth Investor WAAEX	Gold	↑★★★★	3.5	-3.1	5.3	9.3	8.3	70	38	66	54	35	0.0	14.62	(57)	-Avg
William Blair Small Cap Growth N WBSNX	—	★★★	11.3	5.2	7.9	11.7	6.9	7	6	22	13	71	0.0	14.56	(58)	Avg
Small Blend			—	8.1	0.4	5.8	9.4	6.8	—	—	—	—	—	14.26	(67)	—
AMG Managers Skyline Special Equities SKSEX	Bronze	↓★★★★	5.2	-2.5	6.2	12.5	8.1	84	76	54	7	21	0.0	14.92	(63)	+Avg
ASTON/River Road Select Value N ARSMX	—	★★★	13.8	7.4	5.1	10.0	—	3	3	72	48	—	0.0	12.66	(70)	Low
ASTON/River Road Small Cap Value N ARSVX	—	★★★	11.5	7.0	5.4	9.7	5.7	12	4	68	54	77	0.0	12.22	(67)	Low
Berwyn BERWX	Silver	★★	12.3	3.1	0.0	7.8	6.6	7	29	96	82	55	0.0	14.37	(52)	Avg
Bogle Small Cap Growth Inv BOGLX	—	↓★★	9.1	-1.6	5.8	10.8	6.5	34	69	64	32	58	0.0	16.93	(72)	High
Bridgeway Ultra-Small Company Market BRSIX	—	↓★★	3.6	-2.0	4.1	10.4	5.1	95	73	82	40	88	0.9	14.35	(52)	Avg
Broadview Opportunity BVAOX	Silver	★★★★	6.9	-2.1	4.8	8.8	8.9	68	73	76	69	9	0.0	13.25	(65)	-Avg
DFA US Micro Cap I DFSCX	Gold	↓★★★★	8.1	2.5	7.2	11.6	7.3	50	33	34	19	34	0.9	14.51	(63)	Avg
DFA US Small Cap I DFSTX	Gold	★★★★	8.7	2.0	7.5	11.6	8.4	38	36	28	19	15	1.1	14.09	(69)	Avg
Dreyfus Opportunistic Small Cap DSCVX	—	★★★★	2.5	-6.1	4.1	9.4	11.0	97	94	82	59	2	0.3	18.07	(59)	High
Fidelity Small Cap Discovery FSCRX	Gold	★★★★★	9.0	0.5	6.4	12.7	11.2	35	47	48	4	1	0.4	13.17	(68)	-Avg
Fidelity Small Cap Stock FSLCX	Bronze	★★★★	5.2	-0.4	8.7	8.2	7.0	84	56	11	78	39	0.2	12.7	(75)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★★	5.9	-0.8	6.7	9.5	6.6	78	61	44	58	56	0.4	13.61	(69)	-Avg
Mairs & Power Small Cap MSCFX	Silver	★★★★★	15.3	10.2	9.6	—	—	2	1	3	—	—	0.3	13.12	(67)	-Avg
Perritt MicroCap Opportunities Investor PRCGX	—	★★	6.1	3.7	4.8	8.7	5.5	75	25	76	71	80	0.0	12.78	(59)	Low
Royce Micro-Cap Invmt RYOTX	—	★	4.8	-2.8	-1.1	-0.3	3.7	85	80	96	97	96	0.0	14.34	(58)	Avg
Royce Pennsylvania Mutual Invmt PENNX	Neutral	★★★★	12.5	2.9	4.1	7.3	6.4	7	31	82	85	61	0.8	14.22	(70)	Avg
Royce Total Return Invmt RYTRX	—	★★★★	13.4	6.8	5.9	9.2	6.9	3	4	62	63	46	0.6	12.49	(74)	Low
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	10.4	6.3	6.9	10.3	7.0	20	6	40	42	42	0.1	13.36	(69)	-Avg
T. Rowe Price Small-Cap Value PRSVX	Bronze	★★★★	12.6	8.4	6.4	10.2	7.7	6	2	48	43	28	0.7	13.32	(67)	-Avg
Vanguard Explorer Value Inv VEVFX	—	★★★★	8.8	3.7	7.2	11.4	—	37	25	34	22	—	0.8	13.52	(75)	-Avg
Vanguard Small Cap Index Adm VSMAX	Gold	★★★★	10.3	2.3	8.4	11.8	8.7	21	35	16	14	12	1.8	13.44	(76)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	Gold	★★★★★	11.1	5.4	9.6	13.0	8.8	16	10	3	2	9	1.6	13.71	(68)	Avg
Small Value			—	9.8	2.8	5.5	9.4	6.5	—	—	—	—	—	14.04	(66)	—
AllianzGI NFJ Small-Cap Value A PCVAX	Silver	★★★	7.8	0.7	3.5	7.2	7.1	70	72	81	89	31	1.4	12.33	(75)	-Avg
American Beacon Small Cp Val Inv AVPAX	Bronze	★★★	8.7	2.3	6.3	10.5	7.2	57	51	39	28	29	0.4	13.96	(71)	Avg
American Century Small Cap Value Inv ASVIX	—	↓★★★★	6.9	1.3	6.6	10.1	8.2	78	61	35	37	12	0.7	14.75	(71)	+Avg
Russell 2000 Growth Index			5.0	-5.2	7.5	10.9	8.4									
Russell 2000 Index			8.4	0.0	6.8	10.4	7.2									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

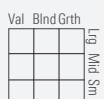
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	24.5	3.2	2,801	24	17	17	—	77	3	97	0	0	3	—	1.31	—	858	—
CIPSX		22.5	2.2	1,878	22	21	17	78	37	3	97	0	0	1	Clsd	1.38	17.74	1,118	Management Team
AUSAX		25.1	3.2	2,484	22	20	18	102	35	0	100	0	0	3	NL	1.18	20.8	702	Doyle/Litfin (2.6/0.6)
CCASX		33.9	4.0	1,512	36	27	16	47	11	6	94	0	0	0	NL	1.1	37.07	792	Mitchell/Monahan (13.8/2.5)
JATTX		24.8	3.7	3,337	29	23	17	113	27	5	94	0	1	2	Clsd	0.92	23.82	6,764	Coleman/Stutzman (3.2/0.1)
JAVTX		23.9	3.6	2,491	27	23	19	117	40	2	97	0	2	7	Clsd	0.92	65.46	2,644	Coleman/Stutzman (3.2/0.1)
LKSCX		25.5	2.6	2,497	24	15	14	82	62	2	98	0	0	3	NL	0.97	20.88	473	Management Team
LCGRX		28.6	3.5	2,137	26	22	16	99	78	2	98	0	0	5	Clsd	1.19	20.41	1,149	Burns/Slavik (11.5/11.3)
MERDX		25.3	3.2	2,374	29	24	19	91	46	4	96	0	0	3	Clsd	0.84	34.56	1,314	Meade/Schaub (2.8/2.8)
MISGX		25.8	2.5	998	30	24	18	111	45	10	89	0	1	4	NL	1.39	12.56	365	Meade/Schaub (2.6/2.6)
NBGNX		22.2	3.3	3,140	22	19	16	145	13	2	98	0	0	6	NL	1.01	33.35	10,588	Management Team
RYPRX		19.5	2.4	2,985	38	17	13	61	13	0	98	0	2	11	NL	1.13	15.89	2,324	Management Team
RYVPX		23.2	2.4	1,333	32	15	14	91	45	8	87	0	5	9	NL	1.48	11.23	493	Brown/Skinner (3.2/12.6)
PRNHX		30.4	3.8	4,244	23	20	19	255	34	5	89	0	6	8	Clsd	0.79	45.14	15,707	Henry Ellenbogen (6.4)
PRDSX		23.9	3.5	3,375	22	19	18	287	9	3	97	0	0	1	NL	0.82	27.37	2,576	Sudhir Nanda (9.8)
OTCFX		21.7	2.1	2,088	17	17	17	326	20	5	93	0	1	4	Clsd	0.9	42.12	8,843	Gregory McCrickard (23.9)
VEXPX		21.0	2.5	2,706	22	21	19	726	62	3	97	0	0	4	NL	0.49	86.26	10,747	Management Team
VSGAX		26.2	2.6	3,063	20	17	16	708	23	0	100	0	0	1	NL	0.08	45.98	15,514	Coleman/O'Reilly (0.2/11.6)
WGROX		22.6	3.6	2,573	24	17	16	64	39	6	92	0	1	8	NL	1.17	54.79	1,262	Lambert/Taylor (11.5/15.6)
WAAEX		25.3	3.2	2,021	28	18	18	108	31	0	96	0	4	16	Clsd	1.22	42.74	1,918	Cardon/Taylor (29.6/3.5)
WBSNX		22.9	2.8	1,338	26	18	17	84	91	3	97	0	0	6	NL	1.5	25.0	371	Balkin/Brewer (8.1/16.6)
	—	18.6	2.0	2,730	17	17	15	—	60	2	97	0	0	2	—	1.19	—	878	—
SKSEX		15.8	1.6	1,557	30	22	18	74	31	3	97	0	0	5	Clsd	1.33	37.55	1,397	Management Team
ARSMX		17.2	1.5	2,078	32	27	16	65	58	0	100	0	0	2	NL	1.52	7.1	42	Management Team
ARSVX		16.5	1.5	1,394	29	25	19	59	60	6	94	0	0	4	NL	1.39	12.31	274	Management Team
BERWX		16.4	1.2	536	29	23	14	43	11	6	94	0	0	4	NL	1.23	29.9	130	Management Team
BOGLX		16.3	1.3	1,358	22	21	12	208	196	2	98	0	1	6	NL	1.35	26.34	136	John Bogle (16.8)
BRSEX		13.7	1.1	148	23	18	15	637	32	0	100	0	0	1	NL	0.78	13.37	344	Management Team
BVAOX		18.8	2.0	2,356	22	21	16	79	41	13	87	0	0	3	NL	1.23	33.46	659	Management Team
DFSCX		17.6	1.7	823	20	19	17	1608	12	1	99	0	0	1	NL	0.52	18.84	5,229	Management Team
DFSTX		18.3	1.8	1,621	19	18	17	2006	11	1	99	0	0	2	NL	0.37	30.67	12,828	Management Team
DSCVX		17.5	1.9	1,605	23	23	21	78	74	1	99	0	0	10	Clsd	1.09	29.41	802	Management Team
FSCRX		16.6	1.5	2,429	26	21	15	62	25	1	99	0	0	2	Clsd	1.01	28.79	5,403	Janssen/Myers (0.3/10.3)
FSLCX		17.8	1.9	2,266	23	20	15	136	59	3	97	0	0	16	NL	1.0	17.85	2,005	Lionel Harris (4.7)
FDSCX		19.7	2.2	2,526	18	17	15	210	48	3	97	0	0	6	NL	0.77	24.42	1,478	Management Team
MSCFX		20.8	2.1	1,824	26	21	13	48	23	2	98	0	0	1	NL	1.06	22.46	273	Adams/Steinkopf (4.9/1.6)
PRCGX		15.3	1.3	265	21	20	16	90	20	3	97	0	0	3	NL	1.22	33.59	269	Corbett/Metrou (19.6/2.4)
RYOTX		18.4	1.4	381	26	21	18	161	41	7	89	0	4	8	NL	1.5	11.62	243	Hartman/Stoeffel (3.2/1.2)
PENNX		18.6	2.0	1,618	27	20	18	304	21	2	95	0	3	7	NL	0.93	10.5	2,684	Management Team
RYTRX		17.1	1.8	2,011	27	24	16	287	11	1	97	0	2	10	NL	1.22	13.44	2,871	Management Team
STSCX		17.5	2.0	3,280	26	16	13	58	6	3	97	0	0	0	NL	1.09	77.18	1,147	Management Team
PRSVX		20.0	1.7	1,509	25	13	12	311	32	2	96	0	2	2	NL	0.92	40.91	7,668	J. Wagner (2.1)
VEVFX		18.1	1.5	2,291	26	15	14	176	35	6	94	0	0	3	NL	0.65	30.96	321	Management Team
VSMAX		19.8	1.9	2,987	16	14	14	1476	11	0	99	0	0	1	NL	0.08	58.22	57,283	Coleman/O'Reilly (0.2/0.2)
VTMSX		19.4	1.9	1,478	17	16	16	607	33	1	99	0	0	0	NL	0.11	49.05	4,070	Butler/Coleman (0.2/0.2)
	—	16.2	1.5	2,419	24	18	13	—	76	3	96	0	0	2	—	1.31	—	897	—
PCVAX		14.6	1.7	2,209	23	21	10	123	42	4	94	0	2	3	Clsd	1.19	21.59	3,993	Management Team
AVPAX		15.6	1.4	1,984	27	18	18	603	47	3	97	0	0	5	NL	1.16	23.63	5,995	Management Team
ASVIX		17.1	1.6	1,355	22	19	15	136	95	3	97	0	0	4	Clsd	1.26	8.07	1,403	John/Lewis (4.2/1.7)
		23.2	3.2	1,634															
		19.4	1.8	1,471															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 07-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst								
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity																
Small Value (cont'd)			—	9.8	2.8	5.5	9.4	6.5	—	—	—	—	—	14.04 (66)	—	
Dean Small Cap Value DASCX	—	★★★★	12.8	7.4	7.3	11.1	6.9	12	13	24	18	38	0.2	13.63 (63)	Avg	
DFA US Small Cap Value I DFSVX	★ Gold	★★★	8.3	1.1	5.2	10.2	6.4	63	64	61	35	55	1.3	14.99 (67)	+Avg	
DFA US Targeted Value I DFFVX	★ Gold	↓★★★★	9.1	1.6	6.4	10.8	7.0	52	56	38	23	32	1.2	14.4 (73)	Avg	
Diamond Hill Small Cap A DHSCX	★ Gold	★★★★	6.0	0.3	5.5	9.1	6.4	87	78	54	58	52	—	10.52 (71)	Low	
Fidelity Small Cap Value FCPVX	★ Bronze	★★★★★	8.8	4.2	7.8	12.6	9.3	54	38	20	5	2	0.8	12.33 (67)	-Avg	
Perkins Small Cap Value T JSCVX	★ Silver	↓★★★★	11.5	6.0	8.5	9.3	8.7	27	25	15	55	7	0.6	11.73 (75)	Low	
Royce Opportunity Invmt RYPNX	★ Bronze	★★	11.0	1.3	2.7	8.4	6.6	34	60	87	75	48	0.0	16.28 (63)	+Avg	
Royce Small-Cap Value Service RYVFX	—	★★	8.6	-1.7	2.4	3.8	5.7	58	86	89	97	74	0.5	13.67 (58)	-Avg	
Royce Special Equity Invmt RYSEX	★ Gold	★★★★	11.6	1.3	2.8	8.1	8.1	25	61	85	80	13	1.1	13.65 (61)	-Avg	
Third Avenue Small Cap Value Instl TASCX	—	★★★	11.8	1.3	6.2	8.8	5.1	23	60	42	67	85	0.0	13.48 (70)	-Avg	
Vanguard Small Cap Value Index Admiral VSIAX	★ Silver	★★★★★	12.3	5.9	9.5	12.7	<i>7.8</i>	18	25	5	4	17	2.3	13.45 (79)	Avg	
Allocation			—	4.7	1.1	4.0	5.0	4.0	—	—	—	—	—	6.61 (76)	—	
American Funds 2020 Trgt Date Retire A AACTX	★ Silver	TE	★★★★	6.6	4.1	6.8	7.9	—	24	13	2	2	—	1.1	6.72 (95)	Avg
American Funds American Balanced A ABALX	★ Silver	MA	★★★★	6.7	6.1	8.5	10.3	7.2	24	5	3	2	8	1.5	7.64 (89)	Avg
American Funds Income Fund of Amer A AMECX	★ Silver	AL	★★★★	9.0	7.1	7.6	9.2	6.4	9	6	12	9	9	3.0	8.07 (93)	Low
Arbitrage R ARBFX	★ Bronze	NE	↑★★★★	2.1	2.5	1.5	1.5	2.9	44	31	38	31	20	0.0	1.8 (2)	Low
ASTON/Montag & Caldwell Balanced N MOBAX	—	MA	★★★★	3.5	1.9	6.9	7.4	6.6	93	48	20	39	15	0.6	6.34 (67)	Low
Berwyn Income BERIX	★ Silver	CA	★★★★★	7.3	5.2	4.6	6.0	7.3	23	11	40	20	2	2.3	4.36 (78)	Low
Calamos Market Neutral Income A CVSIX	★ Neutral	NE	↑★★★★	3.1	2.2	3.0	3.6	3.4	20	34	15	8	10	1.1	3.48 (0)	Avg
Dodge & Cox Balanced DODBX	★ Gold	MA	★★★★	6.5	1.4	7.2	10.3	5.9	28	57	14	2	35	2.3	8.97 (87)	High
Fidelity Balanced FBALX	★ Bronze	MA	★★★★★	5.5	2.5	8.2	9.2	6.7	52	37	5	9	13	1.5	8.1 (91)	+Avg
Fidelity Four-in-One Index FFNOX	★ Silver	AL	★★★★	5.7	1.6	7.3	9.0	6.1	44	30	15	12	21	2.0	9.68 (95)	+Avg
Fidelity Puritan FPURX	★ Bronze	MA	↓★★★★	4.2	2.0	8.5	9.1	6.8	86	45	4	9	12	1.6	8.12 (86)	+Avg
Fidelity Strategic Real Return FSRRX	—	XY	★	8.0	2.4	0.2	0.7	2.5	13	69	93	85	87	1.8	5.13 (39)	+Avg
FPA Crescent FPACX	★ Gold	MA	★★★★	3.4	1.0	5.0	7.6	6.9	94	67	69	35	11	0.6	7.54 (86)	Avg
Franklin Income A FKINX	★ Bronze	CA	★★	10.3	3.5	3.8	6.1	5.6	6	26	68	18	21	5.4	9.15 (87)	High
Franklin Mutual Shares A TESIX	★ Bronze	XM	↓★★★	6.7	-1.0	6.1	9.1	4.8	22	52	58	13	60	1.7	10.16 (91)	Low
Gateway A GATEX	★ Silver	XR	★★	2.2	1.2	3.8	4.4	3.2	58	37	67	72	1	1.3	4.42 (88)	-Avg
Greenspring GRSPX	—	MA	★★	9.1	4.6	1.4	5.2	5.0	7	12	97	87	68	1.7	8.08 (75)	+Avg
Invesco Equity and Income A ACEIX	★ Bronze	MA	★★★	5.2	0.3	6.0	8.9	6.2	61	79	40	12	26	2.2	8.62 (86)	+Avg
Janus Balanced T JABAX	★ Neutral	MA	★★★★★	2.6	1.3	6.5	7.9	7.6	96	62	27	31	4	1.6	7.18 (89)	Avg
JPMorgan Income Builder A JNBAX	★ Bronze	CA	★★★★	6.3	2.8	4.6	5.9	—	38	40	39	22	—	4.0	6.61 (91)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	★★★★	2.9	-0.3	6.4	5.3	5.2	76	58	6	18	7	3.8	6.8 (62)	-Avg
Litman Gregory Masters Alt Strats Inv MASNX	★ Bronze	GY	★★★★	4.2	1.8	3.1	—	—	26	21	17	—	—	3.1	3.24 (83)	Low
Mairs & Power Balanced Inv MAPOX	★ Silver	MA	★★★★★	10.5	7.7	7.2	10.2	7.5	4	1	14	3	4	2.3	7.5 (90)	Avg
Manning & Napier Pro-Blend Cnsvr Term S EXDAX	★ Bronze	CA	★★★★	6.0	2.6	3.4	4.4	5.3	47	48	81	77	29	1.4	4.77 (94)	-Avg
Manning & Napier Pro-Blend Extnr Term S MNBAX	★ Bronze	MA	★★★	7.0	1.3	4.4	6.0	5.7	20	60	82	72	40	0.5	7.95 (94)	+Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	★ Bronze	CA	★★★	6.1	1.4	3.5	4.9	5.1	45	74	78	58	34	0.7	6.26 (94)	+Avg
Merger Investor MERFX	★ Silver	NE	↓★★★★	1.2	-0.1	1.4	1.8	2.7	56	54	40	28	23	0.8	2.98 (0)	-Avg
MFS Total Return A MSFRX	★ Bronze	MA	★★★	7.7	4.8	7.3	8.7	6.0	14	10	14	16	32	2.3	6.61 (93)	-Avg
Natixis ASG Global Alternatives A GAFAX	★ Bronze	GY	★	-8.8	-15.0	-0.9	0.3	—	97	98	89	86	—	0.0	7.55 (36)	High
Oakmark Equity & Income I OAKBX	★ Silver	MA	★★★★	3.8	-1.1	5.1	6.8	6.5	91	94	67	54	16	1.1	8.5 (89)	+Avg
Pax Balanced Individual Investor PAXWX	—	MA	★★★	5.3	3.3	6.5	6.8	4.8	58	26	25	55	73	1.0	7.32 (92)	Avg
Russell 2000 Value Index				12.0	5.6	5.9	9.9	5.7								
S&P 500 Index				7.7	5.5	11.1	13.3	7.7								
BarCap US Agg Bond TR USD				5.9	5.8	4.2	3.5	4.9								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- CA Allocation—30% to 50% Equity
- GY Multi-Alternative
- LO Long-Short
- MA Allocation—50% to 70% Equity
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- TD Target Date 2011–2015
- TE Target Date 2016–2020
- TG Target Date 2021–2025
- TH Target Date 2026–2030
- TI Target Date 2031–2035
- TJ Target Date 2036–2040
- TK Target Date 2041–2045
- TL Target Date 2050+
- TV Tactical Allocation
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity
- XR Option Writing

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
	16.2	1.5	2,419	24	18	13	76	3	96	0	0	2	—	1.31	—	897	—	
DASCX	14.6	1.5	1,541	24	23	22	62	148	1	99	0	0	0	NL	1.2	15.29	222	Steven Roth (8.1)
DFSVX	15.3	1.1	1,390	25	21	13	1150	9	2	98	0	0	3	NL	0.52	32.85	13,081	Management Team
DFVFX	15.4	1.3	2,125	26	20	14	1499	15	1	99	0	0	2	NL	0.37	21.43	8,073	Management Team
DHSCX	15.9	1.6	2,853	30	27	10	74	17	18	82	0	0	4	Clsd	1.31	32.74	1,809	Management Team
FCPVX	16.7	1.5	2,289	31	20	13	59	34	1	97	0	2	4	Clsd	1.19	18.22	3,209	Derek Janssen (3.5)
JSCVX	19.7	2.0	2,144	22	20	14	89	86	5	95	0	0	2	NL	0.81	20.3	1,494	Management Team
RYPNX	17.5	1.2	631	34	19	17	243	27	6	93	0	1	3	NL	1.17	11.73	1,431	Hench/Zaino (12.2/18.3)
RYVFX	13.3	1.5	1,166	34	20	18	62	60	9	91	0	1	5	NL	1.48	9.45	495	Jay Kaplan (12.6)
RYSEX	16.3	1.7	1,243	42	20	16	42	15	9	91	0	0	0	NL	1.15	20.03	1,469	Dreifus/McBoyle (18.2/1.8)
TASCX	17.8	1.6	1,949	34	17	16	64	29	5	94	0	1	4	NL	1.14	20.96	309	Bui/Rewey (3.6/2.1)
VSIAX	16.8	1.6	2,928	18	17	12	861	16	0	100	0	0	1	NL	0.08	47.36	17,840	Coleman/O'Reilly (0.2/0.2)
	1.4	0.2	2,579	—	—	—	—	—	18	53	26	3	13	—	0.93	—	1,358	—
AACTX	18.2	2.5	61,162	15	14	12	21	8	6	51	40	3	20	5.75	0.71	11.78	7,298	Management Team
ABALX	19.4	2.6	103,899	15	14	14	1537	82	7	55	35	2	7	5.75	0.58	25.06	96,486	Management Team
AMECX	19.0	2.9	68,887	15	14	12	1734	45	5	69	22	4	19	5.75	0.55	21.7	101,609	Management Team
ARBFX	23.8	3.0	6,306	23	15	14	93	514	53	46	0	1	6	NL	1.45	12.79	1,780	Management Team
MOBAX	22.9	3.4	87,333	32	22	17	71	35	9	56	35	0	0	NL	1.36	23.41	39	Canakaris/Donahue (21.7/3.4)
BERIX	19.9	2.1	5,144	40	14	13	98	45	41	21	24	14	7	NL	0.67	13.65	1,733	Management Team
CVSIX	17.6	2.5	95,558	18	16	15	494	37	5	36	9	51	-1	4.75	1.11	13.09	3,816	Management Team
DODBX	14.6	1.7	55,741	26	23	18	384	20	2	66	31	1	11	NL	0.53	98.03	13,924	Management Team
FBALX	20.3	2.4	42,454	19	16	13	1125	128	3	65	29	3	7	NL	0.56	22.21	28,785	Management Team
FFNOX	17.8	2.0	36,971	16	14	13	4	9	1	84	15	0	27	NL	0.11	38.09	4,468	Dierdorf/Sharpe (7.5/7.1)
FPURX	21.3	2.8	61,135	21	17	14	1138	106	4	71	25	0	8	NL	0.56	21.0	25,850	Management Team
FSRRX	33.0	2.4	8,741	98	1	1	332	23	1	15	30	54	2	NL	0.8	8.82	793	Management Team
FPACX	15.8	1.3	42,011	33	30	14	125	48	34	54	6	6	9	NL	1.09	31.87	16,262	Management Team
FKINX	16.0	1.8	86,190	18	15	12	493	44	3	51	36	10	27	4.25	0.61	2.24	77,860	Management Team
TESIX	15.0	1.5	38,119	26	15	15	150	19	4	90	4	2	20	5.75	1.06	27.51	14,936	Management Team
GATEX	18.4	2.6	76,390	18	16	14	283	10	1	98	0	0	-2	5.75	0.94	30.15	8,267	Management Team
GRSPX	18.2	1.9	3,905	32	17	15	112	25	14	66	15	5	2	NL	0.96	22.99	290	Charles Carlson (29.5)
ACEIX	14.8	1.5	54,481	32	13	12	417	69	9	64	20	7	8	5.50	0.8	10.03	13,508	Management Team
JABAX	17.2	3.6	66,702	17	16	15	519	75	1	59	37	2	5	NL	0.83	29.43	13,148	Management Team
JNBAX	16.4	1.9	33,007	24	17	9	2516	48	4	32	61	3	28	4.50	0.75	10.05	12,205	Management Team
LCORX	13.4	2.2	9,212	23	19	18	330	78	27	57	14	1	12	NL	1.21	18.11	936	Management Team
MASNX	19.7	2.1	20,596	29	13	10	967	145	21	32	44	3	-6	NL	1.74	11.28	1,341	Management Team
MAPOX	18.3	3.0	52,660	23	23	17	321	14	3	65	32	0	5	NL	0.73	88.62	797	Earley/Kaliebe (1.6/10.6)
EXDAX	20.9	3.1	45,764	22	15	10	608	51	7	32	61	0	10	NL	0.9	13.46	1,227	Management Team
MNBAX	22.1	3.4	35,191	26	21	11	575	66	4	55	41	0	16	NL	1.08	16.75	1,140	Management Team
EXBAX	22.2	3.4	34,112	26	21	11	568	56	6	41	53	0	15	NL	1.07	13.46	1,066	Management Team
MERFX	20.7	2.1	18,989	25	21	13	130	157	40	52	4	3	0	NL	1.37	15.5	3,798	Behren/Shannon (9.5/9.5)
MSFRX	16.0	2.1	59,491	21	15	15	848	45	5	58	37	0	9	5.75	0.74	18.27	7,443	Management Team
GAFAX	—	—	—	—	—	—	52	0	244	19	-163	0	-144	5.75	1.53	9.56	2,476	Management Team
OAKBX	13.4	1.7	33,145	31	17	14	297	25	11	62	19	8	8	NL	0.75	29.65	16,389	Management Team
PAXWX	17.9	2.6	75,702	20	17	17	293	61	3	56	32	9	11	NL	0.93	22.56	1,912	Management Team
	16.9	1.2	1,321															
	19.2	2.7	76,417															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 07-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category		
		Morningstar Analyst Rating	vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst								
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Yr %				
Morningstar 500 Domestic Equity																	
Allocation (cont'd)																	
			—	4.7	1.1	4.0	5.0	4.0	—	—	—	—	—	—	6.61	(76)	—
Permanent Portfolio Permanent I PRPFX	—	CA	↑★★★★	15.5	11.4	3.1	1.1	5.8	1	1	84	98	15	1.0	7.55	(36)	High
PIMCO All Asset All Authority D PAUDX	🥉 Bronze	TV	↑★★★★	12.3	1.6	-1.3	0.4	4.0	7	37	85	86	49	4.2	8.71	(61)	Avg
PIMCO All Asset D PASDX	🥇 Gold	TV	★★★★	11.8	3.3	1.5	2.5	4.6	9	17	64	68	25	3.0	8.27	(74)	Avg
PIMCO Inflation Response MultiAsst Instl PIRMX	—	CA	★	11.1	5.2	1.1	—	—	1	10	96	—	—	1.9	7.27	(44)	High
PIMCO RAE Fundamental Advantage PLUS D PFSDX	—	NE	★★	2.9	-1.5	-1.9	0.8	—	27	64	80	53	—	4.4	3.33	(4)	Avg
T. Rowe Price Balanced RPBAX	🥈 Silver	MA	★★★★	4.9	1.5	6.7	8.0	6.4	70	57	22	28	19	1.8	7.85	(94)	+Avg
T. Rowe Price Capital Appreciation PRWCX	🥇 Gold	MA	★★★★★	7.6	6.8	10.7	12.1	8.9	15	3	1	1	1	1.3	7.23	(85)	Avg
T. Rowe Price Personal Strat Gr TRSGX	🥈 Silver	AL	★★★★	5.0	0.9	7.3	9.0	6.7	61	41	15	13	3	1.5	9.88	(94)	+Avg
T. Rowe Price Personal Strat Inc PRSIX	🥈 Silver	CA	★★★★	6.0	3.4	5.5	6.2	6.1	49	28	13	17	7	1.9	5.74	(97)	Avg
T. Rowe Price Retirement 2015 TRRGX	🥈 Silver	TD	★★★★	6.7	3.4	6.1	7.0	6.0	19	35	6	8	1	1.9	6.99	(98)	High
Vanguard Balanced Index Adm VBIAX	🥇 Gold	MA	★★★★★	7.4	5.4	8.1	9.4	7.2	18	7	5	7	9	2.0	6.78	(93)	-Avg
Vanguard LifeStrategy Income Inv VASIX	🥇 Gold	XY	★★★★	6.5	5.5	5.2	4.7	4.9	28	9	7	23	19	2.0	3.17	(63)	-Avg
Vanguard Managed Payout Investor VPGDX	—	XM	★★★	6.7	3.3	6.2	6.7	—	22	3	53	88	—	3.0	6.69	(97)	Low
Vanguard STAR Inv VGSTX	🥈 Silver	MA	★★★★	5.9	2.7	7.0	8.1	6.4	41	34	18	25	18	1.9	7.71	(96)	Avg
Vanguard Target Retirement 2025 Inv VTTVX	🥇 Gold	TG	↓★★★★	6.6	2.9	6.8	7.8	6.0	28	29	6	10	8	2.0	7.73	(98)	Avg
Vanguard Tax-Managed Balanced Adm VTMFX	—	CA	★★★★★	5.7	5.7	8.0	8.7	6.7	54	9	1	2	5	2.0	5.38	(92)	Avg
Vanguard Wellesley Income Inv VWINX	🥇 Gold	CA	★★★★★	9.1	9.6	7.3	8.4	7.5	12	1	3	3	1	2.8	4.6	(77)	-Avg
Vanguard Wellington Inv VWELX	🥇 Gold	MA	★★★★★	7.5	5.4	7.9	9.8	7.5	16	8	7	5	5	2.5	7.37	(93)	Avg
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★	6.4	3.6	5.2	7.7	6.9	30	20	64	34	11	1.4	6.26	(87)	Low
U.S. Specialty Funds																	
AllianzGI Technology Institutional DRGTX	🥉 Bronze	ST	★★★★	3.0	1.7	13.9	11.1	11.3	73	71	46	64	23	0.0	15.67	(66)	Avg
Cohen & Steers Realty Shares CSRSX	🥉 Bronze	SR	★★★★	14.5	19.5	14.5	12.0	7.4	68	44	26	50	24	2.4	15.22	(20)	Avg
Davis Financial A RPFGX	—	SF	★★★★	1.1	-3.5	8.7	10.2	5.0	30	33	14	29	19	0.5	12.9	(77)	-Avg
Fidelity Real Estate Investment Port FRESX	🥉 Bronze	SR	★★★★	17.2	24.0	15.5	13.4	7.4	9	1	5	6	24	1.5	15.43	(17)	+Avg
Fidelity Select Energy FSENX	—	EE	★★★★	15.2	1.7	-4.9	-2.5	1.3	22	5	15	8	24	1.0	20.96	(41)	-Avg
Fidelity Select Health Care FSPHX	—	SH	★★★★	-0.5	-9.7	18.1	20.8	13.6	31	41	8	15	25	0.0	16.32	(38)	+Avg
Fidelity Select Technology FSPTX	—	ST	★★★★	7.4	8.2	13.8	12.1	11.4	21	41	46	44	19	0.1	14.92	(71)	Avg
Franklin Utilities A FKUTX	🥇 Gold	SU	★★★★	22.7	20.1	12.2	13.6	9.2	12	22	7	4	4	2.6	12.44	(7)	+Avg
Harbor Commodity Real Return ST Instl HACMX	—	BB	↓★★	9.8	-8.2	-13.2	-12.5	—	17	64	55	53	—	2.9	15.63	(90)	+Avg
PIMCO Commodity Real Ret Strat D PCRDX	🥈 Silver	BB	★★	9.8	-8.4	-13.3	-12.7	-4.9	18	67	59	67	37	4.0	15.41	(90)	+Avg
T. Rowe Price Global Technology PRGTX	🥉 Bronze	ST	★★★★★	6.1	14.7	24.1	19.6	15.9	50	7	1	1	1	0.0	16.08	(76)	+Avg
T. Rowe Price Health Sciences PRHSX	Neutral	SH	★★★★★	-4.1	-12.3	17.7	22.3	16.3	71	61	13	4	1	0.0	16.18	(31)	+Avg
T. Rowe Price Media & Telecomms PRMTX	—	SC	★★★★★	6.9	7.5	13.6	14.7	13.9	75	28	1	1	6	0.2	14.02	(79)	High
T. Rowe Price New Era PRNEX	—	SN	★★★★	19.3	7.8	-0.8	-2.3	1.8	34	16	24	29	17	1.3	17.16	(53)	-Avg
T. Rowe Price Real Estate TRREX	🥇 Gold	SR	★★★★	14.1	18.9	14.4	12.4	6.9	78	53	31	25	46	2.1	14.58	(22)	Avg
T. Rowe Price Science & Tech PRSCX	—	ST	★★★	9.3	12.1	16.4	13.4	11.7	15	9	24	22	12	0.0	15.15	(75)	Avg
Third Avenue Real Estate Value Instl TAREX	🥈 Silver	GR	★★★★	7.2	0.3	7.7	9.5	4.6	89	91	68	9	11	0.6	11.99	(76)	-Avg
Vanguard Energy Inv VGENX	Neutral	EE	★★★★	19.9	4.7	-4.3	-2.9	1.8	10	4	7	13	16	2.2	20.18	(47)	-Avg
Vanguard Health Care Inv VGHGX	🥇 Gold	SH	★★★★	1.1	-2.5	18.2	19.1	11.8	22	10	6	41	47	1.0	12.36	(52)	Low
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★	98.1	74.2	6.7	-11.1	-1.6	93	100	61	72	85	1.3	33.64	(8)	Low
Vanguard REIT Index Adm VGSIX	🥇 Gold	SR	★★★★	18.3	22.3	14.7	13.0	7.7	1	4	20	10	15	3.2	15.41	(17)	+Avg
BarCap US Agg Bond TR USD				5.9	5.8	4.2	3.5	4.9									
Dow Jones Moderate Portfolio Index				7.8	4.6	6.1	6.6	5.9									
S&P 500 Index				7.7	5.5	11.1	13.3	7.7									

Legend		Categories	
Red = Lowest return in group	★ = New this month	AL Allocation—70% to 85% Equity	SF Financial
Green = Highest return in group	↑↓ = Increase/decrease in rating	BB Commodities Broad Basket	SH Health
<i>Italic</i> = Extended performance	NR = No Morningstar Rating; fund less than three years old.	CA Allocation—30% to 50% Equity	SN Natural Resources
		EE Equity Energy	SP Equity Precious Metals
		GR Global Real Estate	SR Real Estate
		IH World Allocation	ST Technology
		LO Long-Short	SU Utilities
		MA Allocation—50% to 70% Equity	TA Target-Date 2000-2010
		NE Market Neutral	TD Target Date 2011-2015
		SC Communications	TE Target Date 2016-2020
			TG Target Date 2021-2025
			TH Target Date 2026-2030
			TI Target Date 2031-2035
			TJ Target Date 2036-2040
			TK Target Date 2041-2045
			TL Target Date 2050+
			TV Tactical Allocation
			RI Retirement Income
			XM Allocation—85%+ Equity
			XY Allocation—15% to 30% Equity

Current Portfolio Style

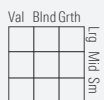
Costs

Operations

Current Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
—	1.4	0.2	2,579	—	—	—	—	—	18	53	26	3	13	—	0.93	—	1,358	—
PRPFX	25.1	2.2	20,488	32	13	13	131	5	4	36	29	30	12	NL	0.8	39.89	2,958	Michael Cuggino (13.2)
PAUDX	8.7	0.8	—	—	—	—	37	39	61	19	14	5	-34	NL	1.62	8.51	8,408	Robert Arnott (12.7)
PASDX	8.6	0.8	—	—	—	—	38	40	45	30	22	3	3	NL	1.27	11.31	19,159	Robert Arnott (14.0)
PIRMX	30.0	2.1	12,777	76	8	3	397	290	31	8	37	24	-27	NL	0.7	8.68	983	Johnson/Worah (1.6/4.9)
PFSDX	—	—	—	—	—	—	316	602	-9	0	107	2	39	NL	1.29	9.64	763	Management Team
RPBAX	17.4	1.9	47,670	17	16	14	1480	65	3	63	33	0	28	NL	0.64	22.27	3,907	Charles Shriver (5.2)
PRWCX	22.0	3.2	49,695	25	20	18	269	67	14	61	23	2	7	Clsd	0.7	26.96	25,846	David Giroux (10.1)
TRSGX	17.5	1.9	37,146	18	16	15	1617	64	3	78	19	0	36	NL	0.78	29.22	1,665	Charles Shriver (5.2)
PRSEX	17.5	1.9	36,979	18	16	15	1703	81	15	38	46	0	31	NL	0.58	18.19	1,626	Charles Shriver (5.2)
TRRGX	17.4	2.0	34,222	16	15	14	19	16	5	51	43	1	27	NL	0.62	14.6	9,534	Clark/Lee (12.4/1.0)
VBIAX	18.7	2.4	42,329	17	15	14	12085	61	2	58	40	0	5	NL	0.08	31.06	28,264	Management Team
VASIX	16.8	1.9	30,514	16	14	12	5	14	3	20	76	1	36	NL	0.12	15.38	3,652	Management Team (21.8)
VPGDY	16.1	1.8	5,860	16	14	14	10	29	12	63	17	7	37	NL	0.38	18.06	1,636	Ameriks/Shtekhman (2.3/0.2)
VGSTX	16.6	1.9	36,903	20	16	16	12	8	3	61	35	1	27	NL	0.34	24.49	18,513	Coleman/Nejman (3.4/3.4)
VTTVX	16.8	1.9	30,521	16	14	12	5	24	1	66	32	1	38	NL	0.15	16.65	30,440	Coleman/Nejman (3.4/3.4)
VTMFY	18.7	2.5	54,859	17	14	13	2327	9	1	48	51	0	0	NL	0.11	28.12	2,862	Management Team
VWINX	17.6	2.5	101,835	14	14	13	1450	59	3	37	59	1	17	NL	0.23	26.39	47,607	Keogh/Reckmeyer (8.4/9.6)
VWELX	16.1	2.1	98,481	22	20	13	1285	39	1	65	33	1	14	Clsd	0.26	39.05	90,329	Bousa/Keogh (13.6/10.3)
WHGIX	19.7	2.7	50,059	22	16	16	61	24	27	48	11	13	2	NL	0.9	14.88	2,428	Freeman/Williams (10.6/10.6)
DRGTX	27.7	4.5	63,168	72	12	8	146	165	2	98	0	0	1	NL	1.26	55.93	1,213	Chen/Price (20.6/20.6)
CSRSX	44.9	2.8	12,038	96	3	1	50	58	1	99	0	0	0	NL	0.96	78.07	5,961	Management Team
RPFGX	13.8	1.2	47,566	90	4	4	31	5	3	97	0	0	14	4.75	0.86	39.81	736	Christopher Davis (2.6)
RFSX	34.6	2.5	12,885	100	0	0	52	34	1	99	0	1	0	NL	0.78	47.35	5,564	Steve Buller (18.6)
FSENX	31.9	1.5	15,398	97	1	1	87	79	1	99	0	0	3	NL	0.8	40.42	2,318	John Dowd (10.0)
FSPHX	24.2	2.6	20,592	95	4	1	109	76	1	99	0	0	8	NL	0.73	206.17	7,928	Edward Yoon (7.8)
FSPTX	24.5	2.9	28,347	87	5	3	231	130	3	96	0	0	25	NL	0.78	126.82	3,223	Charlie Chai (9.5)
FKUTX	19.7	1.9	18,703	93	5	1	56	9	2	97	1	0	5	4.25	0.73	18.66	6,682	Kohli/Schmicker (17.6/6.6)
HACMX	—	—	—	—	—	—	186	784	9	0	65	26	8	NL	0.94	3.65	78	Management Team
PCRDY	—	—	—	—	—	—	436	111	10	0	62	29	-18	NL	1.19	6.78	6,573	Management Team
PRGTX	33.8	5.0	22,557	67	15	13	59	219	8	91	0	1	30	NL	0.91	14.39	2,777	Joshua Spencer (4.2)
PRHSX	22.2	2.7	22,928	95	2	2	137	31	2	97	0	1	3	Clsd	0.76	66.04	11,715	Ziad Bakri (0.3)
PRMTX	34.4	4.0	59,262	44	30	25	80	13	4	94	0	2	21	NL	0.79	75.46	3,624	Paul Greene (3.2)
PRNEX	22.0	1.8	14,320	50	27	9	118	76	1	97	1	1	35	NL	0.67	32.52	3,311	Shawn Driscoll (2.8)
TRREX	30.3	2.7	12,585	97	2	1	39	6	5	94	0	1	0	NL	0.76	31.05	6,523	David Lee (18.7)
PRSCX	25.3	2.6	33,380	67	22	8	67	82	8	89	1	2	32	NL	0.84	37.44	3,587	Kennard Allen (7.6)
TAREX	17.2	1.1	8,086	69	11	11	54	17	4	93	0	3	46	NL	1.1	30.81	2,026	Management Team
VGENX	21.9	1.2	31,765	97	2	1	151	23	6	94	0	0	29	NL	0.37	49.23	10,084	Management Team
VGHCX	23.5	2.7	43,145	95	4	1	91	18	2	97	0	1	20	NL	0.36	217.28	48,592	Jean Hynes (8.2)
VGPMX	34.4	1.0	2,599	98	2	0	64	8	2	96	0	1	89	NL	0.35	12.36	2,693	Jamie Horvat (2.4)
VGSLX	33.3	2.6	10,899	99	1	0	153	11	0	99	0	0	0	NL	0.12	130.95	53,028	Nejman/O'Reilly (0.2/20.2)

19.2 2.7 76,417

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate

- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
			Morningstar Rating	Total Return % 07-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
			vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst						(R ²)	
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Yr %			
Morningstar 500 International Equity																
Foreign Stock																
American Beacon Intl Equity Inv AAPX	—	FV	↓★★★★	-1.6	-10.7	0.1	2.6	1.8	65	70	51	25	21	1.2	13.04 (92)	Avg
American Century International Gr Inv TWIEX	🥉 Bronze	FG	★★★★	-2.2	-9.1	1.4	3.1	3.3	85	90	77	63	49	0.5	12.52 (84)	Avg
American Funds Europacific Growth A AEPGX	🏆 Gold	FG	↑★★★★	2.6	-5.0	3.8	3.6	4.1	44	53	25	49	27	1.7	11.95 (91)	-Avg
American Funds Intl Gr and Inc A IGAAX	🏆 Gold	FB	★★★★	3.8	-6.8	0.7	2.8	—	21	44	70	38	—	2.8	11.79 (94)	-Avg
Ariel International Investor AINTX	Neutral	FV	★★★★★	4.1	-0.5	5.8	—	—	19	5	1	—	—	0.1	10.96 (92)	Low
Artisan International Investor ARTIX	🥈 Silver	FG	★★★★	-2.5	-9.0	1.1	4.7	3.8	88	88	84	22	37	0.5	12.7 (81)	Avg
Artisan International Small Cap Investor ARTJX	🏆 Gold	FR	★★★★	-4.7	-2.3	2.0	5.8	6.3	96	61	89	51	20	0.1	14.34 (62)	High
Artisan International Value Investor ARTKX	🏆 Gold	FB	★★★★★	2.7	-3.2	3.9	8.0	6.7	27	16	8	3	1	0.8	11.08 (87)	Low
Causeway International Value Inv CIVVX	🏆 Gold	FB	★★★★	-2.5	-11.4	-0.4	2.7	2.4	91	92	85	39	30	1.7	12.39 (89)	Avg
Columbia Acorn International Z ACINX	🥈 Silver	FR	★★★★	3.5	-1.2	3.1	3.9	5.7	29	51	77	78	37	1.2	11.54 (90)	-Avg
DFA International Small Company I DFISX	🥈 Silver	FQ	★★★★	5.0	2.4	6.2	5.4	5.0	28	11	21	48	27	3.1	12.71 (84)	Avg
Dodge & Cox International Stock DODFX	🏆 Gold	FB	★★★★	1.3	-12.1	0.6	2.9	2.7	36	93	72	33	25	2.3	15.69 (94)	High
Fidelity Diversified International FDIVX	🥉 Bronze	FG	★★★★	-0.9	-8.1	3.7	4.4	2.8	79	80	29	27	68	1.0	12.46 (85)	Avg
Fidelity International Discovery FIGRX	🥉 Bronze	FG	↓★★★★	-2.5	-8.1	2.8	4.1	3.1	88	79	51	36	57	1.1	12.34 (84)	Avg
Fidelity International Growth FIGFX	🥉 Bronze	FG	↑★★★★★	2.8	-2.7	5.3	6.1	—	38	37	11	11	—	0.7	11.58 (86)	-Avg
Fidelity International Index Investor FSIX	🥈 Silver	FB	★★★★	0.7	-7.6	1.8	3.0	2.0	47	56	43	31	39	2.8	12.74 (95)	Avg
Fidelity Overseas FOSFX	🥉 Bronze	FB	★★★★★	0.9	-3.8	6.2	6.1	3.1	43	18	3	4	20	1.0	12.14 (85)	Avg
First Eagle Overseas A SGOVX	🥉 Bronze	FB	★★★★★	9.2	6.8	5.5	4.9	5.9	3	1	3	6	2	0.2	9.06 (84)	Low
FMI International FMIJX	🥈 Silver	FB	★★★★★	6.2	3.1	7.7	10.9	—	7	3	2	1	—	1.7	7.87 (68)	Low
Harbor International Institutional HAINX	🏆 Gold	FB	★★★★	3.1	-7.7	0.7	2.2	3.9	25	59	69	55	12	1.7	13.65 (94)	+Avg
Harding Loevner International Eq Inv HLMNX	🥈 Silver	FG	★★★★	7.7	1.0	4.6	4.0	4.9	5	12	13	39	10	0.7	13.66 (91)	+Avg
IVA International A IVIOX	🥈 Silver	FQ	↑★★★★	4.0	0.2	4.5	4.7	—	38	23	54	65	—	2.4	6.58 (91)	Low
JOHCM International Select II JOHAX	—	FG	★★★★★	8.7	-4.1	7.9	8.0	—	2	46	4	4	—	0.1	12.46 (63)	+Avg
Litman Gregory Masters Intl Instl MSILX	—	FB	↓★★★	-6.1	-16.7	-1.9	0.8	2.4	97	99	96	84	30	1.8	13.2 (86)	+Avg
Longleaf Partners International LLINX	—	FB	★	6.8	-5.3	-1.3	0.5	1.3	6	29	93	89	66	1.7	17.47 (83)	High
Manning & Napier World Opportunities A EXWAX	🥉 Bronze	FB	↑★★★★	4.7	-2.5	-1.1	0.4	2.6	13	12	92	91	27	1.8	13.53 (90)	+Avg
Neuberger Berman International Eq Inv NIQVX	🥈 Silver	FB	↓★★★★	0.5	-2.9	3.2	3.3	2.7	54	14	15	22	26	0.4	11.98 (84)	-Avg
Oakmark International I OAKIX	🏆 Gold	FB	↓★★★★	-3.2	-12.4	-1.1	4.7	4.4	93	94	92	8	7	2.3	15.71 (87)	High
Oakmark International Small Cap I OAKEX	🥉 Bronze	FQ	★★	2.5	-5.9	1.7	4.4	3.9	46	85	75	70	69	2.4	14.48 (86)	High
Oppenheimer International Growth A OIGAX	🥈 Silver	FG	★★★★	2.7	-2.2	3.1	5.5	5.5	40	32	44	14	1	0.8	12.9 (86)	Avg
T. Rowe Price International Discovery PRIDX	🥈 Silver	FR	★★★★	2.4	1.9	8.2	7.6	6.9	44	22	14	18	13	0.6	11.11 (82)	-Avg
T. Rowe Price International Gr & Inc TRIGX	Neutral	FV	★★★★	0.6	-9.7	1.0	2.2	1.9	40	63	34	32	19	2.0	12.09 (93)	-Avg
T. Rowe Price International Stock PRITX	Neutral	FG	★★★★	3.5	-5.2	3.7	3.5	3.6	30	56	29	55	41	1.1	12.9 (94)	+Avg
T. Rowe Price Overseas Stock TROX	🥉 Bronze	FB	★★★★	0.6	-8.7	1.6	3.0	—	53	73	48	29	—	2.1	11.96 (94)	-Avg
Tweedy, Browne Global Value TBGVX	🥈 Silver	FV	★★★★★	1.8	-2.7	2.9	6.4	4.9	36	11	10	1	1	0.8	8.05 (81)	Low
USAA International USIFX	🥉 Bronze	FG	↓★★★★	0.6	-7.0	1.9	3.5	3.7	67	71	70	55	40	1.3	12.76 (91)	Avg
Vanguard Developed Markets Idx Admiral VTMGX	🏆 Gold	FB	★★★★	2.0	-5.7	2.4	3.3	2.3	31	33	28	22	32	2.8	12.74 (96)	Avg
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	🏆 Gold	FB	★★★★	4.4	-4.9	1.8	1.7	—	16	25	43	69	—	2.8	12.93 (98)	+Avg
Vanguard FTSE All-Wld ex-US SmCap Idx Inv VFSVX	🥈 Silver	FQ	★★	6.3	1.4	4.0	2.2	—	19	17	58	83	—	2.5	12.68 (89)	Avg
Vanguard International Explorer Inv VINEX	Neutral	FQ	★★★★	-0.2	-3.2	6.5	5.3	4.4	67	65	18	51	42	1.5	12.15 (80)	-Avg
Vanguard International Growth Inv VWIGX	🥈 Silver	FG	★★★★	3.9	-2.1	3.5	3.8	4.0	24	32	34	45	34	1.3	14.31 (95)	High
Vanguard International Value Inv VTRIX	🥉 Bronze	FV	★★★★	3.2	-8.3	0.7	2.3	1.9	25	46	38	29	18	2.1	13.59 (96)	+Avg
Vanguard Total Intl Stock Index Admiral VTIAX	🏆 Gold	FB	↑★★★★	4.5	-4.3	2.0	1.8	2.3	15	21	38	67	32	2.7	12.83 (98)	Avg
Virtus Foreign Opportunities A JVIAX	🥉 Bronze	FG	★★★★	4.0	0.9	4.0	5.1	4.2	21	13	22	17	24	0.8	11.18 (76)	Low
World Stock																
American Funds Capital World Gr&Inc A CWGIX	🏆 Gold	—	★★★★	4.5	-1.4	5.3	6.6	4.8	—	—	—	—	—	—	12.04 (80)	—
American Funds New Perspective A ANWPX	🏆 Gold	—	★★★★	5.7	-1.2	6.1	7.6	5.6	35	45	38	33	33	2.2	11.15 (91)	-Avg
American Funds SMALLCAP World A SMCWX	🥉 Bronze	—	★★★★	3.1	0.7	7.9	9.1	7.1	62	28	14	10	6	0.7	11.78 (86)	Avg
Artisan Global Equity Investor ARTHX	🥉 Bronze	—	★★★★	5.1	-3.0	6.9	7.9	6.9	41	61	24	26	9	0.0	12.68 (65)	+Avg
			★★★★	3.4	-4.3	5.6	10.3	—	59	73	47	3	—	0.0	12.65 (73)	+Avg
MSCI World Index				4.9	-0.5	6.6	7.9	4.8								
MSCI EAFE Index				0.9	-7.8	1.6	2.9	1.8								

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

FA Foreign-Small/Mid Value
FB Foreign-Large Blend
FG Foreign-Large Growth
FQ Foreign Small/Mid Blend
FR Foreign-Small/Mid Growth
FV Foreign-Large Value
SC Communications
SF Financial
SH Health
SN Natural Resources

SP Equity Precious Metals
SR Real Estate
SU Utilities
ST Technology

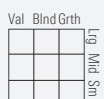
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Other													
	—	0.8	5,741	54	7	1	18	15	1	—	13	4	96	0	0	—	1.31	—	1,692	—	
AAIPX	■	4.5	33,507	60	5	0	13	8	0	181	33	7	92	0	1	NL	1.07	17.25	2,748	Management Team	
TWIEX	■	9.3	23,386	70	3	0	15	7	0	111	62	1	96	0	3	NL	1.17	11.13	1,571	Gandhi/Gendelman (8.4/1.4)	
AEPGX	■	7.2	34,077	40	5	2	14	27	2	405	30	5	90	0	4	5.75	0.83	46.54	125,388	Management Team	
IGAAAX	■	5.7	27,275	43	9	3	8	22	3	172	25	10	88	2	0	5.75	0.91	29.05	11,187	Management Team	
AINTX	■	8.5	28,509	59	9	0	11	9	0	80	34	12	88	0	0	NL	1.26	13.08	159	Rupal Bhansali (4.6)	
ARTIX	■	9.5	41,575	54	18	0	14	6	0	71	45	5	95	0	0	Clsd	1.17	27.97	16,161	Management Team	
ARTJX	■	10.6	2,180	79	3	0	7	5	0	45	43	6	94	0	0	Clsd	1.52	22.99	822	Hamker/Yockey (4.5/14.6)	
ARTKX	■	7.4	24,730	53	15	3	5	12	0	51	23	11	89	0	0	Clsd	1.21	32.57	11,094	O'Keefe/Samra (9.7/13.8)	
CIVVX	■	4.0	41,539	67	0	0	14	15	0	56	28	4	96	0	0	NL	1.15	13.64	6,033	Management Team	
ACINX	■	8.9	4,428	44	7	1	23	22	2	133	50	0	99	0	1	NL	0.99	40.22	5,863	Egan/Mendes (13.2/13.2)	
DFISX	■	4.6	1,444	50	9	0	24	12	1	4235	0	2	96	0	1	NL	0.54	17.78	10,383	Management Team	
DODFX	■	4.4	36,818	40	10	7	13	13	7	121	18	1	96	0	3	Clsd	0.64	36.96	51,604	Management Team	
FDIVX	■	6.2	26,711	53	17	1	15	11	2	222	31	1	99	0	0	NL	1.0	34.73	20,378	William Bower (15.3)	
FIGRX	■	6.8	17,469	57	7	0	17	12	2	214	60	4	96	0	0	NL	0.99	38.44	9,927	William Kennedy (11.7)	
FIGFX	■	11.8	38,248	50	21	1	14	10	2	93	26	2	98	0	0	NL	0.97	11.45	1,717	Jed Weiss (8.7)	
FSIIX	■	5.0	30,414	61	2	0	22	12	0	962	1	1	98	0	0	NL	0.19	36.14	15,113	Management Team	
FOSFX	■	7.5	14,557	62	10	0	18	6	1	177	28	3	97	0	0	NL	1.04	41.23	5,312	Vincent Montemaggiore (4.5)	
SGOVX	■	6.3	13,256	28	7	3	22	12	1	159	12	18	72	0	10	Clsd	1.16	23.99	15,012	Brooker/McLennan (6.4/7.8)	
FMIJX	■	11.8	20,160	41	22	0	13	11	0	47	9	11	87	0	2	NL	0.98	29.94	4,443	Management Team	
HAINX	■	5.9	43,787	70	11	2	8	3	0	81	25	2	94	0	4	NL	0.76	61.25	39,743	Management Team	
HLMNX	■	10.4	40,406	53	7	2	18	16	5	57	12	-1	101	0	0	NL	1.16	18.4	6,129	Management Team	
IVIOX	■	9.0	6,462	18	3	0	12	18	0	98	27	37	52	4	7	Clsd	1.25	16.21	4,007	de Lardemelle/de Vaulx (7.8/7.8)	
JOHAX	■	8.2	26,070	52	4	2	18	12	2	50	50	9	91	0	0	Clsd	1.3	19.39	4,040	Lees/Richyal (7.0/7.0)	
MSILX	■	3.8	26,892	74	7	1	11	7	0	56	51	0	100	0	0	NL	0.99	15.15	910	Management Team	
LLINX	■	3.7	9,607	42	1	5	4	49	0	22	52	-5	100	0	5	NL	1.28	13.19	1,019	Management Team	
EXWAX	■	11.1	34,252	50	21	9	4	15	0	42	71	2	98	0	0	NL	1.09	7.09	945	Management Team	
NIQVX	■	7.0	13,605	66	8	0	11	6	3	99	25	4	95	0	2	NL	1.25	20.39	1,487	Benjamin Segal (11.1)	
OAKIX	■	2.3	23,739	64	2	2	16	11	0	68	48	2	95	0	3	Clsd	0.95	20.67	23,968	Herro/Taylor (23.8/7.6)	
OAKEX	■	7.1	2,075	55	7	2	8	22	0	67	46	4	94	0	2	Clsd	1.35	14.53	2,456	Herro/Manelli (20.7/5.2)	
OIGAX	■	8.2	15,551	71	9	1	6	7	1	110	10	2	96	0	2	5.75	1.14	37.07	23,298	Dunphy/Evans (4.3/20.3)	
PRIDX	■	4.6	1,902	38	2	3	22	24	1	219	39	9	90	0	2	NL	1.2	55.19	4,503	Justin Thomson (17.6)	
TRIGX	■	5.2	19,366	55	3	1	19	14	2	128	25	6	94	0	0	NL	0.84	13.15	11,592	Jonathan Matthews (6.1)	
PRITX	■	6.3	29,270	45	6	2	15	25	2	130	32	4	95	0	0	NL	0.83	15.81	14,294	Richard Clattenburg (1.3)	
TROX	■	5.3	31,438	58	2	1	20	13	0	161	12	6	94	0	0	NL	0.84	9.04	11,649	Raymond Mills (9.6)	
TBGVX	■	6.1	31,848	59	11	1	1	9	0	198	1	19	81	0	0	NL	1.37	24.91	8,952	Management Team	
USIFX	■	5.6	16,152	62	5	0	20	9	1	579	62	1	99	0	1	NL	1.12	26.89	3,488	Management Team	
VTMGX	■	4.9	20,011	52	10	0	21	14	0	3777	3	0	98	0	2	NL	0.09	11.84	53,487	Franquin/Louie (3.4/0.2)	
VFWAX	■	4.7	24,801	44	7	3	17	22	3	2533	3	1	97	0	3	NL	0.13	27.74	24,794	Franquin/Hales (0.4/0.4)	
VFSVX	■	4.8	1,350	34	15	2	15	28	2	3446	9	1	96	0	3	NL	0.31	37.31	3,329	Miller/Perre (0.9/0.4)	
VINEX	■	7.1	1,747	55	1	0	23	14	0	327	42	4	93	0	3	NL	0.42	16.92	2,819	Dobbs/Thomas (16.6/6.1)	
VWIGX	■	5.7	30,821	44	8	2	11	22	2	172	29	1	95	0	3	NL	0.47	21.93	20,990	Management Team	
VTRIX	■	4.2	29,268	49	3	2	22	15	4	157	36	3	95	0	3	NL	0.46	32.1	7,631	Management Team	
VTIAX	■	4.7	18,421	43	8	3	17	23	3	6011	3	0	99	0	0	NL	0.12	24.95	205,650	Louie/Perre (0.4/7.9)	
JVIAX	■	13.4	53,632	56	19	0	5	17	2	45	32	0	100	0	0	5.75	1.41	29.44	1,473	Management Team	
	—	6.0	41,390	27	54	1	6	8	1	—	54	3	97	0	0	—	1.3	—	1,566	—	
CWGIX	■	8.3	49,236	29	46	1	3	13	1	408	35	1	93	1	5	5.75	0.77	45.26	83,781	Management Team	
ANWPX	■	11.2	55,163	28	48	1	5	7	2	337	27	5	91	0	4	5.75	0.75	37.13	61,066	Management Team	
SMCWX	■	7.4	2,761	18	43	3	6	16	2	628	33	4	87	1	9	5.75	1.07	45.86	29,053	Management Team	
ARTHX	■	12.8	29,834	23	66	0	5	6	0	59	78	0	100	0	0	NL	1.37	16.59	259	Management Team	

Equity Style Box



Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	Total Return % 07-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
			vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr				10 Yr
World Stock (cont'd)			—	4.5	-1.4	5.3	6.6	4.8	—	—	—	—	—	—	12.04 (80)	—
Artisan Global Opportunities Inv ARTRX	Silver	★★★★★	7.4	4.6	9.5	11.1	—	21	12	5	2	—	0.1	13.57 (74)	+Avg	
Artisan Global Value Investor ARTGX	Silver	↓★★★★	4.6	-0.7	5.8	10.3	—	45	41	44	3	—	0.3	11.61 (83)	Avg	
BBH Global Core Select N BBGX	—	★★★	6.0	1.4	4.5	—	—	33	25	66	—	—	0.6	10.15 (82)	Low	
Dodge & Cox Global Stock DODWX	Gold	★★★	5.4	-4.3	5.4	8.1	—	39	74	51	23	—	1.6	14.22 (91)	High	
Fidelity Worldwide FWWFX	—	★★★★★	1.5	-3.9	6.1	8.0	6.3	79	70	39	24	17	0.6	11.82 (73)	Avg	
Franklin Mutual Global Discovery A TEDIX	Silver	↓★★★★	3.0	-4.7	4.3	7.1	5.9	64	76	69	45	27	1.4	10.19 (84)	Low	
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★★	5.3	0.8	7.5	7.2	6.3	39	28	18	41	16	0.1	12.06 (85)	Avg	
Janus Global Research T JAWWX	Bronze	★★★	2.4	-5.5	6.3	7.0	7.0	70	81	33	49	8	0.7	12.52 (84)	+Avg	
MFS Global Equity A MWEFX	Silver	★★★★★	6.9	0.0	6.4	9.3	6.8	24	33	31	8	10	0.7	11.88 (85)	Avg	
Oakmark Global I OAKGX	Gold	↓★★	-5.7	-11.4	1.4	6.2	5.0	99	98	92	63	48	1.2	14.95 (80)	High	
Oakmark Global Select I OAKWX	Silver	↓★★★★	-2.2	-6.5	3.9	9.0	—	95	87	74	12	—	0.8	14.11 (84)	+Avg	
Old Westbury Small & Mid Cap OWSMX	—	↑★★★★★	7.6	3.7	7.1	7.7	8.6	20	15	21	30	2	0.7	10.8 (81)	-Avg	
Oppenheimer Global A OPPAX	Silver	★★★	-2.4	-9.7	4.9	6.9	5.2	96	95	60	49	43	0.7	13.9 (80)	+Avg	
Perkins Global Value T JGVAX	Bronze	★★★★	3.9	-0.7	4.5	7.2	5.7	53	39	67	41	33	2.0	8.38 (85)	Low	
Tweedy, Browne Value TWEBX	Silver	★★★★★	4.4	-1.6	3.0	7.1	5.2	47	49	83	44	44	1.0	9.56 (78)	Low	
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★★	2.0	-7.0	0.3	3.8	—	75	88	97	89	—	2.8	11.07 (89)	-Avg	
USAA World Growth USAWX	Silver	★★★★★	7.0	0.1	6.5	9.3	7.0	24	33	29	8	9	0.7	11.92 (84)	Avg	
Vanguard Global Equity Inv VHGX	Bronze	★★★★	4.6	0.4	6.7	7.8	4.6	45	30	25	28	58	1.6	11.52 (87)	Avg	
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR	8.6	6.5	—	—	—	15	7	—	—	—	1.6	— (—)	—	
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★	6.2	0.1	6.1	6.9	—	32	33	38	51	—	2.1	11.56 (93)	Avg	
Regional Stock			—	10.8	-0.8	-0.4	-2.3	3.5	—	—	—	—	—	15.34 (74)	—	
Matthews Asia Dividend Investor MAPIX	Silver	DP	↑★★★★	8.8	2.2	4.9	5.9	—	15	31	65	13	—	1.6	11.65 (78)	Low
Matthews Asian Growth & Inc Investor MACSX	Silver	PJ	★★★★	9.9	2.2	1.8	4.0	7.0	23	18	76	15	60	1.9	11.26 (77)	Low
Matthews China Investor MCHFX	Bronze	CH	★★★	-8.3	-11.8	0.5	-2.5	7.8	94	98	84	91	21	1.1	20.4 (53)	+Avg
Matthews Emerging Asia Investor MEASX	—	PJ	★★★★★	14.0	9.5	11.0	—	—	3	3	3	—	—	0.0	10.3 (46)	Low
Matthews India Investor MINDX	Bronze	EI	★★★	6.5	0.3	23.9	7.8	11.8	100	93	7	14	1	0.1	21.02 (25)	+Avg
Matthews Pacific Tiger Investor MAPTX	Silver	PJ	★★★★	7.8	3.8	7.3	4.6	9.5	45	11	7	9	1	1.5	14.43 (67)	Avg
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	5.6	0.8	3.9	2.1	9.2	72	25	48	26	15	1.2	14.18 (74)	Avg
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★	-0.8	-9.6	1.2	3.0	2.1	35	46	48	63	60	3.4	13.48 (88)	+Avg
Diversified Emerg. Mkts.			—	10.8	-0.8	-0.4	-2.3	3.5	—	—	—	—	—	15.34 (74)	—	
American Funds New World A NEWFX	Gold	—	★★★★★	6.8	-0.7	1.5	1.5	5.3	82	45	19	4	14	0.6	12.21 (91)	Low
Causeway Emerging Markets Investor CEMVX	Bronze	—	★★★	10.1	-4.1	-0.3	-1.7	—	51	84	50	39	—	1.3	16.58 (76)	+Avg
DFA Emerging Markets Value I DFEVX	Bronze	—	★★	17.2	2.0	-1.1	-4.4	4.2	9	24	67	87	37	3.2	18.72 (72)	High
Harding Loevner Emerging Markets Advisor HLEMX	Silver	—	★★★★	14.8	1.8	1.9	1.1	4.9	18	25	15	7	22	0.5	15.64 (79)	Avg
Lazard Emerging Markets Equity Open LZDEX	Silver	—	★★★	19.1	1.4	-1.2	-2.0	4.5	5	28	68	45	28	1.1	18.51 (70)	High
Oppenheimer Developing Markets A ODMAX	Silver	—	★★★★	7.1	-2.8	-1.5	-0.7	6.5	80	73	73	20	3	0.4	16.03 (82)	Avg
Parametric Emerging Markets Investor EAEMX	Bronze	—	↑★★★★	13.8	-0.3	-1.3	-2.4	3.5	22	41	69	51	48	1.2	14.79 (79)	-Avg
Seafarer Overseas Gr and Income Investor SFGIX	Bronze	—	★★★★★	15.0	3.0	5.3	—	—	17	17	1	—	—	1.2	14.56 (74)	Avg
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	—	★★★★	15.9	5.0	3.0	-0.6	4.2	13	8	8	19	38	0.4	16.72 (74)	+Avg
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	—	★★★	12.8	-1.3	0.4	-2.5	3.9	28	54	37	53	40	2.4	16.97 (75)	+Avg
Virtus Emerging Markets Opportunities A HEMZX	Bronze	—	★★★★★	11.4	2.6	1.6	1.7	6.9	41	19	18	3	2	0.6	14.01 (59)	-Avg
World Allocation			—	5.8	0.2	3.1	4.0	4.6	—	—	—	—	—	8.25 (86)	—	
American Funds Capital Income Bldr A CAIBX	Silver	—	★★★★	9.0	4.2	6.2	7.4	5.4	13	9	4	3	27	3.4	8.6 (86)	Avg
BlackRock Global Allocation Inv A MDLOX	Gold	—	★★★	3.0	-0.8	3.4	3.9	5.4	85	68	54	59	30	0.6	7.08 (92)	-Avg
First Eagle Global A SGENX	Bronze	—	★★★★★	10.6	8.8	6.4	6.9	7.3	8	1	4	7	3	0.1	8.46 (88)	Avg
Franklin Mutual Quest A TEQIX	Silver	—	★★★	7.9	0.7	4.5	7.0	5.5	26	42	29	6	24	4.1	8.41 (87)	Avg
IVA Worldwide A IVWAX	Silver	—	★★★	5.1	1.6	4.2	4.5	—	52	32	38	49	—	1.3	5.94 (89)	Low
★ Loomis Sayles Global Equity and Income A LGMAX	Bronze	—	★★★★	5.2	0.4	6.2	6.0	7.9	52	47	5	20	1	0.8	9.13 (88)	+Avg
PIMCO Global Multi-Asset D PGMDX	—	—	↑★★	2.9	-2.5	2.2	0.2	—	86	83	73	92	—	0.4	8.48 (80)	Avg
T. Rowe Price Global Allocation RPGAX	—	—	★★★★★	5.3	1.1	5.4	—	—	49	37	12	—	—	0.9	7.67 (96)	Avg
MSCI Emerging Markets Index				13.4	-0.2	-0.4	-3.2	3.2								
MSCI World Index				4.9	-0.5	6.6	7.9	4.8								
MSCI Pacific Index				3.5	-2.0	3.8	3.9	2.4								

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
 DP Diversified Pacific/Asia Stock
 EI India Equity
 ES Europe Stock
 FA Foreign-Small/Mid Value
 FB Foreign-Large Blend
 FG Foreign-Large Growth
 FR Foreign-Small/Mid Growth
 FV Foreign-Large Value
 JS Japan Stock
 LS Latin America Stock
 PJ Pacific/Asia ex-Japan Stock
 TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Other													
	—	6.0	41,390	27	54	1	6	8	1	—	54	3	97	0	0	—	1.3	—	1,566	—	
ARTRX	■	13.7	26,501	16	56	3	7	10	0	55	55	8	92	0	0	NL	1.19	20.99	1,653	Management Team	
ARTGX	■	6.1	47,551	26	52	3	0	8	0	50	19	9	90	0	1	NL	1.29	14.9	1,794	O'Keefe/Samra (8.6/8.6)	
BBGNX	■	14.3	42,560	36	54	0	0	0	0	40	31	10	90	0	0	NL	1.25	11.46	116	Hartch/Lombardi (3.3/3.3)	
DODWX	■	5.8	45,062	25	51	5	2	11	4	125	20	2	97	0	1	NL	0.63	11.02	5,845	Management Team	
FWWFX	■	10.2	26,461	25	59	0	7	5	1	319	151	2	98	0	0	NL	0.96	22.54	1,552	DuFour/Kennedy (8.8/10.6)	
TEDIX	■	6.3	40,584	33	48	0	0	6	2	171	21	6	90	3	2	5.75	1.24	29.73	21,598	Management Team	
HLMGX	■	9.9	31,564	21	53	2	14	7	5	72	45	-1	101	0	0	NL	1.18	32.4	864	Management Team	
JAWWX	■	8.5	35,770	20	66	0	4	7	0	132	51	0	96	0	4	NL	0.88	63.25	2,428	Carmel Wellso (1.6)	
MWVFX	■	11.3	41,804	37	57	1	1	1	1	99	8	1	98	0	0	5.75	1.22	36.65	2,362	Mannheim/Morley (24.3/6.8)	
OAKGX	■	3.5	24,969	35	42	2	10	8	0	38	36	2	98	0	0	Clsd	1.12	25.56	2,427	McGregor/Taylor (12.7/10.8)	
OAKWX	■	6.4	50,820	38	51	0	4	4	0	23	48	3	97	0	0	NL	1.13	15.11	2,006	Herro/Nygren (9.8/9.8)	
OWSMX	■	7.8	3,661	17	53	1	8	11	2	5622	50	7	92	0	0	NL	1.13	16.01	5,568	Management Team	
OPPAX	■	4.9	35,764	34	46	1	14	5	0	89	11	0	99	0	0	5.75	1.14	73.28	9,138	Rajeev Bhaman (12.0)	
JGVAX	■	4.9	44,892	30	45	3	6	3	0	77	25	13	87	0	0	NL	0.89	13.5	215	Kolb/Maglares (11.2/0.0)	
TWEBX	■	4.5	70,395	43	41	0	0	4	0	70	7	12	88	0	0	NL	1.37	20.69	522	Management Team	
TBHDX	■	7.2	68,522	64	17	0	0	8	0	30	5	11	89	0	0	NL	1.36	8.94	326	Management Team	
USAWX	■	10.6	39,097	38	57	1	1	1	1	103	10	0	99	0	1	NL	1.17	27.96	1,205	Mannheim/Morley (14.1/6.8)	
VHGEX	■	6.1	20,988	18	54	1	9	12	2	824	36	3	95	0	2	NL	0.57	24.73	4,284	Management Team	
VMVFX	■	8.1	8,506	18	56	2	3	16	1	403	57	2	96	0	2	NL	0.27	12.27	1,628	Management Team	
VTWSX	■	6.6	30,126	20	56	1	8	10	1	7464	7	0	100	0	0	NL	0.25	24.62	7,167	Franquin/Louie (3.4/0.4)	
MAPIX	■	5.9	10,637	0	2	0	32	64	0	68	35	0	100	0	0	NL	1.05	16.51	4,862	Management Team	
MACSX	■	10.3	14,187	3	4	0	6	77	0	60	16	0	90	0	10	NL	1.09	17.47	3,084	Horrocks/Lowe (7.2/4.6)	
MCHFX	■	2.3	25,599	0	0	0	0	87	0	38	66	0	99	0	1	NL	1.14	16.9	594	Management Team	
MEASX	■	8.0	692	0	0	0	0	100	0	66	12	0	100	0	0	NL	1.5	12.85	163	Harvey/Ishida (3.2/3.2)	
MINDX	■	23.3	3,646	0	5	0	0	90	5	50	9	0	100	0	0	NL	1.11	28.16	1,670	Asnani/Shroff (5.7/10.1)	
MAPTX	■	2.6	13,036	3	3	0	0	93	0	66	12	0	99	0	1	NL	1.07	25.38	7,265	Gupta/Shroff (1.2/8.6)	
PRASX	■	8.6	19,439	2	0	0	0	91	0	87	53	5	94	0	2	NL	0.94	16.11	2,536	Anh Lu (2.2)	
VEUSX	■	5.8	29,679	97	1	0	0	0	0	1249	13	0	98	0	2	NL	0.12	60.43	19,326	Franquin/Hales (0.4/0.4)	
	—	5.3	19,228	3	2	13	0	62	15	—	76	1	98	1	0	—	1.51	—	1,278	—	
NEWFX	■	8.3	22,024	18	13	5	5	33	7	529	41	11	81	7	1	5.75	1.04	53.42	24,441	Management Team	
CEMVX	■	2.8	16,376	0	0	10	0	71	17	145	100	1	99	0	1	NL	1.48	10.64	3,021	Management Team	
DFEVX	■	2.3	6,392	0	0	15	0	65	14	2219	6	1	95	0	4	NL	0.56	23.66	15,890	Management Team	
HLEMX	■	5.6	20,704	2	1	17	0	58	19	79	30	1	99	0	1	Clsd	1.45	45.02	2,905	Management Team	
LZOEX	■	2.7	21,369	0	0	14	0	57	22	82	14	3	96	0	1	Clsd	1.37	16.46	11,175	Management Team	
ODMAX	■	6.7	22,521	7	2	14	1	56	12	101	36	4	92	0	4	Clsd	1.3	32.56	29,426	Lech/Leverenz (0.8/9.2)	
EAEMX	■	3.6	5,538	3	1	17	0	42	32	1686	8	1	95	0	4	NL	1.37	12.92	3,408	Atwill/Seto (2.2/9.4)	
SFGIX	■	6.3	6,534	0	0	19	3	45	18	54	7	9	85	4	2	NL	1.15	11.81	1,360	Management Team	
PRMSX	■	6.4	23,353	3	0	16	0	62	16	98	15	3	97	0	0	NL	1.24	33.03	8,879	Gonzalo Pangaro (7.8)	
VEMAX	■	3.9	13,362	0	0	14	0	65	16	4069	7	1	99	0	1	NL	0.15	30.58	64,157	Miller/Perre (0.4/7.9)	
HEMZK	■	13.5	43,800	18	1	17	0	58	5	57	27	0	99	0	1	5.75	1.56	9.67	7,237	Management Team	
	—	5.7	36,118	14	27	1	4	6	1	—	71	18	54	27	2	—	1.27	—	2,824	—	
CAIBX	■	8.8	56,293	25	47	0	1	6	0	1478	63	2	79	16	2	5.75	0.59	59.85	103,249	Management Team	
MDLOX	■	6.5	37,974	11	30	1	7	3	0	801	84	11	52	31	6	5.25	1.14	18.37	45,592	Management Team	
SGENX	■	7.4	24,265	15	41	1	13	5	0	179	11	17	75	0	8	5.00	1.11	56.79	49,873	Brooker/McLennan (5.4/7.8)	
TEQIX	■	3.1	20,698	16	28	0	0	2	0	160	30	15	49	25	10	5.75	1.07	15.42	5,015	Luh/Tumulty (5.6/12.7)	
IVWAX	■	9.9	22,889	12	22	0	7	9	0	99	30	40	49	4	7	Clsd	1.25	17.17	8,543	de Lardemelle/de Vaulx (7.8/7.8)	
LGMAX	■	15.2	44,847	15	39	0	3	7	0	603	48	6	64	27	3	5.75	1.18	18.92	1,535	Management Team	
PGMDX	■	6.1	41,870	10	19	0	1	1	0	305	380	-2	44	44	14	NL	1.56	11.2	682	Sundstrom/Worah (1.0/2.5)	
RPGAX	■	6.6	27,600	16	25	1	5	9	1	1365	33	5	57	28	10	NL	1.2	11.07	159	Charles Shriver (3.2)	

Equity Style Box

Val	Blnd	Grth	Lrg	Mid	Sm
■	■	■			
■	■	■			

Bold # = Cheapest Quintile

Morningstar 500 Bond Funds			Historical Performance												Historical Risk		
			Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 07-31-16					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
					YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
High-Quality Bond			—	★★★★★	5.5	4.6	3.2	2.9	4.0	—	—	—	—	—	—	3.11 (61)	—
AMG Managers Bond Service MGFIX	—	CI	★★★★★	7.3	5.9	4.2	4.5	6.2	7	20	28	11	5	2.7	3.25 (40)	High	
Baird Aggregate Bond Inst BAGIX	★ Silver	CI	★★★★★	6.5	6.3	4.9	4.7	5.4	26	10	8	8	24	2.3	2.72 (98)	Avg	
Baird Short-Term Bond Inst BSBIX	★ Silver	CS	★★★★★	2.6	2.5	1.9	2.1	3.2	35	22	20	21	38	1.4	0.86 (66)	Avg	
Dodge & Cox Income DODIX	★ Gold	CI	★★★★★	6.2	5.2	4.2	4.0	5.5	39	48	33	27	18	3.0	2.65 (54)	Avg	
DoubleLine Total Return Bond I DBLTX	Neutral	CI	★★★★★	3.7	4.1	4.4	5.0	—	91	80	18	4	—	3.4	2.19 (81)	-Avg	
Fidelity GNMA FGMNX	★ Gold	GI	★★★★★	2.9	3.3	3.7	2.8	5.0	70	52	7	21	9	1.8	2.24 (63)	Avg	
Fidelity Government Income FGOVX	★ Gold	GI	★★★★★	4.9	4.5	3.5	2.9	4.6	10	10	15	12	21	1.2	2.76 (92)	+Avg	
Fidelity Intermediate Bond FTHRX	★ Silver	CI	★★	4.8	4.5	3.1	2.9	4.4	83	72	83	81	71	1.5	2.07 (91)	-Avg	
Fidelity Investment Grade Bond FBNDX	★ Silver	CI	★★★	7.4	5.4	4.0	3.7	4.6	6	40	42	40	62	2.5	3.01 (82)	+Avg	
Fidelity Mortgage Securities FMSFX	—	CI	★★★	3.6	3.9	3.9	3.2	4.1	93	85	46	70	79	2.0	2.16 (76)	-Avg	
Fidelity Total Bond FTBFX	★ Gold	CI	★★★★★	7.6	6.0	4.5	4.1	5.5	5	17	15	22	21	2.8	2.98 (76)	+Avg	
Fidelity US Bond Index Investor FBIDX	—	CI	★★★	6.0	5.7	4.1	3.4	4.7	48	24	38	58	61	1.8	2.85 (99)	+Avg	
Harbor Bond Institutional HABDX	★ Bronze	CI	★★★★★	5.6	4.4	3.8	3.5	5.8	66	75	56	53	12	2.5	3.14 (74)	+Avg	
Harbor Real Return Instl HARRX	—	IP	★★★★★	6.8	3.6	1.6	1.5	4.4	38	46	36	28	14	0.3	4.95 (62)	+Avg	
Janus Flexible Bond T JAFIX	Neutral	CI	★★★★★	5.2	4.4	3.8	3.8	6.0	76	74	58	34	8	2.4	2.5 (93)	-Avg	
Loomis Sayles Investment Grade Bond A LIGRX	★ Gold	CI	★★★★★	7.5	5.2	2.9	3.5	6.2	5	47	88	55	6	2.4	4.78 (20)	High	
Metropolitan West Total Return Bond M MWTRX	★ Gold	CI	★★★★★	5.1	4.7	4.0	4.7	6.5	80	67	43	7	3	1.7	2.34 (96)	-Avg	
PIMCO Investment Grade Corp Bd Instl PIGIX	★ Silver	TW	★★★★★	9.3	7.3	6.4	6.3	8.1	35	47	15	11	10	3.2	4.11 (72)	Avg	
PIMCO Low Duration D PLDDX	★ Bronze	CS	★★★	1.1	0.7	1.0	1.3	3.4	90	88	74	59	27	2.6	1.4 (17)	+Avg	
PIMCO Real Return D PRRDX	★ Silver	IP	★★★	6.8	3.0	1.4	1.5	4.4	38	68	46	31	16	5.6	5.07 (66)	High	
PIMCO Short-Term D PSHDX	★ Silver	UB	★★★★★	0.8	0.9	1.1	1.1	2.1	51	40	12	27	12	1.4	1.05 (8)	High	
PIMCO Total Return Instl PTTRX	★ Bronze	CI	★★★★★	5.0	4.2	3.7	3.7	6.2	81	79	61	44	6	3.5	3.22 (74)	High	
Scout Core Plus Bond Instl SCPZX	★ Silver	CI	★★★★★	6.6	5.4	3.4	4.3	7.1	25	39	74	15	1	1.4	2.3 (49)	-Avg	
T. Rowe Price Corporate Income PRPIX	—	TW	★★★★★	9.1	8.1	5.9	5.5	6.2	39	27	26	33	39	2.5	3.96 (80)	Avg	
T. Rowe Price GNMA PRGMX	—	GI	★★★	2.6	2.9	3.1	2.3	4.4	82	73	44	51	32	1.6	2.05 (62)	Avg	
T. Rowe Price New Income PRCIX	★ Bronze	CI	★★★★	6.0	5.5	4.1	3.6	5.2	47	35	37	50	32	2.0	2.62 (94)	Avg	
T. Rowe Price Short-Term Bond PRWBX	Neutral	CS	★★★	1.7	1.5	1.1	1.2	2.9	68	58	65	70	50	1.1	0.87 (52)	Avg	
TCW Total Return Bond I TGLMX	★ Bronze	CI	★★★★★	4.6	4.7	4.6	5.3	7.2	85	65	12	2	1	2.5	2.22 (83)	-Avg	
USAA Income USAIX	—	CI	★★★★★	8.4	6.9	4.6	4.4	5.7	2	3	14	15	14	2.8	2.93 (79)	+Avg	
Vanguard GNMA Inv VFIIIX	★ Gold	GI	★★★★★	3.3	3.9	4.0	2.9	4.9	52	29	2	18	12	1.9	2.26 (69)	Avg	
Vanguard Inflation-Protected Secs Inv VIPSX	★ Gold	IP	★★★★★	7.1	4.7	2.2	1.9	4.4	21	19	13	8	15	-0.3	4.41 (77)	+Avg	
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	7.6	7.5	5.2	4.6	6.3	5	2	5	9	4	1.9	3.95 (97)	High	
Vanguard Interm-Term Invmt-Grade Inv VFICX	★ Silver	TW	★★★★	7.0	7.3	5.0	4.7	6.0	82	49	54	63	48	2.2	3.05 (91)	-Avg	
Vanguard Interm-Term Treasury Inv VFITX	—	GI	★★★★★	5.2	5.1	3.4	3.0	5.2	5	4	20	11	4	0.9	3.47 (86)	High	
Vanguard Long-Term Investment-Grade Inv VWESX	★ Silver	TW	★★★★★	16.4	16.6	10.5	8.9	8.5	3	1	1	2	9	3.3	7.39 (82)	High	
Vanguard Long-Term Treasury Inv VUSTX	—	GL	★★★	17.8	17.3	11.8	9.7	8.6	29	30	31	27	42	1.9	10.57 (83)	Avg	
Vanguard Short-Term Bond Index Adm VBIRX	★ Silver	CS	★★★★★	2.7	2.4	1.8	1.5	3.4	30	23	29	45	28	1.0	1.32 (81)	+Avg	
Vanguard Short-Term Federal Inv VSGBX	★ Silver	GS	★★★★★	1.9	1.8	1.4	1.2	3.0	30	23	28	24	23	0.8	1.0 (75)	Avg	
Vanguard Short-Term Investment-Grade Inv VFSTX	★ Silver	CS	★★★★★	3.5	3.4	2.5	2.3	3.6	14	6	7	13	20	1.5	1.24 (69)	Avg	
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★	1.8	1.5	1.0	0.8	2.6	35	32	48	46	45	0.4	1.0 (67)	Avg	
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	★★★	2.4	1.6	0.2	—	—	95	89	88	—	—	-0.7	1.72 (37)	Low	
Vanguard Total Bond Market Index Adm VBTIX	★ Silver	CI	★★★	6.2	6.0	4.2	3.5	5.0	39	16	31	51	42	1.8	2.82 (99)	+Avg	
Western Asset Core Bond I WATFX	★ Silver	CI	★★★★★	6.9	6.8	5.4	4.5	5.7	13	3	3	12	15	2.1	2.81 (89)	+Avg	
Western Asset Core Plus Bond I WACPX	★ Silver	CI	★★★★★	6.9	6.8	5.6	5.0	6.2	14	4	3	4	5	3.0	3.07 (80)	+Avg	
High-Yield Bond			—	8.7	2.2	3.0	4.9	6.1	—	—	—	—	—	—	5.56 (6)	—	
Eaton Vance Income Fund of Boston A EVIBX	★ Silver	—	★★★	8.7	3.3	4.2	5.6	6.6	58	29	17	24	34	4.6	4.82 (8)	-Avg	
Fairholme Focused Income FOCIX	Neutral	—	★★★★★	14.4	4.6	4.1	7.4	—	1	9	22	1	—	—	11.11 (2)	High	
Fidelity Capital & Income FAGIX	★ Silver	—	★★★★★	6.5	1.3	5.7	6.0	8.0	86	75	1	14	2	4.4	6.35 (3)	+Avg	
BarCap US Agg Bond TR USD				5.9	5.8	4.2	3.5	4.9									
BofAML US HY Master II TR				12.1	4.9	4.4	6.0	7.6									

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CI Intermediate-Term Bond
 CL Long-Term Bond
 CS Short-Term Bond
 GI Intermediate Government Bond
 GL Long Government Bond
 GS Short Government Bond
 IP Inflation-Protected Bond
 TW Corporate Bond
 UB Ultrashort Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.1	—	—	8	4	0	0	21	17	0	83	0	—	0.75	—	1,773	—
MGFIX	5.1	5.0	BBB	26	64	10	0	10	17	0	79	3	NL	0.99	27.57	2,321	Management Team
BAGIX	5.5	5.0	A	57	42	1	0	39	3	0	97	0	NL	0.3	11.15	9,019	Management Team
BSBIX	1.9	2.2	A	38	60	2	0	37	15	0	85	0	NL	0.3	9.76	3,655	Management Team
DODIX	4.3	5.0	BBB	49	40	12	0	24	3	0	96	1	NL	0.43	13.87	46,108	Management Team
DBLTX	2.3	5.0	BB	75	4	13	7	15	12	0	88	0	NL	0.47	10.95	61,196	Barach/Gundlach (6.2/6.2)
FGMNX	2.9	4.0	AAA	100	0	0	0	450	2	0	98	0	NL	0.45	11.7	6,359	Castagliuolo/Irving (6.6/11.7)
FGOVX	5.2	4.0	AA	99	0	0	1	83	3	0	97	0	NL	0.45	10.7	4,932	Castagliuolo/Irving (6.6/9.6)
FTHRX	4.0	5.0	A	50	47	4	0	53	5	0	93	3	NL	0.45	11.11	3,208	Foley/Galusza (2.7/7.1)
FBNDX	5.6	5.0	A	55	37	8	0	182	7	0	88	5	NL	0.45	8.02	8,470	Jeffrey Moore (11.7)
FMSFX	3.2	5.0	A	94	2	0	4	439	8	0	92	0	NL	0.45	11.49	1,132	Castagliuolo/Irving (6.6/8.3)
FTBFX	5.3	5.0	BBB	46	37	17	0	140	7	0	93	0	NL	0.45	10.85	25,222	Management Team
FBIDX	5.4	5.0	AA	78	21	0	0	75	5	0	95	0	NL	0.15	12.01	24,853	Bettencourt/Small (2.2/1.2)
HABDX	—	5.0	—	—	—	—	—	586	9	0	89	2	NL	0.51	11.98	2,660	Management Team
HARRX	—	6.5	—	—	—	—	—	531	3	0	95	2	NL	0.54	9.47	115	Banet/Worah (1.5/8.6)
JAFIX	5.6	5.0	BBB	53	37	8	2	124	3	0	93	3	NL	0.69	10.68	9,615	Management Team
LIGRX	4.5	5.0	BBB	29	58	9	4	23	17	1	71	11	4.25	0.83	11.53	6,876	Management Team
MWTRX	4.8	5.0	BBB	71	24	5	0	303	7	0	92	1	NL	0.67	11.05	79,954	Management Team
PIGIX	6.5	7.0	—	—	—	—	—	87	-52	0	147	5	NL	0.5	10.6	8,992	Mark Kiesel (13.7)
PLDDX	1.4	2.2	—	—	—	—	—	186	-21	0	118	3	NL	0.75	9.87	10,235	Mather/Schneider (1.8/1.8)
PRRDX	8.0	6.5	—	—	—	—	—	102	-11	0	109	2	NL	0.85	11.19	11,085	Banet/Worah (1.6/8.6)
PSHDX	0.0	0.6	—	—	—	—	—	1753	13	0	83	4	NL	0.7	9.72	12,280	Jerome Schneider (5.6)
PTTRX	5.4	5.0	—	—	—	—	—	478	-9	0	105	4	NL	0.46	10.39	86,396	Management Team
SCPZX	3.0	5.0	A	75	21	3	0	187	36	0	74	-10	NL	0.4	33.1	948	Management Team
PRPIX	7.8	7.0	BBB	10	85	5	0	48	5	0	93	2	NL	0.62	9.92	858	David Tiberii (13.0)
PRGMX	2.9	4.0	AAA	100	0	0	0	467	3	0	97	0	NL	0.59	9.52	1,568	Andrew McCormick (8.3)
PRCIX	5.4	5.0	BBB	63	28	8	1	73	10	0	89	1	NL	0.59	9.78	30,445	Daniel Shackelford (13.7)
PRWBX	1.8	2.2	A	52	43	5	0	44	15	0	85	0	NL	0.52	4.75	5,320	Reinartz/Wiese (1.5/21.6)
TGLMX	4.7	5.0	BBB	87	5	11	-3	287	13	0	87	0	NL	0.49	10.46	10,824	Management Team
USAIX	6.3	5.0	BBB	34	56	7	2	10	2	1	91	6	NL	0.53	13.4	6,672	Management Team
VFIIX	3.4	4.0	AA	99	0	0	1	706	0	4	95	2	NL	0.21	10.86	26,757	Michael Garrett (9.6)
VIPSX	8.1	6.5	AAA	100	0	0	0	43	0	0	100	0	NL	0.2	13.75	24,376	Gemma Wright-Casparius (4.9)
VBILX	6.5	5.0	A	60	40	0	0	51	1	0	99	0	NL	0.09	11.94	23,370	Joshua Barrickman (8.2)
VFICX	5.5	7.0	A	37	62	1	1	70	1	0	99	0	NL	0.2	10.14	26,775	Gregory Nassour (8.2)
VFITX	5.3	4.0	AAA	100	0	0	0	142	0	0	100	0	NL	0.2	11.73	6,877	Gemma Wright-Casparius (1.6)
VWESX	13.4	7.0	A	41	56	0	2	35	5	0	95	0	NL	0.21	11.22	15,271	Nassour/St. John (2.6/2.2)
VUSTX	16.9	15.6	AAA	100	0	0	0	117	0	0	100	0	NL	0.2	14.14	4,276	Gemma Wright-Casparius (1.6)
VBIRX	2.7	2.2	AA	75	25	0	0	52	3	0	97	0	NL	0.09	10.62	42,781	Barrickman/Pu (3.4/3.4)
VSGBX	2.3	2.2	A	95	0	0	5	314	14	0	86	0	NL	0.2	10.85	5,538	Brian Quigley (1.6)
VFSTX	2.6	2.2	A	44	53	2	1	75	11	0	89	0	NL	0.2	10.8	55,743	Gregory Nassour (8.2)
VFISX	2.3	2.2	A	97	0	0	3	211	16	0	84	0	NL	0.2	10.78	7,514	Gemma Wright-Casparius (1.6)
VTIPX	2.5	6.5	AAA	100	0	0	0	26	20	0	80	0	NL	0.17	24.72	14,869	Barrickman/Wright-Casparius (3.7/3.7)
VBTLX	5.8	5.0	AA	73	27	0	0	84	4	0	96	0	NL	0.06	11.14	162,107	Joshua Barrickman (3.4)
WATFX	5.7	5.0	BBB	61	28	2	9	85	7	0	93	0	NL	0.45	12.77	6,120	Management Team
WACPX	5.9	5.0	BB	51	29	13	7	93	5	0	93	2	NL	0.45	11.98	18,066	Management Team
—	3.7	—	B	3	6	88	3	72	5	1	93	1	—	1.07	—	1,309	—
EVIBX	3.6	3.7	B	0	5	93	2	36	7	0	88	4	4.75	1.0	5.66	6,288	Concannon/Weilheimer (1.7/20.6)
FOCIX	—	3.7	—	—	—	—	—	67	34	7	48	11	Clsd	1.01	10.86	217	Bruce Berkowitz (6.6)
FAGIX	4.2	3.7	B	4	6	67	23	35	6	19	74	1	NL	0.75	9.51	10,285	Mark Notkin (13.0)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk						
Morningstar 500 Bond Funds	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 07-31-16					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category				
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr							
					3 Yr	5 Yr	10 Yr												
High-Yield Bond (cont'd)			—	8.7	2.2	3.0	4.9	6.1	—	—	—	—	—	—	5.56	(6)	—		
Fidelity High Income SPHIX	Silver	★★★★	10.3	2.4	3.2	5.0	6.8	20	52	53	51	26	6.3	6.18	(6)	+Avg			
Hotchkis & Wiley High Yield A HWHAX	Bronze	★★★★	9.8	1.8	3.2	5.5	—	31	66	52	27	—	7.4	5.88	(3)	Avg			
Janus High-Yield T JAHYX	Neutral	★★★★★	8.1	2.9	3.8	5.2	6.8	68	39	31	39	25	5.6	4.84	(8)	-Avg			
Metropolitan West High Yield Bond M MWHYX	Neutral	★★★★	4.6	1.2	2.1	3.8	6.6	94	77	82	87	35	4.0	4.21	(8)	-Avg			
PIMCO High Yield D PHYDX	Bronze	↓★★★★	8.5	3.5	4.1	5.3	6.4	61	26	24	36	39	5.0	5.28	(10)	Avg			
Specialty Bond			—	7.5	3.2	1.9	2.6	4.2	—	—	—	—	—	6.17	(24)	—			
American Funds Capital World Bond A CWBFX	Neutral	IB	★★★★	9.0	7.3	2.4	1.5	4.3	41	33	41	47	54	1.6	4.52	(42)	Avg		
Calamos Convertible A CCVIX	Neutral	CV	★★	3.1	-2.5	3.8	4.6	5.0	83	64	74	88	73	—	9.15	(81)	Avg		
Dodge & Cox Global Bond DODLX	—	IB	NR	7.8	4.0	2.1	—	—	50	75	—	—	—	—	5.44	(12)	—		
Eaton Vance Floating Rate A EVBLX	Bronze	BL	★★★★	6.4	2.1	2.1	3.3	3.5	22	42	60	60	43	3.8	3.11	(1)	Avg		
Fidelity Floating Rate High Income FFRHX	Bronze	BL	★★★★★	6.0	2.4	2.2	3.2	3.9	36	31	57	73	19	4.3	3.11	(2)	Avg		
Fidelity New Markets Income FNMIX	Silver	EB	★★★★★	14.0	11.7	6.2	6.3	7.9	18	8	9	4	10	5.7	7.69	(10)	Avg		
Fidelity Strategic Income FSICX	Silver	MU	★★★★★	8.4	5.1	4.0	4.1	6.2	26	23	32	49	23	3.5	4.24	(20)	Avg		
FPA New Income FPNIX	Bronze	NT	↓★★	1.7	0.9	1.2	1.3	2.7	71	55	53	71	73	2.8	0.76	(42)	Low		
Janus Global Unconstrained Bond D JUCDX	—	NT	NR	3.7	1.6	—	—	—	37	45	—	—	—	3.7	—	(—)	—		
Loomis Sayles Bond Retail LSBRX	Gold	MU	★★★★	8.4	4.2	2.8	4.1	6.2	27	37	75	45	24	3.4	6.08	(7)	High		
Loomis Sayles Global Bond Retail LSLGX	Bronze	IB	★★★★	10.4	8.5	1.8	1.1	4.3	26	24	57	60	54	1.6	4.8	(29)	Avg		
PIMCO Emerging Local Bond Instl PELBX	Neutral	XP	★★★★	14.7	3.6	-4.2	-3.1	—	24	57	53	52	—	5.8	12.61	(14)	+Avg		
PIMCO Foreign Bond (Unhedged) D PFBDX	Bronze	IB	★★★★	12.3	10.6	1.8	0.6	5.0	9	12	56	72	33	2.1	6.64	(16)	High		
PIMCO Foreign Bond (USD-Hedged) D PFODX	Bronze	IB	★★★★★	6.9	6.9	6.3	6.3	6.4	58	40	2	2	4	1.4	3.05	(54)	-Avg		
PIMCO Income D PONDx	Silver	MU	★★★★★	5.3	4.3	5.7	7.9	—	70	36	7	2	—	4.8	2.88	(15)	-Avg		
PIMCO Unconstrained Bond D PUBDX	Neutral	NT	★★★★	2.3	-0.8	0.3	1.4	—	63	81	77	68	—	3.2	3.17	(1)	Avg		
T. Rowe Price International Bond RPIBX	Neutral	IB	★★	13.3	12.2	1.3	0.0	3.5	5	3	70	82	73	1.3	6.59	(15)	+Avg		
T. Rowe Price Spectrum Income RPSIX	Bronze	MU	★★★★★	8.6	6.2	4.1	4.6	5.8	22	11	25	29	46	2.9	3.98	(22)	Avg		
Templeton Global Bond A TPINX	Gold	IB	★★★★	-1.2	-4.4	-0.2	0.9	6.3	97	98	89	62	4	3.9	6.12	(1)	+Avg		
Vanguard Convertible Securities Inv VCVSX	Bronze	CV	↓★★★★	4.3	-1.7	3.5	5.8	6.5	59	39	84	63	20	2.2	7.38	(76)	-Avg		
Vanguard Total Intl Bd Idx Investor VTIBX	—	IB	★★★★★	6.9	7.6	5.7	—	—	61	31	4	—	—	0.4	2.7	(77)	-Avg		
Municipal Bond National			—	3.9	6.1	5.1	4.6	3.8	—	—	—	—	—	—	2.61	(81)	—		
American Funds Tax-Exempt Bond A AFTEX	Bronze	MI	★★★★★	4.2	6.7	6.0	5.5	4.7	21	25	14	13	16	1.4	2.65	(98)	Avg		
Baird Quality Intermediate Muni Bd Inst BMBIX	—	MI	★★★★	2.7	4.4	3.5	3.0	4.2	90	86	87	90	48	1.3	2.19	(90)	Low		
Fidelity Interm Muni Inc FLTMX	Gold	MI	★★★★	3.5	5.4	4.4	3.9	4.3	54	59	61	63	44	1.2	2.21	(98)	-Avg		
Fidelity Limited Term Municipal Income FSTFX	Gold	MI	★★★★★	1.8	2.7	1.9	1.8	2.9	28	29	26	27	27	0.7	1.22	(79)	Avg		
Fidelity Municipal Income FHIGX	Gold	ML	★★★★★	5.0	7.7	6.7	5.7	5.1	24	30	28	45	19	1.4	2.98	(98)	Avg		
Fidelity Tax-Free Bond FTABX	Gold	ML	★★★★★	5.2	7.9	6.8	5.9	5.3	15	30	26	34	11	1.5	3.02	(98)	Avg		
Franklin Federal Tax-Free Income A FKTIX	Bronze	ML	★★★★	4.2	6.3	6.2	5.5	4.8	63	77	57	52	34	1.4	3.0	(97)	Avg		
Franklin High Yield Tax-Free Inc A FRHIX	Bronze	HM	★★★★	6.0	9.3	7.4	6.3	5.1	53	54	68	74	20	2.3	3.93	(91)	Avg		
T. Rowe Price Summit Municipal Intm PRSMX	Gold	MI	★★★★★	3.6	5.8	4.9	4.3	4.6	51	45	38	47	21	0.9	2.37	(98)	Avg		
T. Rowe Price Tax-Free High Yield PRFHx	Gold	HM	★★★★★	5.9	8.9	8.3	7.6	5.3	57	63	45	34	11	2.2	3.73	(91)	Avg		
T. Rowe Price Tax-Free Income Inv PRTAX	Gold	ML	★★★★★	4.3	6.6	6.4	5.5	4.9	56	66	52	48	29	1.2	2.86	(97)	-Avg		
T. Rowe Price Tax-Free Shrt-Interm PRFSX	Gold	MS	★★★★★	1.8	2.4	1.9	1.8	3.0	26	34	27	27	26	0.4	1.31	(65)	+Avg		
USAA Tax Exempt Intermediate-Term USATX	Bronze	MI	★★★★★	4.0	6.3	5.0	4.9	4.7	26	33	37	22	10	1.4	2.2	(98)	-Avg		
Vanguard High-Yield Tax-Exempt VWAHX	Silver	MI	★★★★★	5.7	9.1	7.4	6.4	5.3	1	2	5	4	1	2.1	3.27	(97)	High		
Vanguard Interm-Term Tx-Ex Inv VWITX	Silver	MI	★★★★★	3.7	6.1	5.1	4.4	4.6	38	36	35	38	20	1.2	2.39	(98)	Avg		
Vanguard Long-Term Tax-Exempt VWLTX	Silver	ML	★★★★★	5.1	8.3	7.2	6.0	5.2	19	20	18	33	18	1.6	3.14	(98)	Avg		
Vanguard Ltd-Term Tx-Ex VMLTX	Silver	MS	★★★★★	1.7	2.5	1.9	1.7	2.7	32	32	28	33	32	0.8	1.14	(69)	Avg		
Vanguard Short-Term Tx-Ex VWSTX	Silver	MS	★★	0.9	1.1	0.8	0.8	1.8	77	74	78	78	76	0.6	0.39	(39)	Low		
BarCap Municipal TR USD				4.4	6.9	5.9	5.1	5.0											
BofAML US HY Master II TR				12.1	4.9	4.4	6.0	7.6											

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
 CI Intermediate-Term Bond
 CV Convertibles Bond
 EB Emerging Market Bond
 HM High-Yield Muni
 IB World Bond
 MI Muni National, Intermediate
 ML Muni National, Long
 MS Muni National, Short
 MU Multisector Bond
 NT Nontraditional Bond
 XP Emerging Market Local Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	3.7	—	B	3	6	88	3	72	5	1	93	1	—	1.07	—	1,309	—
SPHIX	3.4	3.7	B	7	1	91	1	33	7	0	90	2	NL	0.73	8.48	4,622	Fred Hoff (16.2)
HWHAX	4.5	3.7	B	0	5	89	6	44	6	2	88	5	3.75	0.95	11.62	2,524	Management Team
JAHYX	3.8	3.7	B	6	8	82	4	71	9	0	88	3	NL	0.87	8.31	2,061	Management Team
MWHYX	2.6	3.7	B	17	5	78	0	139	15	0	81	4	NL	0.86	9.32	1,046	Management Team
PHYDX	3.5	3.7	—	—	—	—	—	32	7	0	91	2	NL	0.9	8.7	10,041	Arif/Jessop (0.6/6.5)
PRHYX	3.6	3.7	B	5	1	91	3	68	7	1	90	3	Clsd	0.74	6.53	9,486	Mark Vaselkiv (20.1)
VWEHX	4.2	3.7	B	5	4	88	3	34	8	1	88	3	NL	0.23	5.79	18,882	Michael Hong (8.4)
—	0.7	—	—	1	7	3	3	—	3	2	84	11	—	0.99	—	1,082	—
CWBFX	6.8	5.5	BBB	41	52	6	1	185	4	0	95	1	3.75	0.93	20.45	12,393	Management Team
CCVIX	4.3	3.3	B	0	21	28	52	63	3	8	3	87	4.75	1.13	16.22	772	Management Team
DODLX	3.2	5.5	BBB	17	62	21	0	55	4	0	89	7	NL	0.6	10.42	74	Management Team
EVBLX	0.3	0.8	B	0	7	90	3	19	5	0	87	8	2.25	1.03	9.03	7,334	Page/Russ (15.5/8.7)
FFRHX	0.3	0.8	B	6	5	86	3	26	10	0	90	0	NL	0.7	9.45	9,252	Eric Mollenhauer (3.3)
FNMIX	6.1	5.6	B	3	32	54	10	110	3	7	90	0	NL	0.86	16.0	4,729	John Carlson (21.1)
FSICX	4.7	4.1	BB	26	16	53	5	88	10	1	79	10	NL	0.71	10.78	7,574	Management Team
FPNIX	1.3	1.4	BBB	82	1	7	10	29	9	0	91	0	NL	0.49	10.01	5,241	Atteberry/Patwardhan (11.7/0.7)
JUCDX	1.8	1.4	BB	5	42	34	19	107	42	11	47	1	NL	0.96	9.73	1,477	William Gross (1.7)
LSBRX	3.8	4.1	BB	28	32	31	10	22	16	9	63	12	NL	0.89	13.79	15,268	Management Team
LSGLX	6.6	5.5	BBB	30	62	7	1	117	12	0	82	6	NL	1.0	16.17	1,232	Management Team
PELBX	5.0	4.8	—	—	—	—	—	58	-24	0	119	5	NL	0.9	7.38	4,170	Michael Gomez (9.6)
PFBDX	7.6	5.5	—	—	—	—	—	327	-38	1	130	7	NL	0.9	10.06	1,266	Management Team
PFODX	7.7	5.5	—	—	—	—	—	313	-47	0	138	8	NL	0.9	10.53	7,652	Management Team
PONDY	3.1	4.1	—	—	—	—	—	52	-20	0	114	6	NL	0.79	11.98	61,035	Ivascyn/Murata (9.3/3.3)
PUBDX	-0.7	1.4	—	—	—	—	—	389	70	0	26	3	NL	1.3	10.43	4,423	Management Team
RPIBX	8.2	5.5	BBB	27	62	9	2	60	2	0	96	2	NL	0.83	9.29	5,186	Husain/Orchard (2.6/0.6)
RPSIX	5.2	4.1	BB	40	27	32	1	17	6	12	81	1	NL	0.69	12.67	6,267	Charles Shriver (5.2)
TPINX	0.2	5.5	BB	15	54	31	0	43	41	-2	58	3	4.25	0.89	11.26	47,217	Desai/Hasenstab (5.6/14.6)
VCVSX	5.7	3.3	B	0	7	20	72	95	1	2	8	89	Clsd	0.38	12.58	1,482	Management Team
VTIBX	7.9	5.5	A	50	50	0	0	13	3	0	91	6	NL	0.17	11.2	58,699	Barrickman/Pu (3.2/3.2)
—	0.7	—	—	18	6	0	1	8	5	0	95	0	—	0.84	—	1,837	—
AFTEX	5.6	5.0	BBB	49	41	4	5	14	6	0	94	0	3.75	0.54	13.4	13,397	Management Team
BMBIX	4.3	5.0	AA	99	1	0	0	9	3	0	97	0	NL	0.3	11.9	1,249	Management Team
FLTMX	4.6	5.0	A	61	35	1	3	14	14	0	86	0	NL	0.36	10.72	6,248	Management Team
FSTFX	2.6	2.7	A	63	34	0	4	30	22	0	78	0	NL	0.48	10.73	4,050	Management Team
FHIGX	6.6	6.5	A	57	40	1	3	14	2	0	98	0	NL	0.48	13.84	5,811	Management Team
FTABX	6.4	6.5	A	66	31	0	2	9	1	0	96	3	NL	0.25	12.03	3,564	Management Team
FKTIX	—	6.5	A	71	27	2	0	6	2	0	98	0	4.25	0.62	12.62	11,284	Management Team
FRHIX	—	6.7	BBB	36	47	11	6	11	1	0	99	0	4.25	0.67	10.87	8,619	Management Team
PRSMX	4.9	5.0	A	53	42	3	2	11	2	0	98	0	NL	0.5	12.25	4,056	Charles Hill (22.7)
PRFHX	6.9	6.7	BB	9	56	17	18	13	1	0	99	0	NL	0.69	12.4	4,423	James Murphy (15.5)
PRTAX	5.6	6.5	A	35	57	2	6	8	1	0	99	0	NL	0.52	10.59	2,698	Konstantine Mallas (9.1)
PRFSX	3.0	2.7	A	67	32	0	1	14	12	0	88	0	NL	0.49	5.69	2,124	Charles Hill (21.5)
USATX	5.2	5.0	A	41	56	2	1	10	1	0	99	0	NL	0.54	13.81	4,684	Hoffmann/Shafer (0.7/13.2)
VWAHX	6.5	5.0	BBB	35	51	7	7	21	4	0	96	0	NL	0.2	11.72	10,929	Mathew Kiselak (6.0)
VWITX	4.8	5.0	A	76	22	1	1	12	5	0	95	0	NL	0.2	14.56	51,665	James D'Arcy (3.1)
VWLTX	6.4	6.5	A	70	28	1	1	18	0	0	100	0	NL	0.2	12.1	10,281	Mathew Kiselak (6.0)
VMLTX	2.5	2.7	A	74	25	1	1	16	10	0	90	0	NL	0.2	11.11	23,110	Marlin Brown (8.4)
VWSTX	1.2	2.7	A	78	19	1	2	32	20	0	80	0	NL	0.2	15.86	12,691	Justin Schwartz (0.4)

Fixed Income Style Box

Ltd	Mod	Ext

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

AMG Funds 835-3879
 AMG Managers Bond Service MGFIX 42
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 AMG Yacktmann Focused Service YAFFX 26
 AMG Yacktmann Service YACKX 26
Akre Focus Retail 877-862-9556 AKREX 28
Allianz Funds 988-8380
 AllianzGI NFJ Large-Cap Value A PNBAX 28
 AllianzGI NFJ Small-Cap Value A PCVAX 32
 AllianzGI Technology Institutional DRGTX 36
Amana 888-732-6262
 Amana Growth Investor AMAGX 24
 Amana Income Investor AMANX 26
American Beacon 658-5811
 American Beacon Intl Equity Inv AAIPX 38
 American Beacon Lg Cap Value Inv AAGPX 28
 American Beacon Small Cp Val Inv AVPA 32
American Century Investments 345-2021
 American Century Equity Income Inv TWEIX 28
 American Century Growth Inv TWCGX 24
 American Century Heritage Inv TWHIX 28
 American Century International Gr Inv TWIEIX 38
 American Century Mid Cap Value Inv ACMVX 30
 American Century Small Cap Value Inv ASVIX 32
 American Century Ultra Inv TWCUX 24
 American Century Value Inv TWWLX 28
American Funds 421-4225
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 American Funds Capital World Gr Inc CWSGX 38
 American Funds Europacific Growth A AEPGX 38
 American Funds Fundamental Invs A ANCFX 26
 American Funds Growth Fund of Amer AGTHX 24
 American Funds Income Fund of Amer AMECX 34
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 American Funds Invt Co of Amer A AIVSX 26
 American Funds New Economy A ANEFX 24
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Arbitrage R 295-4485 ARBFX 34
Ariel Investments, LLC 292-7435
 Ariel Appreciation Investor CAAPX 30
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Artisan 344-1770
 Artisan Global Equity Investor ARTHX 38
 Artisan Global Opportunities Inv ARTRX 40
 Artisan Global Value Investor ARTGX 40
 Artisan International Investor ARTIX 38
 Artisan International Small Cap Investor ARTJX 38
 Artisan International Value Investor ARTKX 38
 Artisan Mid Cap Investor ARTMX 28
 Artisan Mid Cap Value Investor ARTQX 30
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Aston 992-8151
 ASTON/Fairpointe Mid Cap N CHTTX 30
 ASTON/Montag & Caldwell Balanced MOBAX 34
 ASTON/Montag & Caldwell Growth N MCGFX 24
 ASTON/River Road Select Value N ARSMX 32
 ASTON/River Road Small Cap Value N ARSVX 32
Auxier Focus Inv 877-328-9437 AUXFX 28
BBH 575-1265
 BBH Core Select N BBTEX 26
 BBH Global Core Select N BBNX 40
 Baird 866-442-2473
 Baird Aggregate Bond Inst BAGIX 42
 Baird Quality Interm Muni Bd Inst BMBIX 44
 Baird Short-Term Bond Inst BSBI 42
 Baron Capital Group 992-2766
 Baron Asset Retail BARAX 28
 Baron Growth Retail BGRFX 28
 Baron Opportunity Retail BIOPX 28
 Baron Small Cap Retail BSCFX 30
 Becker Value Equity Retail 551-3998 BVFX 28
 Berwyn 888-995-5505
 Berwyn BERWX 32
 Berwyn Income BERIX 34
 BlackRock Global Allocation A 441-7762 MDLX 40
 Bogle Small Cap Growth 877-264-5346 BOGLX 32
 Bridgeway 661-3550
 Bridgeway Blue Chip 35 Index BRLIX 26
 Bridgeway Ultra-Small Company Market BRSIX 32
 Broadview Opportunity 855-846-1463 BVAOX 32
 Brown Capital Mgmt Sm Co 877-892-4226 BCSIX 30
 Buffalo 492-8332
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Calamos 582-6959
 Calamos Convertible A CCVIX 44
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 Causeway 866-947-7000
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 Causeway International Value Inv CIVVX 38
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 Champlain Funds 866-773-3238
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 Clipper 432-2504 CFIMX 26
 Cohen & Steers Realty Shares 437-9912 CSRSX 36
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 Diamond Hill Funds 888-226-5595
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 DFA Emerging Markets Value I DFEVX 40
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 DFA US Micro Cap I DFSCX 32
 DFA US Small Cap I DFSTX 32
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 DFA US Targeted Value I DFFVX 34
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 Dodge & Cox Global Bond DODLX 44
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 Dodge & Cox Income DODIX 42
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Which Managers Are Buying and Selling Their Funds?

Fund managers are savvy investors, so why not follow their lead?

U.S. mutual funds are required to disclose how much money their managers have invested in their own funds. Each year, funds file a Statement of Additional Information that lists ownership levels in bands that range from zero to more than \$1 million. As of August 2016, 1,036 funds had at least one manager who invested more than \$1 million of their own money in their funds. On the flip side, 3,822 funds had no investment from any of their managers.

The managers know something about their funds, and it is fair to assume their investment is a useful signal. In fact, I've found manager ownership to be one of the better predictors of future performance, though not as good as expense ratios. Manager ownership is a good indicator, but, as with fees, it alone is not sufficient to lead me to buy a fund. I still want to know all the fundamentals and how the fund serves my portfolio.

The group of funds run by managers investing no money in their funds had a meager 35% success rate over the ensuing five years, those with between \$100,001 and \$500,000 had a 43% success rate, and those with more than \$1 million had a 47% success rate. Because about one third of funds were merged away or liquidated over that five-year stretch, a 47% success rate is actually quite good. If we look at

a risk-adjusted success rate, the story is fairly similar. We found a risk-adjusted success rate of 28% for managers with no investment compared with 39% for those with \$1 million or more.

Looking at asset classes, the trend was pretty consistent. In U.S. equities, funds with no investment had a dismal 29% success rate versus 39% for the top rung. Coming out of the bear market, attrition was higher in U.S. equities than in other asset groups. For international funds, those with zero investment had a 32% success rate versus 68% for those with more than \$1 million invested. Balanced funds had a 32% success rate on the bottom rung versus 85% on the top rung.

I've gathered ownership data on the Morningstar 500 funds. Let's take a look at managers who have moved into the top and bottom tiers of ownership. If you want to check up on funds not listed here, consult the Fund Spy Selector on our website: mfi.morningstar.com. Go to the site, then click on the Fund Spy tab. Then click on the Spy Selector tab, and enter the ticker for the fund you want to check. It will tell you the highest investment level of any manager on the fund.

Managers Buying

Tad Rivelle **TCW Total Return TGLMX**

Manager Tad Rivelle took his investment at this fund from zero to more than \$1 million. It's a welcome sign for this fund, which has a Morningstar Analyst Rating of Bronze. Comanagers Mitchell Flack and Bryan Whalen have between \$100,000 to \$500,000 and \$10,000 to \$50,000 invested in the fund, respectively. The trio took over the fund in the wake of Jeffrey Gundlach's bitter divorce from TCW about six years ago.

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Big Changes in Manager Ownership

Rising Investment	Ticker	Portfolio Manager	Old Range	New Range
TCW Total Return	TGLMX	Tad Rivelle	0	>\$1 Million
BBH Global Core Select	BBGNX	Timothy Hartch	0	>\$1 Million
FPA US Value	FPPFX	Greg Nathan	0	>\$1 Million
Fidelity Strategic Income	FSCIX	Ford O'Neil	\$10k–\$50k	>\$1 Million
T. Rowe Price Value	TRVLX	Mark Finn	\$500k–\$1M	>\$1 Million
Neuberger Berman Intl Eq	NBIX	Benjamin Segal	\$500k–\$1M	>\$1 Million
Polen Growth	POLIX	Daniel Davidowitz	\$500k–\$1M	>\$1 Million
Broadview Opportunity	BVAOX	Richard Lane	\$500k–\$1M	>\$1 Million
Declining Investment				
Cohen & Steers Realty	CSRSX	Tom Bohjalian	\$10k–\$50k	0
Manning & Napier Pro-Blend Ext Term	MNBAX	Marc Tommasi	>\$1 million	0
Virtus Foreign Opportunities	JVJAX	Rajiv Jain	>\$1 million	0
Royce Microcap	RYOTX	Chris Flynn	>\$1 million	0

Timothy Hartch **BBH Global Core Select** BBGNX

Timothy Hartch went from zero to more than \$1 million at this three-year-old fund. I find it particularly encouraging to see this kind of statement at a fairly young fund. Hartch also has more than \$1 million invested in **BBH Core Select** BBTEX. Perhaps he sees promise that Global Core Select can match BBH Core Select's excellent long-term record.

Greg Nathan **FPA US Value** FPPFX

Greg Nathan was named manager of this fund in September 2015, and he wasted no time investing in it. When Nathan came on board, the fund changed strategies from growth to value, and we're still in early days of seeing what Nathan can do. Prior to this assignment, Nathan worked on **FPA Crescent** FPACX with manager Steve Romick.

Ford O'Neil **Fidelity Strategic Income** FSCIX

Comanager Ford O'Neil boosted his investment from the \$10,000 to \$50,000 range to more than \$1 million. Comanager Joanna Bewick has \$100,000 to \$500,000 invested. I like the commitment at this Silver-rated fund. The wide-ranging fund moves among junk bonds, emerging-markets debt, U.S. government bonds, and developed-markets foreign debt. Bewick has been with the fund since 2008, and O'Neil joined in 2012.

Possible Manager Buying

Some managers moved from the \$500,000 to \$1 million range to more than \$1 million. It's possible they were just under the line and appreciation alone carried them over, but it is more likely that they did add to their investment. In either case, they are over \$1 million and have further aligned their interests with fundholders'.

Mark Finn **T. Rowe Price Value** TRVLX

Mark Finn took over at this Bronze-rated fund at the end of 2009, and it's good to see him above the \$1 million level. He has modestly beaten the Russell 1000 Value and handily beaten the average large-value fund over his tenure. Finn aims for solid firms trading at modest discounts, thus putting him in the relative value camp rather than deep value. That approach has generally steered the fund away from extremes such as the losses suffered by deep-value funds in 2015.

Benjamin Segal **Neuberger Berman International Equity** NIQVX

We rate this fund Silver, and apparently manager Benjamin Segal shares our high opinion of the fund. He has more than \$1 million of his own money at stake in the fund. We were impressed that Segal outperformed in 2014 and 2015 despite the fact that the fund isn't meant to be a defensive vehicle. His strategy emphasizes steady growth and covers the entire market-cap spectrum.

Daniel Davidowitz **Polen Growth** POLRX

We recently started covering this fund. It has a Bronze rating, and comanager Daniel Davidowitz topped the \$1 million investment level to confirm his conviction in the fund. The fund has built a solid record by investing in high-quality names with low debt levels. Davidowitz runs the fund alongside Damon Ficklin, and they've built a strong record. They run a focused fund with fewer than 25 names, headed by market leaders like **Visa V**, **Nike** NKE, and **Facebook** FB.

Richard Lane **Broadview Opportunity** BVAOX

Richard Lane is now over the \$1 million level at this small-cap gem. We rate the fund Silver because of its long, impressive record in picking small-cap stocks. Lane has been there since 1997, and his three coman-



agers were named in 2010. They don't have \$1 million in the fund, but they all have at least \$100,000 in it. Their patient approach has produced solid returns, though they can be a little lumpy. If this name sounds unfamiliar, the fund used to be called FMI Focus.

Managers Selling

I looked for funds where the top ownership level declined. That meant that either a manager was selling, the fund depreciated, or the manager with the most invested left and his or her replacements did not pony up an equal sum.

Tom Bohjalian **Cohen & Steers Realty Shares** CSR SX

This is disappointing. The fund has three managers and no manager investment. Tom Bohjalian had between \$10,000 and \$50,000 in the fund, and now he has nothing. Former comanager Joseph Harvey had between \$100,000 and \$500,000 in the fund, but he is no longer listed as a manager.

Marc Tommasi **Manning & Napier Pro-Blend Conservative Term** EXDAX and **Manning & Napier Pro-Blend Extended Term** MNBAX

Manning & Napier has gone through a dramatic reshuffling in the wake of a performance slump tied to a decline in energy stocks. The firm had run all of

its funds through one large committee headed by Jeff Coons. Then it moved to smaller teams that differed from fund to fund in order to bring more focus and to fight groupthink, with Coons stepping back. But oddly, the decline in ownership comes from Marc Tommasi, who is one of the remaining managers. He had owned more than \$1 million in Manning & Napier Pro-Blend Extended Term, and now he doesn't own anything. Christian Andreach has the top level at Manning & Napier Pro-Blend Extended Term, and it is just \$10,000 to \$50,000. And no one owns shares of Manning & Napier Pro-Blend Conservative Term.

Departure Leading to Lower Ownership

Virtus Foreign Opportunities JVIAX lost Rajiv Jain, and the highest manager investment level went from more than \$1 million to zero. It's possible that the new managers invested fairly quickly, but we won't know until the next filing.

Royce Micro-Cap RYOTX manager Chris Flynn stepped down from the fund in May 2016, leaving Brendan Hartman and James Stoeffel to run the fund. That takes the top investment level down from \$1 million to Stoeffel's \$10,000 to \$50,000 investment. Stoeffel started in May 2015, so I hope he's ramping up his investment. ■■

Gold-Rated Funds Where Portfolio Managers Invest More Than \$1 Million

American Funds AMCAP	AMCPX	Dodge & Cox Balanced	DODBX	Oakmark Select	OAKLX
American Funds American Mutual	AMRMX	Dodge & Cox Global Stock	DODWX	PIMCO All Asset	PAAIX
American Funds Capital World Gr & Inc	CWGIX	Dodge & Cox Income	DODIX	PRIMECAP Odyssey Aggressive Growth	POAGX
American Funds Europacific Growth	AEPGX	Dodge & Cox International Stock	DODFX	PRIMECAP Odyssey Growth	POGRX
American Funds Fundamental Invs	ANCFX	Dodge & Cox Stock	DODGX	PRIMECAP Odyssey Stock	POSXX
American Funds Intl Gr and Inc	IGAAX	Fidelity Small Cap Discovery	FSCRX	Royce Special Equity	RYSEX
American Funds New Economy	ANEFX	Fidelity Total Bond	FTBFX	T. Rowe Price Capital Appreciation	PRWCX
American Funds New Perspective	ANWPX	FMI Common Stock	FMIMX	T. Rowe Price Mid-Cap Growth	RPMGX
American Funds New World	NEWFX	FMI Large Cap	FMIHX	Templeton Global Bond	TPINX
American Funds Washington Mutual	AWSHX	FPA Crescent	FPACX	Vanguard Capital Opportunity	VHCOX
AMG Yacktman	YACKX	Harbor Capital Appreciation	HACAX	Vanguard Dividend Growth	VDIGX
Artisan International Small Cap	ARTJX	Harbor International	HAINX	Vanguard Health Care	VGHCX
Artisan International Value	ARTKX	JPMorgan Mid Cap Value	FLMVX	Vanguard PRIMECAP Core	VPCCX
BlackRock Global Allocation	MBLOX	Loomis Sayles Bond	LSBDX	Vanguard PRIMECAP	VPMCX
Brown Capital Mgmt Small Co	BCSIX	Loomis Sayles Core Plus Bond	NEFRX	Vanguard Selected Value	VASVX
Causeway International Value	CIVIX	Metropolitan West Total Return Bond	MWTRX	Vanguard Wellesley Income	VWINX
Diamond Hill Large Cap	DHLAX	Oakmark Global	OAKGX	Vanguard Wellington	VWELX
Diamond Hill Small Cap	DHSCX	Oakmark	OAKMX	Wasatch Core Growth	WGROX
Diamond Hill Small-Mid Cap	DHMAX	Oakmark International	OAKIX	Wasatch Small Cap Growth	WAAEX

Data through August 31, 2016 FINRA members: For internal or institutional use only.

Fidelity® Puritan®

Benchmark 1: Morningstar Mod Tgt Risk TR USD
 Benchmark 2: Morningstar Mod Tgt Risk TR USD

Morningstar Analyst Rating 08-29-16

Silver

Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊕ Positive
- Price ⊕ Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

⊕ Positive ⊖ Negative ○ Neutral

Performance 08-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	10.34	-2.09	5.16	0.15	13.79
2013	5.77	0.58	5.69	7.03	20.34
2014	2.31	4.01	1.00	3.04	10.75
2015	2.65	-0.28	-5.50	5.20	1.77
2016	-0.79	1.88	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
1 Yr	7.41	1	2	Cat	10,741
3 Mo	3.41	-0.46	-0.46	32	10,341
6 Mo	10.11	-0.64	-0.64	39	11,011
1 Yr	7.41	-0.82	-0.83	32	10,741
3 Yr Avg	9.19	3.05	3.05	4	13,019
5 Yr Avg	10.24	2.95	2.95	8	16,278
10 Yr Avg	6.63	0.82	0.81	12	18,999
15 Yr Avg	6.65	-0.01	-0.01	13	26,282

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	6.73	12	2.26	84
5 Yr (estimated)	8.45	13	1.62	79
10 Yr (estimated)	5.07	17	1.46	86

Potential Capital Gain Exposure: 17% of assets

Morningstar's Take by Susan Wasserman 08-29-16

Lead manager Ramin Arani continues to demonstrate his skill managing Fidelity Puritan, adding value in both the overall asset allocation and equity security selection. Plus, the fund's two fixed-income managers run their sleeves prudently. This combination has translated into peer-beating results. The fund's Morningstar Analyst Rating has been upgraded to Silver from Bronze.

Arani takes a comparatively aggressive tack. Like many of its peers in the allocation—50% to 70% equity Morningstar Category, this fund targets a 60%/40% mix of equities and fixed income. However, Arani adjusts the mix based on where he sees the best opportunity, and in recent years that's been in equities. The portfolio's equity exposure has hovered around 70% of assets the past three years and reached 73% in May 2016. This position reflects Arani's optimistic view on finding growth opportunities within a growth-constrained environment.

As for stock picks, Arani favors firms with strong free cash flow, increasing returns on invested capital, and catalysts that he expects to play out over an 18- to 36-month period. As such, he gravitates to large-growth

Historical Profile

Return High
 Risk Above Avg
 Rating ★★★★★
 Highest



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	08-16	History
NAV	19.97	19.03	13.06	16.06	17.91	17.69	19.41	21.23	21.49	20.33	21.08	NAV
Total Return %	14.78	6.17	-29.16	26.69	14.04	0.67	13.79	20.34	10.75	1.77	4.58	4.58
+/- Bmark 1	1.82	-2.46	-6.97	4.91	1.71	0.08	1.74	6.03	5.86	3.56	-3.16	-3.16
+/- Bmark 2	1.82	-2.46	-6.97	4.91	1.71	0.08	1.74	6.03	5.86	3.56	-3.16	-3.16
Income Return %	3.24	2.97	2.53	3.23	2.36	1.95	2.02	1.75	1.70	2.19	0.86	0.86
Capital Return %	11.54	3.20	-31.69	23.46	11.68	-1.27	11.77	18.58	9.04	-0.42	3.72	3.72
Total Rtn % Rank Cat	8	49	58	33	13	38	17	16	4	4	81	81
Income \$	0.59	0.58	0.48	0.42	0.38	0.35	0.35	0.33	0.35	0.46	0.18	0.18
Capital Gains \$	0.85	1.62	0.02	0.01	0.00	0.00	0.35	1.68	1.57	1.06	0.00	0.00
Expense Ratio %	0.63	0.60	0.61	0.67	0.61	0.60	0.59	0.58	0.56	0.56	0.56	0.56
Income Ratio %	3.97	2.91	2.72	3.30	2.48	1.96	2.03	1.79	1.68	2.13	1.77	1.77
Turnover Rate %	78	70	115	116	104	154	141	229	160	106	—	—
Net Assets \$mil	25,810	25,414	14,893	16,792	16,688	14,841	15,209	17,308	18,754	19,230	19,765	19,765

Rating and Risk

Time Period	Load-Adj Return%	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	7.41			
3 Yr	9.19	High	+ Avg	★★★★★
5 Yr	10.24	High	+ Avg	★★★★★
10 Yr	6.63	+ Avg	Avg	★★★★
Incept	10.95			

Other Measures

	Standard Index	Best Fit Index
Alpha	2.4	0.5
Beta	1.08	0.67
R-Squared	86	96
Standard Deviation	8.01	
Mean	9.19	
Sharpe Ratio	1.13	

Ticker FPURX Yield 1.6% Total Assets \$25,776 mil Mstar Category Allocation—50% to 70% Equity

Investment Style

Equity

Growth of \$10,000



Performance Quartile (within Category)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	08-16	History
NAV	19.97	19.03	13.06	16.06	17.91	17.69	19.41	21.23	21.49	20.33	21.08	NAV
Total Return %	14.78	6.17	-29.16	26.69	14.04	0.67	13.79	20.34	10.75	1.77	4.58	4.58
+/- Bmark 1	1.82	-2.46	-6.97	4.91	1.71	0.08	1.74	6.03	5.86	3.56	-3.16	-3.16
+/- Bmark 2	1.82	-2.46	-6.97	4.91	1.71	0.08	1.74	6.03	5.86	3.56	-3.16	-3.16
Income Return %	3.24	2.97	2.53	3.23	2.36	1.95	2.02	1.75	1.70	2.19	0.86	0.86
Capital Return %	11.54	3.20	-31.69	23.46	11.68	-1.27	11.77	18.58	9.04	-0.42	3.72	3.72
Total Rtn % Rank Cat	8	49	58	33	13	38	17	16	4	4	81	81
Income \$	0.59	0.58	0.48	0.42	0.38	0.35	0.35	0.33	0.35	0.46	0.18	0.18
Capital Gains \$	0.85	1.62	0.02	0.01	0.00	0.00	0.35	1.68	1.57	1.06	0.00	0.00
Expense Ratio %	0.63	0.60	0.61	0.67	0.61	0.60	0.59	0.58	0.56	0.56	0.56	0.56
Income Ratio %	3.97	2.91	2.72	3.30	2.48	1.96	2.03	1.79	1.68	2.13	1.77	1.77
Turnover Rate %	78	70	115	116	104	154	141	229	160	106	—	—
Net Assets \$mil	25,810	25,414	14,893	16,792	16,688	14,841	15,209	17,308	18,754	19,230	19,765	19,765

Portfolio Analysis 07-31-16

Total Stocks: 256	Share change since 06-30-16	Sector	YTD Ret %	% Assets
Alphabet Inc C		Technology	—	3.24
Apple Inc		Technology	2.38	2.23
Microsoft Corp		Technology	5.52	1.85
Facebook Inc A		Technology	20.50	1.82
Medtronic PLC		Hlth Care	14.20	1.60
Amazon.com Inc		Cnsmr Cyc	13.80	1.58
Visa Inc Class A		Finan Svcs	4.86	1.51
Amgen Inc		Hlth Care	6.61	1.47
Allergan PLC		Hlth Care	-24.95	1.23

Total Fixed Income: 832	Date of Maturity	Value \$000	% Assets
US Treasury Bond 3%	11-15-45	225,720	265,635 1.14
Fannie Mae 3.5% 30 Yr	—	181,820	193,210 0.83

Equity Style: Growth Large-Cap Fixed-Income Style: Duration: Moderate Quality: Low

Value Measures	Rel Category	Avg Eff Duration ¹	4.9 Yrs
Price/Earnings	22.27	1.25	Avg Eff Maturity
Price/Book	2.95	1.34	Avg Credit Quality
Price/Sales	2.62	1.68	Avg Wtd Coupon
Price/Cash Flow	12.24	1.44	3.55%
Dividend Yield %	1.74	0.66	

Growth Measures	% Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1
Long-Term Emrgs	9.70	Cyclical	30.23	0.77
Book Value	5.56	BasicMat	2.58	0.49
Sales	2.68	CnsmrCyc	13.59	1.19
Cash Flow	3.02	FinanSvcs	12.10	0.75
Historical Emrgs	3.76	Real Est	1.96	0.31

Market Cap %	Small	Mid	Large
Giant	50.2	2.0	0.5
Large	35.4	0.5	0.5
Mid	12.0	64.257	

Composition - Net	Value	% of Stock
Cash	2.5	
Stocks	72.6	
Bonds	24.7	
Other	0.2	
Foreign	6.2	

Address: Fidelity Puritan Trust
 Boston, MA 02109
 800-544-8544
 Web Address: www.fidelity.com
 Inception: 04-16-47
 Advisor: Fidelity Management & Research Company
 Subadvisor: FMR Investment Management (U.K.) Limited

Minimum Purchase: \$2500 Add: — IRA: \$2500
 Min Auto Inv Plan: — Add: —
 Sales Fees: No-load
 Management Fee: 0.15%
 Actual Fees: Mgt:0.40% Dist:—
 Expense Projections: 3Yr:\$179 5Yr:\$313 10Yr:\$701
 Income Distribution: Quarterly

Data through August 31, 2016 FINRA members: For internal or institutional use only.

Litman Gregory Masters Intl Instl

Ticker MSILX **Yield** 1.8% **Total Assets** \$871 mil **Mstar Category** Foreign Large Blend

Benchmark 1: MSCI ACWI Ex USA NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 08-18-16

Bronze

Morningstar Pillars

- Process + Positive
- Performance + Neutral
- People + Positive
- Parent + Positive
- Price - Negative

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

★ Gold ★ Silver ★ Bronze ★ Neutral ★ Negative

Pillar Spectrum

+ Positive - Negative ○ Neutral

Performance 08-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	13.28	-10.39	8.69	8.72	19.96
2013	5.46	-0.63	11.12	4.31	21.47
2014	-0.33	4.67	-6.69	-0.06	-2.72
2015	5.47	0.87	-11.80	0.69	-5.52
2016	-3.97	-6.52	—	—	—

Trailing

	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
	Return%	1	2	Cat	
3 Mo	-1.04	-5.03	-5.03	94	9,896
6 Mo	4.45	-9.01	-9.01	98	10,445
1 Yr	-8.94	-11.86	-11.86	99	9,106
3 Yr Avg	-1.10	-3.13	-3.13	95	9,673
5 Yr Avg	2.76	-0.55	-0.55	84	11,459
10 Yr Avg	2.29	0.25	0.25	29	12,541
15 Yr Avg	5.90	0.22	0.22	18	23,642

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-1.55	91	0.45	22
5 Yr (estimated)	2.44	73	0.31	10
10 Yr (estimated)	1.12	28	1.14	73

Potential Capital Gain Exposure: -19% of assets

Morningstar's Take by Gregg Wolper 08-18-16

Although Litman Gregory Masters Select International has question marks, its impressive lineup of subadvisors, thoughtful approach, and respectable parent earn it a Morningstar Analyst Rating of Bronze.

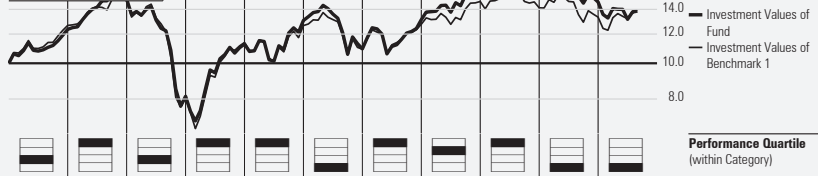
This fund has an unusual structure. Unlike the typical multimanager offering, subadvisors are limited to just eight to 15 holdings apiece. Moreover, the subadvisors are not chosen with traditional diversification in mind, such as filling specific spots in the Morningstar Style Box. Rather, the overseers at Litman Gregory look for topnotch managers who they believe have proven effective at managing very focused portfolios and who relish taking on that challenge.

This process has yielded impressive results over the long term. During the 10-year period through July 31, 2016, the fund lands in the 30th percentile of the foreign large-blend Morningstar Category, and during the 15-year period, it's in the 20th percentile.

Two elements need further examination, however. First, the current manager lineup can't claim that long-term record. While David Herro of Harris Associates has been on board since the fund's 1997 inception and a trio

Historical Profile

Return Average
Risk Above Avg
Rating ★★
Below Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	08-16	History
18.74	18.68	9.47	13.05	15.05	12.58	15.02	18.06	17.36	16.13	15.25	15.25	NAV
23.61	20.75	-45.47	38.54	15.86	-16.24	19.96	21.47	-2.72	-5.52	-5.46	-5.46	Total Return %
-3.04	4.10	0.05	-2.91	4.70	-2.53	3.13	6.18	1.15	0.14	-9.99	-9.99	+/- Bmark 1
-3.04	4.10	0.05	-2.91	4.70	-2.53	3.13	6.18	1.15	0.14	-9.99	-9.99	+/- Bmark 2
2.34	1.09	2.08	0.74	0.53	0.17	0.56	1.22	1.17	1.56	0.00	0.00	Income Return %
21.27	19.66	-47.56	37.80	15.33	-16.41	19.40	20.25	-3.89	-7.08	-5.46	-5.46	Capital Return %
66	7	66	17	7	82	23	30	19	86	98	98	Total Rtn % Rank Cat
0.41	0.20	0.39	0.07	0.07	0.03	0.07	0.18	0.21	0.27	0.00	0.00	Income \$
2.38	3.87	0.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
1.21	1.19	1.22	1.27	1.28	1.26	1.30	1.30	1.24	1.24	0.99	0.99	Expense Ratio %
1.68	0.88	2.19	0.53	0.51	0.73	1.05	1.02	0.94	1.22	2.39	2.39	Income Ratio %
98	93	114	104	99	127	107	112	70	52	—	—	Turnover Rate %
1,725	2,069	896	1,241	1,449	1,218	1,176	1,328	1,176	1,024	740	740	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-8.94			
3 Yr	-1.10	Low	+Avg	★★
5 Yr	2.76	-Avg	High	★★★
10 Yr	2.29	+Avg	Avg	★★★
Incept	6.93			

Other Measures

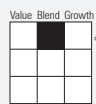
	Standard Index	Best Fit Index
Alpha	-2.9	-3.4
Beta	0.92	0.95
R-Squared	86	91
Standard Deviation	13.17	
Mean	-1.10	
Sharpe Ratio	-0.03	

Portfolio Analysis 06-30-16

Total Stocks: 47

Share change since 03-31-16	Sector	Country	% Assets
⊖ Shire PLC	Hlth Care	United Kingdom	4.71
⊖ Sampo Oyj A	Finan Svcs	Finland	4.19
⊖ Don Quijote Holdings Co L	Cnsmr Def	Japan	4.00
⊖ Lloyds Banking Group PLC	Finan Svcs	United Kingdom	3.68
⊖ Carlsberg A/S B	Cnsmr Def	Denmark	3.51
⊖ Diageo PLC	Cnsmr Def	United Kingdom	3.15
⊖ Aena SA	Industrl	Spain	3.13
⊖ Altice NV A	Comm Svcs	France	3.13
⊖ Las Vegas Sands Corp	Cnsmr Cyc	United States	3.03
⊕ Ferrovial SA	Industrl	Spain	2.94
⊖ Valeo SA	Cnsmr Cyc	France	2.93
⊖ Essilor International SA	Hlth Care	France	2.76
⊖ Honda Motor Co Ltd	Cnsmr Cyc	Japan	2.76
⊖ Baidu Inc ADR	Technology	China	2.61
⊖ Credit Suisse Group AG	Finan Svcs	Switzerland	2.54
⊖ Informa PLC	Cnsmr Cyc	United Kingdom	2.51
⊖ Liberty Global PLC C	Comm Svcs	United Kingdom	2.46
⊖ BNP Paribas	Finan Svcs	France	2.40
⊖ Roche Holding AG Dividend	Hlth Care	Switzerland	2.40
⊖ CNH Industrial NV	Industrl	United Kingdom	2.37

Current Investment Style



Value Measures	Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1
Price/Earnings	16.08 1.04	Cyclical	42.14	0.95
Price/Book	1.53 0.95	BasicMat	2.06	0.26
Price/Sales	1.06 0.94	CnsmrCyc	21.68	1.92
Price/Cash Flow	3.79 0.65	FinanSvcs	18.40	0.86
Dividend Yield %	3.08 0.93	Real Est	0.00	0.00
Growth Measures	% Rel Category	Sensitive	30.34	0.93
Long-Term Erngs	8.93 0.95	CommSvcs	9.74	1.85
Book Value	4.59 1.20	Energy	1.85	0.29
Sales	2.13 -1.43	Industrl	12.29	1.14
Cash Flow	17.86 3.33	Technlgy	6.46	0.63
Historical Erngs	0.05 -0.02	Defensive	27.52	1.20
		CnsmrDef	13.70	1.23
		Hlthcare	13.82	1.61
		Utilities	0.00	0.00

Regional Exposure

	% Stock
UK/W. Europe	74
N. America	7
Japan	11
Latin America	1
Asia X Japan	7
Other	0

Composition - Net

	% Stock
Cash	0.2
Bonds	0.0
Stocks	99.8
Other	0.0
Foreign (% of Stock)	92.6

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Data through August 31, 2016 FINRA members: For internal or institutional use only.

Oakmark Global I

Benchmark 1: MSCI ACWI NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 08-11-16

Gold

Morningstar Pillars

- Process ➔ Positive
- Performance ➔ Positive
- People ➔ Positive
- Parent ➔ Positive
- Price ● Neutral

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 08-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	15.76	-8.00	2.27	10.32	20.16
2013	8.43	4.75	11.36	6.03	34.12
2014	1.69	3.42	-4.32	3.05	3.70
2015	2.13	-0.87	-10.77	5.85	-4.38
2016	-7.27	-3.66	—	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
1 Yr	1.16	1	2	36	10,000
3 Mo	2.80	-1.23	-1.19	62	10,280
6 Mo	13.59	0.06	0.13	27	11,359
1 Yr	-1.16	-8.40	-4.08	95	9,884
3 Yr Avg	3.15	-3.59	1.11	89	10,974
5 Yr Avg	8.57	0.25	5.26	50	15,088
10 Yr Avg	5.05	0.65	3.01	40	16,372
15 Yr Avg	9.14	3.39	3.46	3	37,138

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	1.74	84	1.36	54
5 Yr (estimated)	7.56	43	0.93	50
10 Yr (estimated)	3.90	46	1.10	69

Potential Capital Gain Exposure: 12% of assets

Morningstar's Take by Greg Carlson 08-11-16

Oakmark Global will lose a veteran comanager in September, but its prospects remain strong. It continues to earn a Morningstar Analyst Rating of Gold.

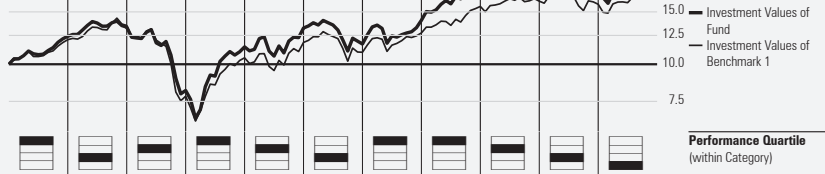
On July 29, 2016, Harris Associates (the fund's advisor) announced that Rob Taylor, comanager of this fund since 2005, will retire at the end of September. (The firm also announced that the fund, which had been closed to new investors except for those who invest directly or through retirement plans, would reopen to all investors.) David Herro, the lead manager of Gold-rated Oakmark International OAKIX since its 1992 inception, will take over the non-U.S. portion of the fund from Taylor. Clyde McGregor, who's comanaged the fund since 2003, will continue to oversee the U.S. equity portfolio.

Taylor's departure will certainly represent a loss. A 22-year veteran of the firm, he had served as director of international research from 2004-15 and comanaged Oakmark International since 2008 (Herro will run that fund solo).

But this fund will remain in highly proven hands. Herro has amassed a superb record at Oakmark International and has also managed Bronze-rated Oakmark

Historical Profile

Return Average
Risk High
Rating ★★★
Neutral



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	08-16	History
NAV	25.28	24.10	14.01	19.50	22.48	19.86	23.48	30.15	29.17	27.11	26.41	NAV
Total Return %	24.18	7.33	-38.78	40.19	15.74	-11.65	20.16	34.12	3.70	-4.38	-2.58	Total Return %
+/- Bmark 1	3.22	-4.34	3.41	5.57	3.07	-4.31	4.03	11.32	-0.47	-2.02	-8.53	+/- Bmark 1
+/- Bmark 2	-2.48	-9.33	6.75	-1.26	4.59	2.05	3.33	18.83	7.56	1.28	-7.12	+/- Bmark 2
Income Return %	1.34	0.15	2.91	0.99	0.45	0.00	1.87	3.21	1.17	1.06	0.00	Income Return %
Capital Return %	22.84	7.18	-41.69	39.21	15.29	-11.65	18.29	30.91	2.52	-5.44	-2.58	Capital Return %
Total Rtn % Rank Cat	14	69	28	25	29	74	20	11	38	74	98	Total Rtn % Rank Cat
Income %	0.31	0.04	0.70	0.14	0.09	0.00	0.37	0.75	0.35	0.31	0.00	Income %
Capital Gains %	3.54	3.04	0.03	0.00	0.00	0.00	0.00	0.55	1.74	0.47	0.00	Capital Gains %
Expense Ratio %	1.18	1.13	1.16	1.23	1.15	1.16	1.16	1.13	1.11	1.12	1.15	Expense Ratio %
Income Ratio %	1.18	0.66	0.95	0.76	0.53	0.70	0.91	0.75	0.76	0.86	0.12	Income Ratio %
Turnover Rate %	41	35	41	32	37	29	26	45	31	36	—	Turnover Rate %
Net Assets \$mil	2,548	2,826	1,346	1,766	2,330	1,987	2,115	3,235	3,513	3,020	2,391	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-1.16			
3 Yr	3.15	-Avg	High	★
5 Yr	8.57	Avg	High	★★★
10 Yr	5.05	Avg	+Avg	★★★
Incept	9.66			

Other Measures

	Standard Index	Best Fit Index
Alpha	1.3	-4.4
Beta	1.01	1.19
R-Squared	79	86
Standard Deviation	15.01	
Mean	3.15	
Sharpe Ratio	0.27	

Ticker OAKGX Yield 1.2% Total Assets \$2,417 mil Mstar Category World Stock

Investment Style Equity

Growth of \$10,000
Investment Values of Fund
Investment Values of Benchmark 1

Performance Quartile (within Category)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	08-16	History
25.28	24.10	14.01	19.50	22.48	19.86	23.48	30.15	29.17	27.11	26.41	NAV
24.18	7.33	-38.78	40.19	15.74	-11.65	20.16	34.12	3.70	-4.38	-2.58	Total Return %
3.22	-4.34	3.41	5.57	3.07	-4.31	4.03	11.32	-0.47	-2.02	-8.53	+/- Bmark 1
-2.48	-9.33	6.75	-1.26	4.59	2.05	3.33	18.83	7.56	1.28	-7.12	+/- Bmark 2
1.34	0.15	2.91	0.99	0.45	0.00	1.87	3.21	1.17	1.06	0.00	Income Return %
22.84	7.18	-41.69	39.21	15.29	-11.65	18.29	30.91	2.52	-5.44	-2.58	Capital Return %
14	69	28	25	29	74	20	11	38	74	98	Total Rtn % Rank Cat
0.31	0.04	0.70	0.14	0.09	0.00	0.37	0.75	0.35	0.31	0.00	Income %
3.54	3.04	0.03	0.00	0.00	0.00	0.00	0.55	1.74	0.47	0.00	Capital Gains %
1.18	1.13	1.16	1.23	1.15	1.16	1.16	1.13	1.11	1.12	1.15	Expense Ratio %
1.18	0.66	0.95	0.76	0.53	0.70	0.91	0.75	0.76	0.86	0.12	Income Ratio %
41	35	41	32	37	29	26	45	31	36	—	Turnover Rate %
2,548	2,826	1,346	1,766	2,330	1,987	2,115	3,235	3,513	3,020	2,391	Net Assets \$mil

Portfolio Analysis 06-30-16

Total Stocks: 35	Share change since 03-31-16	Sector	Country	% Assets
⊖ CNH Industrial NV		Industrl	United Kingdom	4.64
⊕ Credit Suisse Group AG		Finan Svcs	Switzerland	4.45
⊖ Julius Baer Gruppe AG		Finan Svcs	Switzerland	4.17
⊖ TE Connectivity Ltd		Technology	United States	4.17
⊖ Alphabet Inc C		Technology	United States	4.08
⊖ General Motors Co		Cnsmr Cyc	United States	4.01
⊖ Bank of America Corporati		Finan Svcs	United States	3.68
⊖ LafargeHolcim Ltd		Basic Mat	Switzerland	3.66
Incitec Pivot Ltd		Basic Mat	Australia	3.49
⊕ Daimler AG		Cnsmr Cyc	Germany	3.48
⊖ The Interpublic Group of		Cnsmr Cyc	United States	3.44
⊖ Citigroup Inc		Finan Svcs	United States	3.32
⊖ MasterCard Inc A		Finan Svcs	United States	3.29
⊕ Allianz SE		Finan Svcs	Germany	3.27
⊖ Toyota Motor Corp		Cnsmr Cyc	Japan	3.23
⊖ Oracle Corp		Technology	United States	3.18
⊕ Lloyds Banking Group PLC		Finan Svcs	United Kingdom	3.15
⊖ Daiwa Securities Group In		Finan Svcs	Japan	2.99
⊖ OMRON Corp		Technology	Japan	2.62
⊕ Cie Financiere Richemont		Cnsmr Cyc	Switzerland	2.57

Current Investment Style

Value Blend Growth	Market Cap %	%
Large	Giant	41.5
Mid	Large	35.4
Small	Mid	18.9
Micro	Small	4.2
	Micro	0.0
	Avg \$mil:	24,969

Value Measures

Price/Earnings	12.62	0.69
Price/Book	1.23	0.52
Price/Sales	0.80	0.49
Price/Cash Flow	3.52	0.40
Dividend Yield %	2.99	1.15

Growth Measures

Long-Term Erngs	9.69	0.92
Book Value	2.80	0.92
Sales	3.75	7.21
Cash Flow	25.85	7.74
Historical Erngs	13.52	5.98

Composition - Net

Cash	2.2	Bonds	0.0
Stocks	97.9	Other	0.0
Foreign (% of Stock)			56.6

Sector Weightings

% of Stocks	Rel Bmark 1	
Cyclical	61.62	1.65
BasicMat	9.59	1.84
CnsmrCyc	22.75	2.00
FinanSvcs	29.28	1.68
Real Est	0.00	0.00
Sensitive	34.19	0.92
CommSvcs	0.00	0.00
Energy	1.95	0.30
Industrl	10.36	0.97
Technlgy	21.88	1.47
Defensive	4.20	0.16
CnsmrDef	1.91	0.18
Hlthcare	2.29	0.19
Utilities	0.00	0.00

Regional Exposure

% Stock	
UK/W. Europe	36
N. America	43
Japan	10
Latn America	2
Asia X Japan	8
Other	0

Country Exposure

% Stock	
United States	43
Japan	10
Switzerland	15
Germany	9
UK	11

Address: Harris Associates LP
Chicago, IL 606057
800-625-6275
Web Address: www.oakmark.com
Inception: 08-04-99
Advisor: Harris Associates L.P.
Subadvisor: None

Minimum Purchase: \$1000 Add: \$100 IRA: \$1000
Min Auto Inv Plan: \$500 Add: \$100
Sales Fees: No-load
Management Fee: 1.00% mx./0.88% mn.
Actual Fees: Mgt:0.98% Dist:—
Expense Projections: 3Yr:\$356 5Yr:\$617 10Yr:\$1363
Income Distribution: Annually

Data through August 31, 2016 FINRA members: For internal or institutional use only.

Vanguard Tax-Managed Balanced Adm

Benchmark 1: Morningstar Mod Con Tgt Risk TR USD
Benchmark 2: Morningstar Mod Tgt Risk TR USD

Morningstar Analyst Rating 08-19-16



Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊕ Positive
- Price ⊕ Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

- Gold
- Silver
- Bronze
- Neutral
- Negative

Pillar Spectrum

- ⊕ Positive
- ⊖ Negative
- Neutral

Performance 08-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	6.82	-0.66	4.06	0.41	10.87
2013	5.29	-0.10	3.36	5.18	14.34
2014	2.44	3.37	0.89	2.78	9.81
2015	1.47	-0.24	-2.57	3.79	2.35
2016	1.46	2.36	—	—	—

Trading

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
1 Yr	8.77	-0.52	-1.10	62	10,277
3 Mo	2.77	-0.22	-2.73	60	10,802
6 Mo	8.02	1.33	0.54	10	10,877
1 Yr	8.74	3.55	2.60	1	12,859
3 Yr Avg	9.19	3.42	1.90	2	15,520
5 Yr Avg	6.47	1.14	0.66	5	18,724
10 Yr Avg	6.00	0.01	-0.66	15	23,981

Tax Analysis

	Tax-Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	7.97	1	0.71	15
5 Yr (estimated)	8.52	1	0.61	9
10 Yr (estimated)	5.88	1	0.55	2

Potential Capital Gain Exposure: 20% of assets

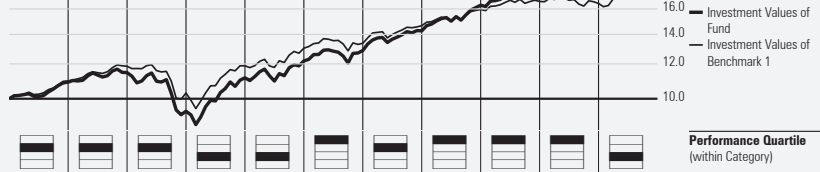
Morningstar's Take by Gretchen Rupp 08-19-16

Vanguard Tax-Managed Balanced fund follows a straightforward approach for taxable accounts. The prudent process, experienced team, and rock-bottom fees support the fund's Morningstar Analyst Rating of Gold.

On the surface, this fund may not appear unusual, but the tax-managed approach creates a distinct portfolio. It splits exposure evenly between an equity stake that closely tracks the Russell 1000 Index and a fixed-income sleeve made up of tax-efficient municipal bonds. Lead manager Bill Coleman runs the stock portion, tweaking position sizes to improve post-tax returns by mitigating dividend payments. The fund's dividend yield is about 20 basis points less than its benchmark as of July 2016, reflecting the typical result of the adjustments. Jim D'Arcy has managed the fixed income portion since June 2013 with a higher-quality stance than its peers in the allocation—30% to 50% equity Morningstar Category. The fund held about 70%-75% of the bond portfolio in bonds rated AAA or AA compared with the roughly 50% category average as of July 2016. D'Arcy's preference for higher-quality bonds, along with minor duration

Historical Profile

Return High
 Risk Average
 Rating ★★★★★
 Highest



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	08-16	History
NAV	20.02	20.45	16.19	18.75	19.96	20.55	22.25	24.90	26.79	26.86	28.15	NAV
Total Return %	9.09	5.11	-18.32	19.14	9.22	5.58	10.87	14.34	9.81	2.35	5.85	Total Return %
+/- Bmark 1	-0.64	-2.89	-5.27	3.83	-0.44	2.99	1.21	5.52	5.51	3.38	-1.22	+/- Bmark 1
+/- Bmark 2	-3.87	-3.52	3.87	-2.63	-3.12	4.99	-1.17	0.04	4.92	4.14	-1.90	+/- Bmark 2
Income Return %	2.94	2.97	2.79	3.10	2.67	2.60	2.56	2.33	2.17	2.08	1.00	Income Return %
Capital Return %	6.14	2.15	-21.12	16.04	6.55	2.98	8.31	12.02	7.64	0.27	4.84	Capital Return %
Total Rtn % Rank Cat	27	44	43	61	66	6	29	3	2	1	58	Total Rtn % Rank Cat
Income \$	0.55	0.59	0.57	0.50	0.50	0.51	0.52	0.51	0.54	0.55	0.27	Income \$
Capital Gains \$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	0.12	0.12	0.13	0.15	0.15	0.12	0.12	0.12	0.12	0.11	0.11	Expense Ratio %
Income Ratio %	2.84	2.86	3.01	2.86	2.58	2.55	2.43	2.21	2.15	2.11	2.22	Income Ratio %
Turnover Rate %	4	10	19	27	23	12	7	9	8	9	—	Turnover Rate %
Net Assets \$mil	662	722	587	669	733	797	1,015	1,401	1,911	2,478	2,973	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	8.77			
3 Yr	8.74	High	Avg	★★★★★
5 Yr	9.19	High	Avg	★★★★★
10 Yr	6.47	High	Avg	★★★★★
Incept	7.53			

Other Measures

	Standard Index	Best Fit Index
Alpha	4.0	3.0
Beta	0.73	0.46
R-Squared	92	95
Standard Deviation	5.18	
Mean	8.74	
Sharpe Ratio	1.63	

Portfolio Analysis 07-31-16

Total Stocks: 818
 Share change since 06-30-16

Company	Sector	YTD Ret %	% Assets
Apple Inc	Technology	2.38	1.31
Microsoft Corp	Technology	5.52	1.02
Exxon Mobil Corp	Energy	14.65	0.85
Johnson & Johnson	Hlth Care	18.47	0.80
Amazon.com Inc	Cnsmr Cyc	13.80	0.67
Berkshire Hathaway Inc B	Finan Svcs	13.97	0.65
General Electric Co	Industri	1.77	0.65
Facebook Inc A	Technology	20.50	0.64
AT&T Inc	Comm Svcs	22.99	0.62

Total Fixed Income: 1443

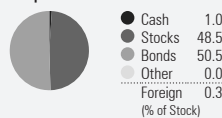
Equity Style	Duration	Value \$000	% Assets
Style: Blend	Moderate		
Size: Large-Cap	Quality: Medium		

Value Measures	Rel Category	Avg Eff Duration ¹	4.8 Yrs
Price/Earnings	19.51	1.08	Avg Eff Maturity
Price/Book	2.62	1.26	Avg Credit Quality
Price/Sales	1.80	1.14	Avg Vtd Coupon
Price/Cash Flow	10.10	1.26	4.43%
Dividend Yield %	2.07	0.66	

¹ figure provided by fund as of 07-31-16

Growth Measures	% Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1
Long-Term Emrgs	8.81	Cyclical	32.20	0.86
Book Value	3.16	BasicMat	3.03	0.58
Sales	1.74	CnsmrCyc	11.91	1.06
Cash Flow	2.05	FinanSvcs	13.50	0.82
Historical Emrgs	5.60	Real Est	3.76	0.82
Market Cap %		Sensitive	40.27	1.08
Giant	45.1	CommSvcs	4.51	1.03
Large	31.1	Energy	6.72	0.96
Mid	21.2	Industri	11.06	0.98
		Technology	17.98	1.22
		Defensive	27.53	1.10
		CnsmrDef	9.48	0.98
		Hlthcare	14.70	1.30
		Utilities	3.35	0.82

Composition - Net



Address:	Vanguard Tax-managed Funds Valley Forge, PA 19482 800-662-7447	Minimum Purchase:	\$10000	Add: \$1	IRA: —
Web Address:	www.vanguard.com	Min Auto Inv Plan:	—	Add: —	
Inception:	09-06-94	Sales Fees:	No-load		
Advisor:	Vanguard Group Inc	Management Fee:	0.10%		
Subadvisor:	None	Actual Fees:	Mgt:0.10%	Dist:—	
		Expense Projections:	3Yr:\$35	5Yr:\$62	10Yr:\$141
		Income Distribution:	Quarterly		

Troubled by Fund Flows

Morningstar Research | Wiley Green

Flows (%)	Overall Success Ratio
30+	0.50
15-30	0.48
-15-15	0.45
-30-15	0.40
-100-30	0.36

Flows (%)	Survival Rate
30+	0.93
15-30	0.93
-15-15	0.89
-30-15	0.84
-100-30	0.75

Flows (%)	Outperformance
30+	0.53
15-30	0.52
-15-15	0.50
-30-15	0.48
-100-30	0.48

Flows (%)	Small-Cap Success Ratio
30+	0.52
15-30	0.53
-15-15	0.46
-30-15	0.42
-100-30	0.38

Flows (%)	Small-Cap Survival
30+	0.94
15-30	0.95
-15-15	0.91
-30-15	0.85
-100-30	0.82

Flows (%)	Small-Cap Outperformance
30+	0.55
15-30	0.55
-15-15	0.50
-30-15	0.50
-100-30	0.47

The flow of assets from active to passive strategies has been staggering. In the 12 months ended July 31, 2016, active U.S. equity strategies have lost nearly \$205 billion, while passive U.S. equity funds have gained nearly \$70 billion. The two shops with the most active assets under management, American Funds and Fidelity Investments, have lost about \$10.5 billion and \$36.0 billion, respectively, over the trailing year.

What does this mean for individual active funds suffering bouts of outflows? Many advisors and investors suspect drastic flows can hamper a manager's ability to execute a given strategy. We devised a test to see if historical data supports such suspicions and to perhaps help determine how worried fund owners should be if their holdings are hit by severe inflows or outflows. The study found a historical relationship between flow levels and subsequent performance.

Background

We assembled a survivorship-bias-free dataset encompassing all U.S.-domiciled open-end funds in the nine Morningstar Style Box categories. We aggregated monthly estimated fund flows (accounting for changes in assets because of appreciation/ depreciation of fund value) over year-long measurement periods for the decade beginning in 2005. Funds were distributed among five buckets representing the funds' level of inflows or outflows. Those that grew by more than 200% in any given year were eliminated because they were typically brand-new or represented other anomalies.

Then we calculated three-year success rates, or the percentage of funds that survived and finished in the top half of their respective categories at the end of the rolling time periods, for each bucket from 2005 through 2013, excluding the incomplete three-year periods starting in 2014 and 2015. The study spans the

2007 to 2009 financial crisis and subsequent bull market.

We excluded index funds from our analysis because, as a group, they show no correlation between flow levels and performance, suggesting minimal impact.

The Bigger the Outflows, the More Likely the Fall

The average success rates of all active U.S. equity funds for all periods included in the study show that funds with more inflows had a higher rate of success in the subsequent three years.

Funds experiencing the most inflows both survived and outperformed their Morningstar Category peers at the highest rate, 50%. Meanwhile, funds with the most severe outflows historically have survived and landed in the top half of their respective peer groups three years later just 36% of the time.

Predicting Survival

Isolating each component of the success rate—survival and outperformance—showed similar stories. Funds in the more positive flows buckets were more likely to avoid liquidation, merger, or acquisition during the measuring periods than those in the more negative buckets, indicating that flows were related to a fund's survival prospects. Funds that grew by 15% or more had a 93% survival rate. Those with severe outflows of 30% or more had a survival rate of only 75%.

Outflows Hurt Performance, Too

The second component of the success rate, outperformance, also exhibited a correlation with flows but to a smaller degree than survival. When only funds that survived a given three-year period were considered, those with inflows had higher rates of outperformance than those with outflows. Because performance ranks are distributed evenly, half of funds outperform by the study's definition, or beat the middle percentile. Differences from 50% can provide some information about fund behavior. While not as clearly correlated as survival, the outperformance data still suggests that funds with the most inflows, on average, had a better chance of beating the category median, with 53% doing so. Funds with

Small-Cap Funds With Big-Time Outflows

Name	Ticker	Morningstar Analyst Rating	Morningstar Category	Organic Growth Rate 08/01/15–07/31/16 (%)
Berwyn	BERWX	Silver	Small Blend	-48
Columbia Acorn USA	AUSAX	—	Small Growth	-41
Royce Premier	RYPX	Bronze	Small Growth	-38
Royce Pennsylvania Mutual	PENNX	Neutral	Small Blend	-36
Perritt MicroCap Opportunities	PRCGX	—	Small Blend	-35
Meridian Growth Legacy	MERDX	Bronze	Small Growth	-35
Royce Small-Cap Value Service	RYVFX	—	Small Value	-33
AllianzGI NFJ Small-Cap Value	PCVAX	Silver	Small Value	-33
Royce Total Return	RYTRX	—	Small Blend	-32
Baron Small Cap	BSCFX	Bronze	Small Growth	-32
LKCM Small Cap Equity	LKSCX	Silver	Small Growth	-30

Data as of July 31, 2016.

the most outflows were at a disadvantage, with only 48% landing in the top half.

Small-Cap Strategies Look Surprisingly Similar

Conventional industry wisdom holds that small-cap strategies are more sensitive to heavy flows because they often traffic in more illiquid and harder-to-trade securities. However, when we isolated funds in the small-value, small-growth, and small-blend categories, the numbers were similar.

Funds with moderate and heavy inflows had success rates a bit greater than 50%. We also found that small-cap funds experiencing the heaviest outflows were at a significant disadvantage: Only 38% both survived and outperformed. Heavy outflows were clearly a rough headwind for small-cap managers, but no more so than they were for other active U.S. equity strategies: Overall, the success rates are similar to those for all equity funds.

When looking at survival rates alone, small-cap funds actually fared a bit better than the broader group. Those with the most severe outflows had an 82% survival rate, compared with only 75% for U.S. equity funds overall. The trend is the same, though: Funds with moderate and heavy inflows were more likely to be around three years later.

When outperformance alone is isolated, the difference between funds with inflows and those with outflows is just a bit more pronounced among small-cap funds. Of small-cap funds with heavy and moderate inflows, 55% landed in the top half of their category, while only 47% of those with the heaviest outflows outperformed their peers. This range between the top and bottom buckets is a few percentage points wider than the range for all U.S. equity funds, suggesting that flows may have a slightly greater impact on subsequent performance for small-cap funds. In both groups, neutral and moderately negative flows had little effect on the funds' chances of outperformance.

Not Necessarily a Sell Signal

The relationship between success rates and fund flows is intriguing but not nearly as pronounced as that between success rates and expense ratios. Fund flows shouldn't be the most important factor in your decisions.

Treat this information as one more tool to evaluate funds and set expectations. Extreme outflows should be one of many signals to re-evaluate a holding to see if the thesis for owning it still holds. It's possible to weather heavy outflows. In fact, just over 10% of the Morningstar FundInvestor 500 has experienced outflows of 30% or more during either 2014 or 2015. Sometimes such outflows create an opportunity for new investors to gain access to a previously closed fund, as when **FMI Common Stock** FMIMX reopened at the end of June. Our final table shows some M500 small-cap funds that have seen a lot of money walk out the door over the past year. Some, such as **Meridian Growth Legacy** MERDX, have maintained strong near-term performance despite these outflows. Others are lagging lately, but those with a medalist rating retain our confidence as long-term holdings. ■■■

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Load Funds Get More Accessible

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

Here come the load funds! More load funds are popping up in No Transaction Fee supermarkets — minus the loads. J.P. Morgan, Hotchkis & Wiley, Calamos, Morgan Stanley, Allianz, Columbia, Oppenheimer, ClearBridge, Western Asset, and Thornburg are all in NTF plans now. They carry the standard minimum investment and are generally load-waived A shares. There are a few big exceptions, though. Fund giants American, MFS, and Franklin Templeton have not joined the NTF trend, possibly because they are such staples of the brokerage world.

In any case, this change opens up a lot more opportunities for no-load investors. Let's take a look at a few of the firms. Some of their funds were already in the M500, and two new additions are noted on Page 22.

J.P. Morgan

J.P. Morgan offers a number of straightforward, well-run funds. They are generally designed to be core holdings that work just as you'd expect them to. The firm eschews extremes in risk to go right down the center. We give Morningstar Medalist ratings to equity, bond, foreign-equity, and target-date funds from the firm, including **JPMorgan Value Advantage** JVAAX, which has a Morningstar Analyst Rating of Silver in the large-value Morningstar Category. We do give Neutral ratings to a suite of JPMorgan Investor allocation funds, in part because of a change in management.

Oppenheimer

Tread carefully with this firm. It has some strong foreign-equity funds, such as **Oppenheimer Developing Markets** ODMAX, which we rate Silver. But its bond funds took on big risks that burned fundholders both in taxable and municipal bonds. Its domestic-equity funds are middling and have a mix of Neutral and Bronze ratings.

Hotchkis & Wiley

This deep-value firm is better than some of its funds' records look right now. Its equity funds employ a disciplined deep-value approach that can be rewarding but is currently at a low ebb. The brutal decline in natural-resources stocks hurt the firm's deep-value strategies in 2014 and 2015, though they have recovered a bit.

Columbia

Columbia is the aggregation of a number of fund companies. Many of the firms under the Columbia umbrella were acquired in Bank of America's acquisition spree before the firm was sold to Ameriprise, which then merged it with its own RiverSource group. We give its funds five Neutral ratings and five Medalist ratings — that's nothing to write home about. But still, there are some good ones, like Silver-rated **Columbia Dividend Income** GSFTX run by Scott Davis and team.

Western Asset

This firm is a well-regarded bond specialist. Funds like **Western Asset Core Plus Bond** WAPAX are definitely worth a look. However, their appeal is reduced by the fact that the load-waived A shares available through NTF plans are much pricier than their institutional shares, and expenses are particularly critical for fixed-income funds.

Thornburg

These funds aren't what they once were. Asset bloat and manager defections hurt their records and have led to lower ratings. **Thornburg International Value** TGVAX is all the way down to Neutral. However, **Thornburg Investment Income Builder** TIBAX merits a Bronze rating.

Morgan Stanley

The firm sold most of its asset-management business to Invesco but retained Dennis Lynch's growth team, which earned the Morningstar Domestic-Stock Fund Manager of the Year accolade in 2013. We give the bold **Morgan Stanley Institutional Growth** MSEGX a Silver rating. It's a focused fund with a fondness for social-media stocks like **Facebook** FB and **Twitter** TWTR, so be prepared for a lot of volatility if you buy this one. ■■

Price Risk Is Growing for Dividend Growth

Red Flags | Greg Carlson

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

Funds that focus on higher-quality fare, or, more specifically, companies that steadily increase their dividend payouts, have often held up well in tough times. This was particularly true in the October 2007–March 2009 bear market, when the fortresslike balance sheets of such firms became highly prized amid the financial crisis. Over that period, **Vanguard Dividend Appreciation Index VDAIX** (which tracks the Nasdaq US Dividend Achievers Select Index that is composed of companies that increased their payouts over each of the previous 10 years) lost 46.3%, but that was substantially better than the 54.9% decline of the S&P 500.

But the recent closing of **Vanguard Dividend Growth VDIGX** has us wondering whether dividend-growth stocks have peaked. Higher-quality firms have had a strong run in both absolute and relative terms in recent years. Thus, at the end of July 2016, the Nasdaq US Dividend Achievers Select Index traded at a higher price/earnings ratio (23.5) than at any previous point since data became available in June 2006—much more richly priced than it was at its September 2008 trough, when the P/E was 11.4. Meanwhile, the S&P 500 Dividend Aristocrats Index, which has similar characteristics (it tracks companies that have increased their dividends for 25 consecutive years) recently traded at its highest P/E ratio since May 2003. That index's P/E fell to 10.1 in early 2008 and recently matched the Dividend Achievers' 23.5.

At the same time, the balance sheets of the companies in both indexes have become more leveraged in order to take advantage of historically low interest rates—the debt/capital ratios of both indexes recently peaked and stood far above their levels of a decade ago.

Given the companies' increased price risk and debt, it's quite possible that they may not hold up as well in the next market downturn. They still possess some

relatively defensive characteristics due to the strength of market positions and relatively strong balance sheets, so it's unlikely they'll lose a lot more than the broad market in such a scenario, but they may merely perform in line with it. Let's take a closer look at a few of the most prominent quality-focused funds.

Vanguard Dividend Appreciation Index

As mentioned above, this large-blend fund, which has a Morningstar Analyst Rating of Gold and launched in 2006, tracks the Nasdaq US Dividend Achievers Select Index. The focus is thus on dividend growth, rather than high yields—the fund's trailing 12-month yield has typically been around 2%. While its overall Morningstar Risk rating is Low, that may rise given its portfolio's current elevated valuations and debt levels.

Jensen Quality Growth JENSX

While dividend growth isn't an emphasis at this Silver-rated large-growth fund, the managers also pursue companies with sustainable growth characteristics—they limit their search to those companies that have generated a return on equity of at least 15% in each of the previous 10 years. As a result, this fund, like the Vanguard offering, invests heavily in companies with wide Morningstar Economic Moat Ratings (a measure of long-term competitive advantages). Its average P/E ratio is at a 14-year peak, and its most recent debt/capital ratio is the highest it's been since Morningstar began collecting that data in late 1999. The fund has typically held up very well in down markets—it lost less than the Vanguard fund in the last bear market. But here again, increasing valuations and debt could make it less buoyant next time.

Dreyfus Appreciation DGAGX

This Bronze-rated large-blend fund hasn't performed as well as the above funds, in part because of above-average stakes in energy stocks (which were hammered in 2014 and 2015) and non-U.S. stocks. But management does place a heavy emphasis on dominant firms, as reflected in the portfolio's moat ratings. And the metrics have followed a similar pattern—the P/E ratio is at its highest level since early 2002, and the debt/capital ratio is at a peak. ■■■

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Stocks Tick Higher

Market Overview | Andrew Daniels

Stocks reached new highs in August. The S&P 500 rose 0.1% and the Russell 2000 Index rose 1.8%. U.S. employers added an average of 273,000 jobs during June and July, increasing the odds that the Federal Reserve will raise short-term interest rates at its September policy meeting.

The financials and technology sectors bounced back from losses in July, posting gains of 3.3% and 2.2%, respectively. Financials were led by mortgage insurer **MGIC Investment Corp** MTG and banks **Popular BPOP** and **Hancock Holding** HBHC—all rose double-digits. In tech, data storage firm **NetApp** NTAP and cybersecurity firm **Symantec** SYMC rose more than 18%. **AllianzGI Technology** DRGTX, with a Morningstar Analyst Rating of Bronze, rose 2%. Brent crude oil prices also bounced back in August after a tough July, rising 10.8%. This helped the energy sector gain approximately 2%. **Williams Companies** WMB and **Marathon Oil** MRO rose more than 10%. **Fidelity Select Energy** FSENX rose 5%.

Despite being strong performers this year, the dividend-heavy telecom, utilities, and real estate sectors fell more than 3% in August. Within the real estate investment trust space, private prison operators **Corrections Corp of America** CXW and **The GEO Group** GEO plunged more than 40% after the U.S. Department of Justice announced it will end its use of private prisons. In the telecom space, **Fairpoint Communications** FRP and **Frontier Communications** FTR fell double-digits.

Developed international markets ended August essentially flat: The MSCI EAFE Index rose 0.07%. Irish stocks led the way with a 5% gain, while Dutch and Austrian stocks both rose 2%. On the flip side, Danish and Israeli stocks fell 6% and 2%, respectively. Emerging-markets stocks rose 2.5% in August, led by Colombia's 10% gain and China's 7% gain. ■■

Benchmark Performance

Total Return % Through 08-31-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	-0.1	2.9	10.9	12.9	7.7
Large Blend	0.2	6.1	10.0	12.9	6.6
Large Value	0.6	8.1	8.8	12.3	5.6
Mid-Cap Growth	0.1	4.7	8.1	11.4	7.5
Mid-Cap Blend	0.6	7.8	8.3	11.9	7.0
Mid-Cap Value	0.9	10.0	8.7	12.4	7.0
Small Growth	1.3	6.2	6.9	11.6	7.6
Small Blend	1.2	9.4	7.4	11.7	6.7
Small Value	1.8	11.7	7.4	11.8	6.5
Allocation—70% to 85% Equity	0.2	6.2	6.7	8.4	4.9
Allocation—30% to 50% Equity	0.2	6.5	4.8	5.7	4.6
Allocation—50% to 70% Equity	0.2	6.1	6.3	7.9	5.3
Communications	-1.9	9.3	8.3	9.4	5.1
Financial	4.2	2.7	7.0	11.9	1.9
Global Real Estate	-2.0	8.9	8.6	8.5	2.7
Health	-3.4	-6.8	13.6	18.5	11.1
Natural Resources	0.3	17.4	-4.3	-2.6	0.3
Equity Precious Metals	-14.1	84.4	-0.1	-14.1	-1.0
Real Estate	-3.0	11.4	14.7	12.4	5.8
Technology	2.3	7.7	14.3	13.9	9.3
Utilities	-4.7	13.7	8.8	9.6	6.4
S&P 500	0.1	7.8	12.3	14.6	7.5
S&P MidCap 400	0.5	13.1	11.5	14.1	9.3
Russell 2000	1.8	10.4	8.6	12.9	7.1
Diversified Pacific/Asia	0.1	6.3	6.0	5.7	3.7
Diversified Emerging Mkts	1.6	12.5	1.3	-0.1	3.4
Europe Stock	0.4	-1.8	2.1	5.9	2.5
Foreign Large Blend	0.5	1.6	2.3	4.3	1.6
Foreign Large Growth	0.1	2.0	3.7	5.5	3.0
Foreign Large Value	0.8	1.7	1.2	3.7	0.6
Foreign Small/Mid Growth	-0.5	1.0	5.5	7.3	4.9
Foreign Small/Mid Value	0.2	3.9	4.0	5.5	3.0
World Stock	0.3	4.9	6.3	8.3	4.6
MSCI World	0.1	5.0	7.4	9.5	4.5
MSCI Emerging Markets	0.9	14.4	0.7	-1.1	3.2
MSCI EAFE	0.5	1.4	2.5	4.9	1.6
MSCI Europe	0.3	-0.9	1.5	4.8	1.5
MSCI Latin America	0.4	31.3	-7.6	-9.9	-0.2
MSCI Pacific	-0.2	3.2	4.2	5.4	2.2
High Yield Bond	1.8	10.8	3.9	6.2	6.2
Inflation-Protected Bond	-0.3	5.6	1.5	0.9	3.4
Intermediate-Term Bond	0.1	5.9	4.0	3.4	4.6
Muni National Long	0.2	4.7	7.0	5.3	4.3
World Bond	0.1	8.0	2.6	1.8	4.4
BarCap US Agg Bond TR USD	-0.2	5.7	4.4	3.1	4.7
BofAML US HY Master II TR	2.2	14.6	5.4	7.3	7.7
BarCap Municipal TR USD	0.1	4.5	6.5	4.8	4.9

T. Rowe Price Dividend Growth in a Groove

Leaders & Laggards | Andrew Daniels

10 Best-Performing Funds

Fund Name	YTD Cat Rank %
Artisan Value Investor	1
Champlain Mid Cap Adv	1
Longleaf Partners	1
Mairs & Power Growth Inv	1
Permanent Portfolio Perma	1
Vanguard High-Yield Tax-E	1
Champlain Small Company A	2
Fidelity New Millennium	2
Franklin Income A	2
JOHCM International Selec	2

10 Worst-Performing Funds

Fund Name	YTD Cat Rank %
Artisan International Sma	100
Matthews China Investor	100
Matthews India Investor	100
FPA US Value	99
Sequoia	99
Litman Gregory Masters In	98
Oakmark Global I	98
Scotia Dynamic U.S. Growth	98
Touchstone Sands Capital	98
Dreyfus Opportunistic Sma	97

Leaders

T. Rowe Price Dividend Growth PRDGX, with a Morningstar Analyst Rating of Silver, has been a top performer for the year to date, outperforming 93% of its large-blend peers. Strong selection in the healthcare sector helped returns: Drug manufacturer **Pfizer** PFE, healthcare plan provider **UnitedHealth Group** UNH, and medical-device producer **Becton Dickinson** BDX are all up double-digits this year. The fund has also benefited from its lack of exposure to poor-performing biotech stocks. The fund's overweighting to strong-performing industrials stocks has also contributed to results. Top individual picks in the industrials space include business-services firm **Iron Mountain** IRM and security firm **Tyco International** TYC, both of which are up more than 35% this year.

Vanguard International Growth VWIGX has outperformed 90% of its foreign large-blend peers so far in 2016. This fund tends to invest more in emerging-markets stocks than most of its peers. That hurt the fund in 2015 and for the first two months of 2016 as emerging stocks fell sharply, but it has helped propel the fund back to a top-decile year-to-date return through Aug. 31, 2016, thanks to the rebound of semiconductor firm **ARM Holdings** ARM, online-retailer **MercadoLibre** MELI, and apparel designer **Adidas** ADS, which are up more than 40% this year.

Gold-rated **Loomis Sayles Investment Grade Bond** LIGRX has outperformed 96% of its intermediate-term bond peers in 2016. Longtime manager Dan Fuss follows a contrarian approach and has flexibility to invest in non-U.S.-denominated fare, including both sovereign and corporate debt. The fund's corporate credit stake has helped drive results this year, thanks in part to rebounding commodity prices, which boosted the prices of its energy and basic-materials holdings.

Laggards

Neutral-rated **Marsico Focus** MFOCX has lagged 96% of its large-growth peers thus far in 2016. The fund is down 2% this year, but the S&P 500 is up about 8%. The main culprit has been bad stock selection in the healthcare sector. Drug manufacturer **Pacira Pharmaceuticals** PCRX is down nearly 50% this year, while biotech **Regeneron Pharmaceuticals** REGN dropped more than 30% before it was sold in March. Additionally, the fund's overweighting to poor-performing consumer cyclicals stocks such as **Chipotle Mexican Grill** CMG and **Nike** NKE have dented results.


Bronze-rated **Litman Gregory Masters Select International** MSILX has lagged 98% of its foreign large-blend peers in 2016. Several European financials such as **Lloyds Banking Group** LLOY and **Credit Suisse** CSGKF have plunged more than 20% this year. The fund also has a substantial overweighting to the United Kingdom, and the British pound's decline in the wake of the Brexit vote hurt the fund's returns in U.S. dollar terms. The fund also owned **Valeant Pharmaceuticals International** VRX—which plummeted over questions about its business strategy—and **Allergan** AGN, which fell after its planned merger with **Pfizer** PFE fell apart.

Fidelity Puritan FPURX has underperformed 81% of its allocation—50% to 70% equity peers for the year to date. Subpar stock selection in the healthcare sector—most notably Allergan—and the industrials sector dragged results down. However, it is still in the top decile for the trailing three- and five-year periods. **MI**
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Fund Manager Changes

MFS Global Equity MWEFX


Impact: Negative Date: 2017

MFS announced that longtime lead manager David Mannheim will retire in one to two years. Ryan McAllister will join the fund as a comanager in September 2016. Roger Morley, who has been a comanager since 2009, will remain on board. **Our Take:** Mannheim has done a great job and will be missed. While Morley is a seasoned MFS veteran who has a successful record running a fund on his own, McAllister doesn't have as much experience, though he has been at the firm since 2007. Also, Morley and McAllister will continue to draw on the work of a strong group of analysts. We still have faith in the fund but have cut our rating one notch to  **Silver**.

Oakmark Global OAKGX


Impact: Negative Date: 09/30/2016

Oakmark International OAKIX

Rob Taylor surprised us by announcing he will retire at age 44. At Oakmark Global, David Herro will take Taylor's spot alongside Clyde McGregor. At Oakmark International, lead manager Herro will be the sole manager, though he still has the help of senior analysts at the firm. **Our Take:** We are maintaining our  **Gold** ratings on the funds as we have faith in Herro. However, the change does underline the importance of succession planning at the firm, and we'll be watching closely as McGregor and Herro draw closer to retirement age. McGregor is 63 and Herro is 55.

Perkins Global Value JGVAX

Impact: Negative Date: 07/10/2016

Tadd Chessen, who joined Perkins Investment Management in April 2013 as an international analyst and was named comanager of Perkins Global Value later that year, has left the firm. His departure comes just a year after comanager Christian Kirtley left to rejoin ICAP, his employer prior to Perkins. Firm CIO and lead manager Greg Kolb remains in place. Kolb has overseen this fund since 2005 when it was run out of parent company Janus; he and the fund moved to value subsidiary Perkins in 2010. Meanwhile, George Maglares, an analyst who joined Perkins in 2013, has been promoted to comanager. **Our Take:** Given Kolb's history with the fund, it retains its Morningstar Analyst Rating of  **Bronze** and Positive People rating. However, we'll be watching turnover on the investment team.

T. Rowe Price Health Sciences PRHSX

Impact: Negative Date: 07/01/2016

Manager Taymour Tamaddon moved to run T. Rowe Price Institutional Large Cap Growth TRLGX. Ziad Bakri took his place on July 1, 2016. Bakri had been a healthcare analyst with the firm since 2011. He is an M.D. and had previously worked as a biotech analyst for Cowen and Co. **Our Take:** This is a challenge for T. Rowe because it follows the loss of a manager and two healthcare analysts in 2014. The firm says it plans to hire additional analysts. This is Bakri's first time serving as a portfolio manager.

T. Rowe Price Small-Cap Stock OTCFX

Impact: Negative Date: 10/01/2016

Greg McCrickard is set to retire in October. He will be replaced by Frank Alonso, who has been an associate portfolio manager on the fund since 2013. Alonso has been with T. Rowe Price since 2000. **Our Take:** We don't have much of a track record to go by for Alonso, so it's a big drop from the proven McCrickard. We lowered our rating to **Neutral** from **Silver**.


Vanguard Capital Value VCVLX

Impact: Neutral Date: 07/10/2016

Vanguard removed Peter Higgins from this fund, leaving David Palmer of Wellington as sole manager. **Our Take:** Higgins was responsible for the higher-risk half of the fund, so this may moderate the fund's profile as Palmer has more of a classic value approach. We are maintaining our **Neutral** rating.

Vanguard International Growth VWIGX

Impact: Neutral Date: 07/10/2016

Vanguard fired subadvisor M&G Investment, which was running 12% of assets. Those assets were handed to the other two subadvisors, Baillie Gifford Overseas and Schroder Investment Management. Baillie will now manage 60% of assets and Schroder 40%. **Our Take:** M&G's comanager Charles Anniss had only been on the fund since October 2014, and his predecessor was only on the fund for two years, too. It may be that turnover prompted the change, and in any case M&G wasn't why we had a **Silver** rating on the fund. We are maintaining our  **Silver** rating.

Fund News

Mairs & Power Fund Closing

Mairs & Power Small Cap MSCFX will close to new investors on Sept. 30, 2016. With assets currently at \$277 million, the fund still has room to grow, but capacity is key for this concentrated, low-turnover strategy. The firm has long held that the fund will close by the \$500 million mark, a figure that takes into account small caps in other strategies, including **Mairs & Power Growth MPGFX**. (That fund is projected to close at around \$5 billion.) This decision to close the fund while it is still nimble will help managers Andrew Adams and Allen Steinkopf continue to implement the strong process that contributes to the fund's Morningstar Analyst Rating of **Silver**.

CalPERS Lowers Expectations

The California Public Employees' Retirement System has lowered its return expectations to 6.2%. That is a sensible action in light of the low bond yields out there. It is a good reminder for the rest of us to expect modest returns in the future and make sure our plans will still work if they come to pass.

T. Rowe Price Health Sciences Slightly Open

T. Rowe Price Health Sciences PRHSX said it will now allow new accounts via financial intermediaries only as of Sept. 1. The fund had previously been closed to all new investors. We rate the fund **Neutral**.

Champlain Small Company Cuts Fees

Champlain announced that **Champlain Small Company CIPSX** will cap its expense ratio at 1.20% on its retail share class. The fee cap went into effect on Sept. 1. The move takes expenses down to about even with the small-cap no-load median of 1.18%. We rate the fund **Silver**.

Vanguard Leads Flows Through July

Vanguard's open-end funds have taken in net \$111 billion through July. That puts Vanguard miles ahead of the second-place asset-gatherer, DFA, which has brought in \$13 billion. DoubleLine is next with a

net inflow of \$10.3 billion, followed by AQR with \$10 billion, and Metropolitan West with \$6.6 billion in inflows.

Vanguard's top-selling funds are **Vanguard Total Stock Market Index** VTSAX (\$22 billion for the year to date), **Vanguard Total International Stock Index** VTIX (\$21 billion), **Vanguard Total Bond Market Index** VBTLX (\$10 billion), and **Vanguard 500** VFIAX (\$7 billion).

The five firms with the most outflows are Franklin Templeton (negative \$24.5 billion for the year to date), Fidelity (negative \$10.9 billion), Ivy (negative \$10.1 billion), PIMCO (negative \$9.2 billion), and GMO (negative \$8.9 billion).

Franklin's most-redeemed funds are **Templeton Global Bond** TPINX (negative \$8.7 billion for the year to date), **Franklin Income** FKINX (negative \$3.7 billion), and **Franklin Mutual Global Discovery** TEDIX (negative \$2.8 billion).

Assessing Vanguard International Growth's New Look
Vanguard International Growth's VWIGX road may be a little rockier at times, but its long-term prospects remain bright. Thus, the fund retains its Morningstar Analyst Rating of Silver.

There's been another manager change here, although its impact will be on the margin. Vanguard removed subadvisor M&G and portfolio manager Charles Annis from the fund on July 15, 2016. At the time, M&G managed 11.5% of the portfolio. M&G's assets were re-allocated among the two remaining subadvisors, Baillie Gifford and Schroders. The two subadvisors now manage 60% and 40% of fund assets, respectively.

Vanguard doesn't give reasons for subadvisor changes, but M&G's removal may have owed to frequent personnel changes at the firm. Annis became sole manager of the fund's M&G sleeve in October 2014, replacing Greg Aldridge. Given that M&G only managed 11.5% of assets, its departure shouldn't have a huge impact on the fund. Plus, those assets went to existing, rather than new, subadvisors. That said, M&G was the most valuation-conscious of the three subadvisors, so without it, the fund may become even more growth-

oriented. (As a result, the MSCI ACWI ex USA Growth Index may be the better benchmark going forward.) Based on Vanguard data, the July 2016 portfolio showed higher average price multiples than in the month prior. Before the manager change, the portfolio's average price multiples were a bit below the foreign large-growth Morningstar Category averages.

This could make the fund more volatile than in the past, too, although historically it has tended to tread water during downturns. However, it fared worse than most foreign large-growth peers in the 2015–16 bear market because of its overweighting in emerging markets, as growth stocks held up better. The fund fell 24.9% peak to trough (May 22, 2015, to Feb. 11, 2016) versus a 20.7% decline for the MSCI ACWI ex USA Growth.

But the fund's excellent long-term record makes it easier to ride out such bouts of volatility. With experienced managers James Anderson and Simon Webber in charge, the fund's strong foundation remains in place.

Aston Funds Getting Renamed

As of Oct. 1, 2016, the Aston funds will be changing their names, one more step in the integration of the family into the Affiliated Managers Group lineup of funds. The six funds subadvised by River Road will change to names beginning with "AMG River Road," so that **Aston/River Road Dividend All Cap Value** ARIDX, with a Morningstar Analyst Rating of Bronze, will become AMG River Road Dividend All Cap Value. **Aston Small Cap** ATASX will change its name to AMG GW&K U.S. Small Cap Growth, reflecting the official transition to new subadvisor GW&K. The other funds will change to names beginning with "AMG Managers," so that Silver-rated **Aston/Fairpointe Mid Cap** CHTTX will become AMG Managers Fairpointe Mid Cap and Bronze-rated **Aston/Montag & Caldwell Growth** MCGFX will become AMG Managers Montag & Caldwell Growth. All of the funds' ticker symbols will remain the same, as will their strategies. ■■

Being Too Conservative Is a Big Risk for Retirees

Portfolio Matters | Christine Benz

When it comes to retirement planning, “hope for the best, plan for the worst” is a reasonable motto. Given that many retirees fear running out of money more than they fear death, it’s only prudent for them to manage their retirement plans with a healthy appreciation for all that could go wrong.

However, I think there’s a risk — albeit an underdiscussed one — that well-meaning retirees and retirement-savers can take caution too far. For example, I’ve run into 75-year-old retirees who, in the interest of playing it safe, are spending just 2% of their portfolios annually; at that pace, they’re very likely to leave a very large kitty behind. That may be what they want, but it may not be. In a similar vein, I’ve met 40-year-old accumulators who tell me that they’re certain Social Security won’t be there for them, or that they’re assuming their portfolios will return just 2% in their 25-year runway to retirement.

Of course, I realize that it seems ridiculous to discuss being too conservative about retirement planning in an era in which the median 401(k) balance, per Vanguard’s *How America Saves* report, was just shy of \$30,000 in 2015. But there’s also a segment of the population that could be playing it too safe with their retirement-planning assumptions, and those too-conservative assumptions carry costs. Accumulators who are too conservative in their retirement-planning assumptions might short-shrift other pre-retirement goals because they’re trying to swing a gargantuan savings rate, while overly parsimonious retirees might fail to enjoy the fruits of their labors or simply worry about running out of money more than they need to.

“One risk everyone talks about is failing—going broke when you’re older—but another risk that’s rarely talked about is the risk of having some big pot of money when you die,” said David Blanchett, head of retirement research for Morningstar Investment

Management. “While this isn’t a risk in a traditional sense, it means you haven’t best utilized your money to fund retirement and consumption.”

Here are some of the key ways that retirement-savers and accumulators run the risk of being overly conservative in their retirement assumptions; these items are common inputs in retirement savings calculators and software programs.

1 | Assuming Social Security won’t be there

“I do not incorporate Social Security benefits into my retirement forecasts and future cash flow models. The reason being is because we all know how irresponsible Washington has been with the Social Security fund. Plain and simple.” So commented a reader on a recent Morningstar.com article about what sort of assumptions younger investors should make about their future Social Security benefits.

Considering that the Social Security Trust Fund is projected to run dry in 2034, maintaining conservative assumptions about Social Security benefits may seem like an extremely prudent tack. But assuming that retirees 40 years hence will get zip, nothing, nada from Social Security is a pretty big stretch, given that some fairly simple, albeit controversial, fixes — such as means-testing, extending the full retirement age, or raising the cap on income that’s subject to Social Security tax — can put the program on firmer footing.

And even if a young accumulator is convinced he or she won’t get anything from Social Security, that assumption necessitates a heroic bump-up in saving relative to the accumulator who assumes she’ll get something. Using the Ballpark Estimate calculator and assuming no help from Social Security, a 25-year-old earning \$40,000 a year and receiving a 3% annual pay increase would need to save nearly 25% of her annual income from now until retirement age to help supply in-retirement cash flows equivalent to 80% of her final year’s working income. That’s a heavy lift, especially for individuals with more modest salaries who must steer a healthy portion of their paychecks to necessities. By contrast, the accumulator who assumes the status quo for Social Security benefits would need to save 6% of her income annually to achieve the same

income-replacement rate. An accumulator who assumes a middle ground—that a Social Security benefit will be there but reduced by a pessimistic one third—would need to save 12% of her annual salary to achieve an 80% income-replacement rate.

2 | Taking a too-low withdrawal rate later in retirement

Many retirees and pre-retirees have gotten the memo about the risk of overspending in retirement, especially if we encounter a period of muted future market returns. Retirees who encounter a bad market in the early years of their retirements and overspend at that time risk permanently impairing their portfolios' sustainability, because too few assets will be in place to recover when the market does. I've talked to many retirees who withdraw a fixed percentage of their portfolios year in and year out to help tether their withdrawals to the performance of their portfolios; others tell me they use an ultralow percentage, like 2% or 3%, even well into their 70s and 80s. Conservatism is their watchword when it comes to portfolio withdrawals.

That's fine for retirees whose portfolios are large enough to afford a decent standard of living with a modest percentage withdrawal rate. And as noted earlier, some retirees may prioritize not spending all of their assets so that they can leave something to their children or heirs; they'd rather be frugal than jeopardize their bequest intentions. But for other retirees, especially those who are well past the danger zone of encountering a weak market early in retirement, a higher withdrawal rate is reasonable, especially if it affords them expenditures that improve their quality of life. While it's decidedly unsafe for a 65-year-old to take, say, an 8% withdrawal, it's not at all kooky for an 85-year-old to do so. "The 4% rule" for retirement spending, while not perfect, does a good job of scaling up spending as the years go by; the initial dollar-amount withdrawal gets adjusted upward year after year to keep pace with inflation.

3 | Gunning for a 100% probability of success

If you were to ask investors what probability of failure in their retirement plan they might be comfy with, chances are they'd say 0%. In other words, they want

a plan with 100% odds of being successful. The risk of spending their later years destitute—or having to rely on adult kids or other family members for financial support—is simply too terrible to ponder.

But retirement-planning experts say that unless investors are willing to accept some probability of failure, their only option is to hunker down in very safe investments, such as cash and Treasuries, and put up with an unpalatably low spending rate (or an exceptionally high savings rate for accumulators). Instead, most retirement-planning specialists believe probability-of-success rates of 75% to 90% are acceptable. Venturing into higher-risk investments takes the probability of success below 100%, but it also allows for the possibility of a higher return. If a retiree needs to course-correct by reining in spending, that's not going to result in a catastrophic change in his or her standard of living.

4 | Assuming too little help from the market if you have a very long time horizon

Stock market valuations, while not ridiculously lofty, aren't cheap, either; that portends lackluster returns from the asset class over the next decade. Meanwhile, current yields have historically been a good predictor of bond returns; the Barclays U.S. Aggregate Bond Index is currently yielding less than 2%. For sure, those ominous signals suggest knocking down your return expectations for the next decade or so.

On the other hand, investors with longer time horizons to retirement may experience muted results over the next decade or more, but for them it's safer to assume that the returns they earn from their stock and bond portfolios beyond that time frame will be more in line with historical norms. Although U.S. stocks have historically returned roughly 10% and bonds about 5%, investors with very long time horizons may want to give those numbers a small haircut to account for muted near-term expectations; 7% to 8% seems reasonable for stocks, and 3% to 4% for bonds. Based on those assumptions, if I were estimating the very long-run return expectation for a portfolio with 60% in equities and 40% in bonds, I'd use 5% to 6%. ■■■

Contact Christine Benz at christine.benz@morningstar.com

Small-Growth Funds on a Roll

Tracking Morningstar Analyst Ratings | Russel Kinne

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

This month we take a look at six of our higher-rated funds in the small-growth Morningstar Category. This article is about tracking performance, so I hope you'll forgive me for including three funds that are closed to new investors. Funds that are closed are a big part of the small-cap fund world, and I would be remiss if I left these three out. Besides, these funds may reopen, and you might get another shot if you missed them last time.

Brown Capital Management Small Company BCSIX

The managers of this closed fund, which has a Morningstar Analyst Rating of Gold, won Morningstar's Domestic-Stock Manager of the Year award for 2015, and you can see why from their record. The fund's five-year returns of 15.4% annualized, 10-year returns of 13.3%, and 15-year returns of 9.3% beat most of its peers and the Russell 2000 Growth Index. Keith Lee and team set the bar high by looking for durable growth stocks with strong balance sheets. Not many small caps fit the bill, but when they do, management tends to hold on for the long haul.

Conestoga Small Cap CCASX

This Silver-rated (and open) fund once again rewarded shareholders who stayed with it after a slow patch. The fund's 8% loss in 2014 was followed by an 8% gain in 2015 that placed it in the top 3% of the category. More important, the fund's 10-year returns are top-decile. It typically carries a big tech weighting while investing only a small amount in cyclical businesses. Thus, its performance often tracks that of tech. Joseph Monahan and Robert Mitchell look for companies with huge growth potential and sound strategies. The results have been strong but bumpy.

T. Rowe Price New Horizons PRNHX

Henry Ellenbogen took over this fund in 2010, and he's proved a worthy successor to Jack Laporte. The fund's \$16 billion asset base forces Ellenbogen to own nearly 200 stocks; they skew toward the borderline of mid-cap and small-cap, but he uses that diversification to tone down volatility a bit. He seeks out well-run companies with good business models. Remarkably, the fund hasn't lagged peers or the Russell 2000 Growth Index in a single calendar year since Ellenbogen took over. We rate this closed gem Silver.

T. Rowe Price QM U.S. Small-Cap Growth Equity PRDSX

Here's yet another tremendously successful, very diversified T. Rowe Price small-cap fund, but this one is open. The two funds stay out of each other's way because this is a quantitatively run fund with different inputs. Sudhir Nanda employs a valuation model, an earnings quality model, and a price momentum model. As a result, this fund has a smaller median market cap and a less growth-driven portfolio. We gave the fund a Bronze rating in 2012 and raised it to Silver in 2015. Since we issued the Bronze rating, the fund has gained a cumulative 74% compared with 54% for the small-growth category.

Wasatch Core Growth WGROX and Wasatch Small Cap Growth WAAEX

With overlapping managers and similar strategies, these funds also have pretty similar profiles and performance, but they're not carbon copies. Jeff Cardon stepped back from his spot as lead manager on Wasatch Small Cap Growth in February, staying on as comanager with J.B. Taylor moving up to lead. Taylor also leads Wasatch Core Growth with Paul Lambert as comanager. Wasatch Core Growth is a bit less growthlike and has better five-year returns, though the two are quite close when you go out to 10- and 15-year returns. Neither fund has returns as great as those above, but they boast solid strategies, experienced managers, and good analyst support. Wasatch Small Cap Growth is closed to new investors, but Wasatch Core Growth remains open. ■■■

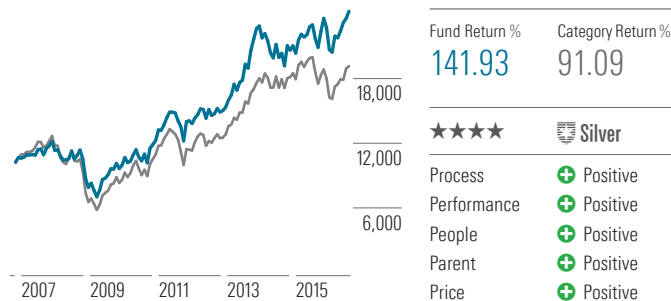
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	79.91	44.16	82.03	44.08	75.56	46.77
Taxable Bond	78.32	42.14	71.00	37.24	54.53	31.36
International Stock	72.91	46.60	70.47	45.21	63.56	42.50
Municipal Bond	58.67	34.38	32.54	14.75	29.61	4.88
Balanced	87.25	50.00	83.53	49.72	77.07	56.41

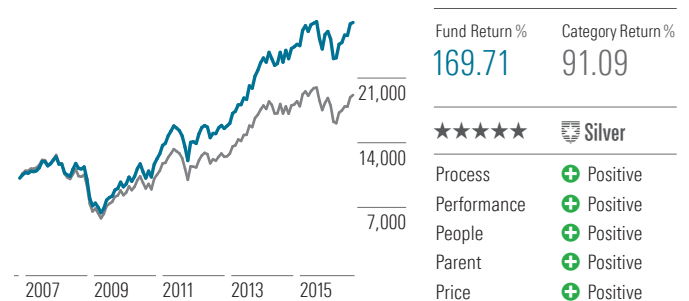
Data through Aug. 31, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

Small-Growth Stalwarts

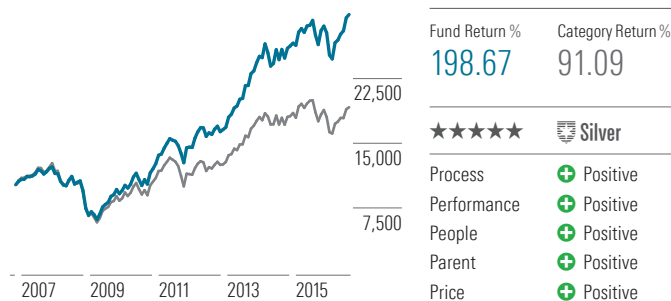
Conestoga Small Cap Investors CCASX



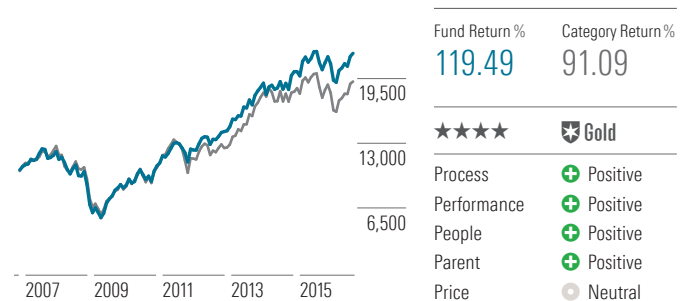
T. Rowe Price QM US Small-Cap Gr Eq PRDSX



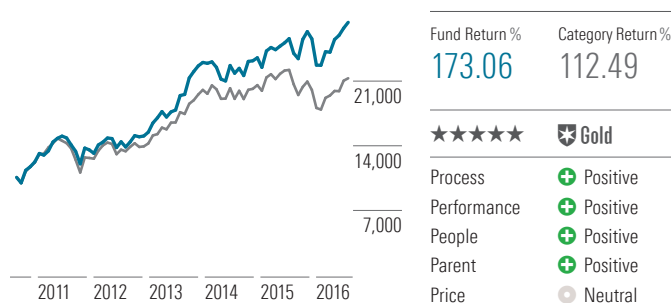
T. Rowe Price New Horizons PRNHX



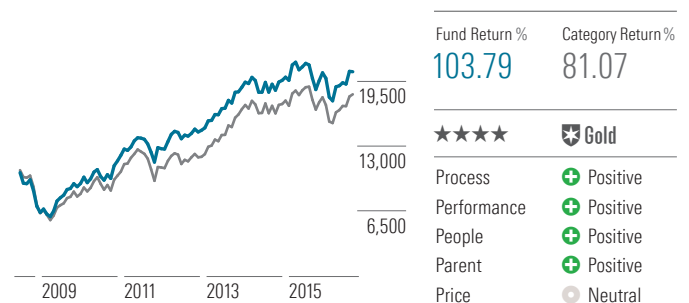
Wasatch Core Growth WGROX



Brown Capital Mgmt Small Co BCSIX



Wasatch Small Cap Growth WAAEX



Return data through Aug. 31, 2016.

Negative Yields Challenge Portfolio Managers

Income Strategist | Karin Anderson

Managing world-bond funds has become much more difficult. That's because the overseas government bond market is awash with roughly \$13 trillion in bonds sporting negative yields. Japanese government bonds, or JGBs, represent the vast majority of this debt, more than 4 times as much as France or Germany, which have issued the next-largest amounts. Given Japan's prominence in global bond indexes (typically 20%–35% of overall exposure), yields on those benchmarks have been feeling the crunch since the two-year JGB dipped into negative territory in December 2014. This year, 10- and 20-year JGB yields slid below zero as well.

Given the trend, yields on world-bond funds are lower, too. Japanese bonds may seem a necessary evil for these fund managers, especially those that need to align a fund's risk/return profile with the benchmark. But JGBs can still be a useful tool. Many managers use them to some extent to balance a portfolio's higher credit risks, and the yen has historically provided ballast in times of market stress. Japan's currency climbed by 23% versus the U.S. dollar in 2008, for instance, and it also strengthened versus the dollar in more-recent risk-off markets. From a fundamental perspective, a negative-yielding JGB can still "roll down" capital gains as the bond matures and its yield falls, provided the yield curve maintains its shape. JGBs can also realize gains if Japanese interest rates slip deeper into negative territory.

PIMCO Foreign Bond (Unhedged) PFBDX, which also comes in a U.S. dollar-hedged version, stands out for its heftier exposure to Japan, 39% of assets as of mid-2016. That's 6 percentage points above its Barclays Global Aggregate ex-USD Index benchmark's. The fund's managers are comfortable with the overweighting because they don't think the Bank of Japan will push rates deeply negative, thereby destroying the roll-down effect, because that would inflict too

much damage to regional banks' profits. The fund's Japan stake is primarily in longer-dated government and agency bonds, a part of the yield curve that the team finds more attractively valued compared with longer-dated European debt. Despite the large stake in Japanese debt, the fund's 1.9% SEC yield was in line with its average peers thanks in part to its 12% stake in higher-yielding emerging-markets bonds.

That said, most actively managed world-bond funds have had underweightings to Japan and/or the yen during the past two years. For example, **Loomis Sayles Global Bond's** LSLGX 12% Japan stake came in 7 percentage points below its Barclays Global Aggregate Index benchmark, but its 1.4% SEC yield is below the world-bond Morningstar Category norm.

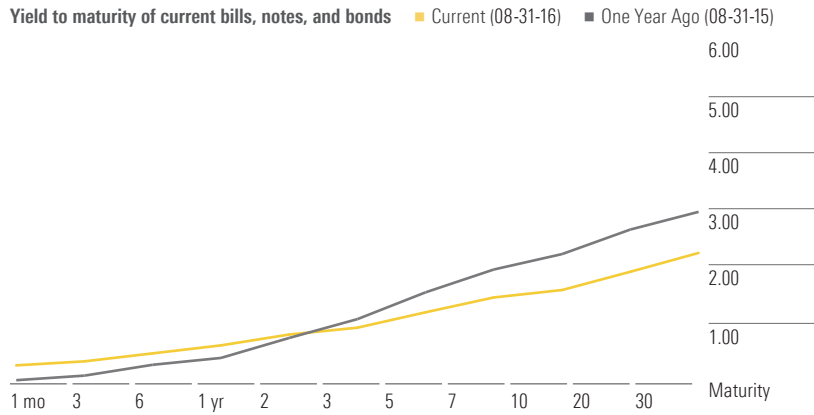
A handful of managers with more flexibility have avoided Japan completely. **Templeton Global Bond** TPINX, which has the Citi World Government Bond Index as its prospectus benchmark, has had no Japan exposure for more than five years because its managers haven't liked the country's long-term fundamentals and because of a general preference for higher-yielding bonds. That focus has kept the fund's SEC yield on the high side for the category (3.8% as of July 2016). While its benchmark has 24% exposure to JGBs and the yen, the fund has a 40% short on the currency as part of a hedge for its hefty emerging-markets exposure (two thirds of bond exposure and four fifths of currency exposure). If the U.S. dollar strengthens versus the yen and other currencies, this poses a risk to the fund's emerging-markets exposure, but under that scenario the short yen position would pay off.

In the end, there is risk in choosing a world-bond index fund or exchange-traded fund over an actively managed option that has already dialed down Japan exposure or can tactically manage it. **Vanguard Total International Bond Index** VTIBX and similar passive options have more than 20% in JGBs, not to mention other negative-yielding European debt. ■■

Contact Karin Anderson at karin.anderson@morningstar.com

Bond-Market Snapshot

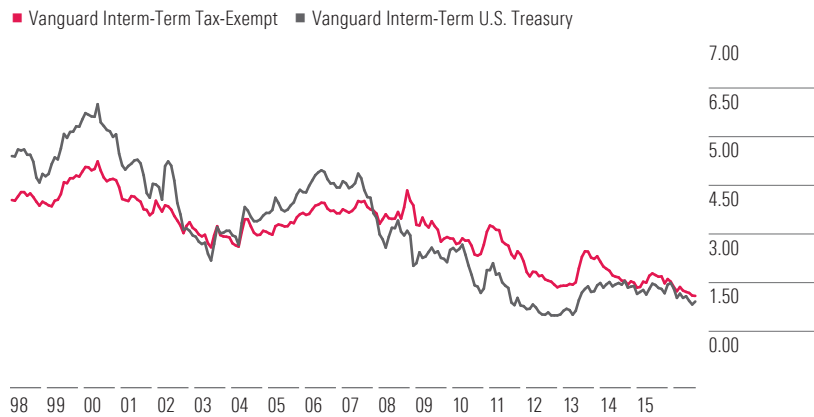
Treasury Yield Curve (%)



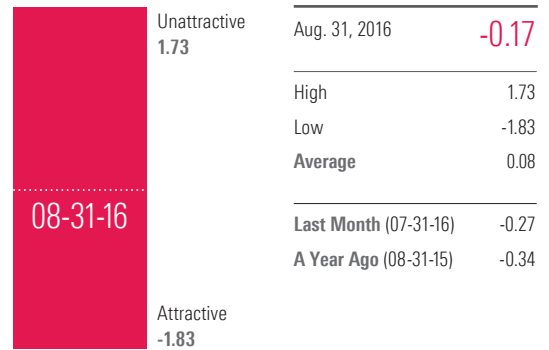
Interest-Rate Review

Bonds didn't move much in August. The Barclays U.S. Aggregate Bond Index lost 11 basis points—its first negative monthly return since the start of the year—and was weighed down by a roughly 50-basis-point loss on the Barclays U.S. Government Index. As the Federal Reserve announced that it would consider a rate increase if economic fundamentals remain steady, the U.S. Treasury yield curve lifted across all maturities for the month. Long duration Treasuries, in particular, lost a percentage point but remain outstanding year-to-date performers with a gain of 17%. Municipal markets continued to receive inflows as investors scavenged for yield, and the Barclays Municipal TR Index returned 13 basis points, supported by strong demand.

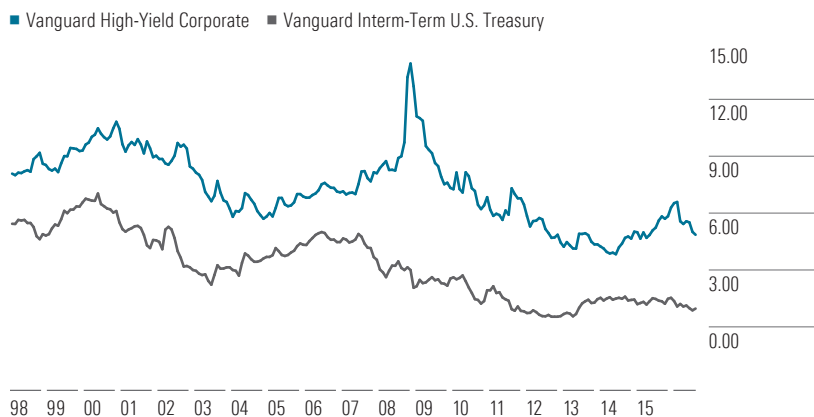
Treasury and Municipal-Bond Yields



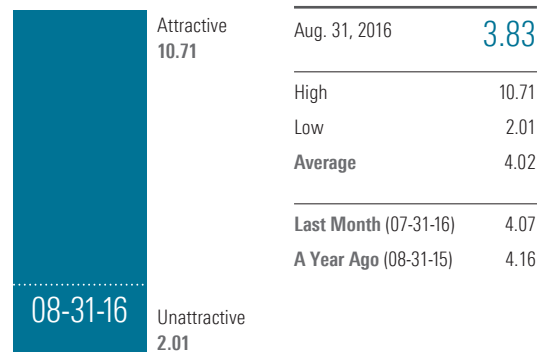
Municipal-Bond Spread Snapshot



High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Data as of Aug. 31, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

Two Load Funds Join the M500

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds.

Use the list to get new investment ideas and track the funds you already own.

FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

As I wrote in *The Contrarian*, the lines between load and no-load funds have increasingly blurred. No matter how you buy your funds, you probably have access to a wide array of both traditional no-load and load firms. As the lines blur, fund companies find they can cross them without angering their long-standing advisor or investor bases.

More official load funds are now available in No Transaction Fee supermarkets. I'm taking advantage of that change to upgrade our U.S. equity fund coverage a bit. I'm adding two funds that typically have sales charges that are now available with loads waived in NTF plans, as well as one from a traditional no-load shop. That enabled me to get rid of three of the less popular, more disappointing equity funds in the M500.

Now that deep value firm Hotchkis & Wiley is accessible in NTF platforms, I'm adding **Hotchkis & Wiley Value Opportunities** HWAAX. The large-value fund has a Morningstar Analyst Rating of Bronze and the potential for strong returns when deep value is in favor, though it does have its ups and downs. George Davis and David Green have run the fund since its 2002 inception, and they've produced strong returns that are well ahead of peers and benchmark. However, the fund did get burned in the 2008 bear market, so know the risks before you buy. See the facing page for more details.

I'm also adding **JPMorgan Equity & Income** OIEIX. This Silver-rated fund generally provides a smoother ride than the Hotchkis fund. Its A shares are in NTF platforms with an expense ratio of 1.04%. Manager Clare Hart has done a strong job of balancing the need for yield with the safety of strong balance sheets. Thus, the fund doesn't have the highest yield of an equity-income fund, but it has better downside protection. In fact, its 2008 loss was in the best decile of the large-value Morningstar Category.

American Century Select TWCIX is the third new addition. Keith Lee and his team look for companies with strong competitive advantages that can produce stable growth. They combine fundamental analysis with quantitative momentum data to build a fairly focused growth portfolio. The fund has 54 holdings and 38% of assets in the top 10 names. They own many of the best-known growth names in their top 10 including **Apple** AAPL, **Amazon.com** AMZN, **Facebook** FB, and **Alphabet** GOOG.

Three Go Out

To make room, I'm dropping three funds that have shrinking assets due to poor to middling returns. Neutral-rated **Buffalo Small Cap** BUFSX has been losing managers, assets, and our confidence, so it is going out.

Royce Micro-Cap RYOTX is a 1-star fund that has seen some manager changes of its own, so it is also being dropped.

Finally, I'm cutting **Baron Opportunity** BIOPX, a pricey 2-star fund that has not lived up to its earlier promise. ■■

Summary of Changes

Rating Change (Upgrades)	Ticker	From	To
Fidelity Four-in-One Index	FFNOX	Silver	Gold
Fidelity Puritan	FPURX	Bronze	Silver
Vanguard Growth & Income	VQNPX	Neutral	Bronze
Rating Change (Downgrades)		From	To
Natixis ASG Global Alternatives	GAFAX	Bronze	Neutral
Weitz Hickory	WEHIX	Silver	Bronze
Weitz Partners Value	WPVLX	Silver	Bronze
New Ratings			To
American Century Select	TWCIX		Bronze
Hotchkis & Wiley Value Opps	HWAAX		Bronze
Litman Gregory Masters Intl	MSILX		Bronze
Loomis Sayles Gbl Eqty and Income	LGMAX		Bronze
Parnassus	PARNX		Bronze
PIMCO RAE Fundamental Adv PLUS	PFSDX		Neutral
USAA Income	USAIX		Neutral
Vanguard Tax-Managed Bal	VTMFEX		Gold

Data through August 31, 2016 FINRA members: For internal or institutional use only.

Hotchkis & Wiley Value Opps A

Benchmark 1: Russell 1000 Value TR USD
 Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 08-01-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price - Negative

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Bronze** Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 08-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	19.01	-2.43	5.23	5.78	29.26
2013	13.59	4.38	3.96	11.48	37.42
2014	3.08	4.92	-1.04	2.59	9.80
2015	1.12	3.70	-8.79	0.81	-3.58
2016	-2.40	-0.49	—	—	—

Trailing

	Total Return %	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	6.84	2.25	2.74	4	10,684
6 Mo	20.27	4.01	6.67	3	12,027
1 Yr	3.90	-9.02	-8.65	92	10,390
3 Yr Avg	8.84	-1.85	-3.47	52	12,892
5 Yr Avg	14.12	-0.27	-0.56	13	19,357
10 Yr Avg	8.97	2.89	1.46	2	23,617
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	3.50	88	3.18	88
5 Yr (estimated)	10.23	64	2.36	89
10 Yr (estimated)	6.59	5	1.66	87

Potential Capital Gain Exposure: -8% of assets

Morningstar's Take by Katie Rushkewicz Reichart, CFA 08-01-16

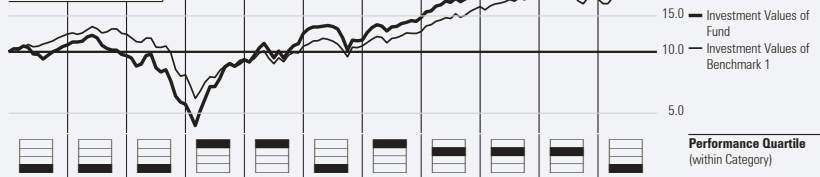
Hot and cold stretches are inevitable at Hotchkis & Wiley Value Opportunities, but investors who hold on can be rewarded over time. Despite above-average fees, the fund's consistent investment process, flexible nature, and stable and experienced team help it receive a Morningstar Analyst Rating of Bronze.

Two managers have led the fund since its late 2002 inception, and there's been little turnover on the broader investment team that contributes to all the firm's offerings. The fund has long followed a contrarian, value-oriented process that, for better and worse, goes its own way rather than closely adhering to a benchmark.

The fund invests across the capital structure and market-cap spectrum, with valuations driving asset-allocation and sector decisions. The fund has primarily owned equities, but its 11% bond stake as of May 2016 was the highest it's been, given opportunities the managers have found in distressed industrials and energy credits over the past year. At times, the fund has held no bonds. Meanwhile, the fund has favored large-cap equities in recent years due to valuations, coinciding with a move to the large-value Morningstar Category from

Historical Profile

Return Above Avg
 Risk High
 Rating ★★★
 Neutral



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	08-16	History
NAV	19.91	15.73	9.02	14.67	19.54	17.62	21.49	27.63	27.77	22.87	24.21	NAV
Total Return %	8.26	-11.52	-42.24	65.48	34.54	-7.33	29.26	37.42	9.80	-3.58	5.86	Total Return %
+/- Bmark 1	-13.99	-11.35	-5.39	45.79	19.03	-7.72	11.75	4.89	-3.66	0.24	-4.37	+/- Bmark 1
+/- Bmark 2	-7.53	-17.02	-5.24	39.01	19.47	-9.45	13.25	5.03	-3.89	-4.97	-1.96	+/- Bmark 2
Income Return %	0.05	0.12	0.41	2.81	1.28	0.43	1.85	0.83	1.29	1.51	0.00	Income Return %
Capital Return %	8.21	-11.64	-42.65	62.67	33.25	-7.76	27.41	36.59	8.50	-5.10	5.86	Capital Return %
Total Rtn % Rank Cat	99	96	84	2	1	83	3	28	48	48	79	Total Rtn % Rank Cat
Income \$	0.01	0.02	0.06	0.25	0.19	0.08	0.33	0.18	0.36	0.42	0.00	Income \$
Capital Gains \$	1.70	1.89	0.00	0.00	0.00	0.39	0.94	1.61	2.09	3.44	0.00	Capital Gains \$
Expense Ratio %	1.22	1.23	1.31	1.44	1.40	1.36	1.35	1.28	1.20	1.21	1.25	Expense Ratio %
Income Ratio %	0.83	-0.14	0.36	1.60	0.87	0.58	1.45	1.22	1.24	1.19	2.55	Income Ratio %
Turnover Rate %	73	53	119	210	166	137	123	98	45	101	62	Turnover Rate %
Net Assets \$mil	72	33	10	18	21	25	49	142	187	172	131	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-1.56	—	—	—
3 Yr	6.90	-Avg	High	★★
5 Yr	12.90	Avg	High	★★★
10 Yr	8.39	High	High	★★★★
Incept	11.67	—	—	—

Other Measures

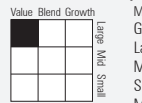
	Standard Index	Best Fit Index
Alpha	-3.5	0.7
Beta	1.05	1.10
R-Squared	74	79
Standard Deviation	13.36	—
Mean	8.84	—
Sharpe Ratio	0.69	—

Portfolio Analysis 06-30-16

Total Stocks: 42
 Share change since 05-31-16

Company	Sector	YTD Ret %	% Assets
Bank of America Corporati	Finan Svcs	-3.06	5.67
Corning Inc	Technology	26.34	5.42
Microsoft Corp	Technology	5.52	5.19
American International Gr	Finan Svcs	-2.42	4.97
Goldman Sachs Group Inc	Finan Svcs	-4.89	4.24
Danieli & C. Officine Mec	Industrl	—	4.13
Rush Enterprises Inc A	Cnsmr Cyc	8.63	4.02
Oracle Corp	Technology	14.07	3.42
WorleyParsons Ltd	Energy	—	3.42
Zurich Insurance Group AG	Finan Svcs	—	3.17
Citigroup Inc	Finan Svcs	-7.25	3.12
Office Depot Inc	Cnsmr Cyc	-34.31	2.99
ARRIS International PLC	Technology	-8.18	2.84
Discovery Communications	Cnsmr Cyc	-4.39	2.82
Hewlett Packard Enterpris	Technology	—	2.71
JPMorgan Chase & Co	Finan Svcs	4.29	2.60
Royal Mail PLC	Industrl	—	2.45
Motors Liquidation Co GUC	Industrl	-31.27	2.15
KSB AG Pfd Shs - Non-voti	Industrl	—	2.08
Intrawest Resorts Holding	Cnsmr Cyc	—	1.92

Current Investment Style



Avg \$mil: 14,404

Value Measures

Measure	Value	Rel Category
Price/Earnings	12.87	0.79
Price/Book	0.94	0.48
Price/Sales	0.57	0.39
Price/Cash Flow	7.75	0.96
Dividend Yield %	2.34	0.79
Long-Term Emrgs	13.69	1.75
Book Value	4.36	2.64
Sales	1.49	-0.99
Cash Flow	-22.29	9.31
Historical Emrgs	-7.27	-2.25

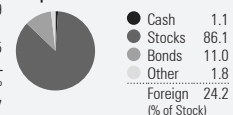
Growth Measures

Measure	Value	Rel Category
Return on Equity	5.17	—
Return on Assets	3.21	—
Net Margin	10.17	—

Sector Weightings

Sector	% of Stocks	Rel Bmark 1
Cyclical	48.81	1.36
BasicMat	0.56	0.20
CnsmrCyc	14.18	3.13
FinanSvcs	34.06	1.45
Real Est	0.01	0.00
Sensitive	46.63	1.25
CommSvcs	0.00	0.00
Energy	6.97	0.54
Industrl	14.56	1.47
Technlgy	25.10	2.45
Defensive	4.55	0.17
CnsmrDef	0.02	0.00
Hlthcare	4.53	0.41
Utilities	0.00	0.00

Composition - Net



Address:	Hotchkis & Wiley Funds Los Angeles CA 90017-5439 866-493-8637	Minimum Purchase:	\$2500	Add: \$100	IRA: \$1000
Web Address:	www.hwcm.com	Min Auto Inv Plan:	\$2500	Add: \$100	
Inception:	12-31-02	Sales Fees:	5.25%L		
Advisor:	Hotchkis & Wiley Capital Management LLC	Management Fee:	0.75%		
Subadvisor:	None	Actual Fees:	Mgt:0.75% Dist:0.25%		
		Expense Projections:	3Yr:\$901 5Yr:\$1175 10Yr:\$1957		
		Income Distribution:	Annually		

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 08-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
		vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity			—	2.9	6.3	10.9	12.9	7.7	—	—	—	—	—	12.52 (85)	—
Large Growth															
Amana Growth Investor AMAGX	Bronze	★★★★	7.9	11.4	11.7	11.5	8.1	5	6	37	80	43	0.5	11.39 (91)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★	4.0	9.1	11.5	12.6	8.5	32	18	41	58	31	0.3	11.79 (92)	-Avg
★ American Century Select Inv TWCIX	Bronze	↑★★★★	3.2	8.7	12.8	13.0	8.5	45	23	18	51	29	0.4	11.87 (90)	Avg
American Century Ultra Inv TWCUX	Bronze	★★★★	3.5	6.8	12.1	13.6	8.5	39	46	29	36	30	0.2	12.58 (89)	Avg
American Funds AMCAP A AMCPX	Gold	★★★★	6.7	8.0	11.3	14.3	8.1	9	33	47	21	41	0.0	10.9 (91)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★	5.3	9.3	11.7	14.1	7.4	19	15	37	24	61	0.6	11.66 (89)	-Avg
American Funds New Economy A ANEFX	Gold	↑★★★★	1.9	3.1	9.5	13.7	8.3	63	84	75	33	36	0.4	12.66 (75)	Avg
ASTON/Montag & Caldwell Growth N MCGFX	Bronze	↓★★★★	0.3	4.6	9.5	11.1	7.6	82	71	75	87	54	0.3	10.28 (83)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	★★	2.7	2.0	9.1	14.5	7.1	52	91	80	16	68	0.0	12.85 (80)	Avg
Fidelity FFIDX	—	★★★★	3.2	7.1	11.3	12.4	6.8	45	44	46	64	73	0.9	11.42 (92)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	★★★★	1.5	4.8	12.9	14.8	9.7	68	69	17	12	9	0.0	13.12 (81)	+Avg
Fidelity Capital Appreciation FDCAX	Neutral	★★★	0.6	2.4	9.7	13.9	7.5	79	88	72	29	57	0.7	12.71 (80)	Avg
Fidelity Contrafund FCNTX	Silver	↑★★★★★	3.5	7.8	12.0	13.5	8.7	40	36	32	37	26	0.3	11.11 (87)	-Avg
Fidelity Focused Stock FTQGX	—	★★★	5.5	7.8	9.1	12.7	8.6	18	36	79	57	28	0.2	12.35 (72)	Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	2.1	7.2	12.9	15.3	10.7	61	43	17	7	3	0.0	14.31 (78)	High
Fidelity Growth Discovery FDSVX	—	★★★	2.0	7.2	11.7	13.8	8.3	62	42	38	31	36	0.0	12.22 (73)	Avg
Fidelity Independence FDFFX	—	★	-2.3	-1.5	8.9	11.5	7.3	96	97	82	82	61	0.1	14.91 (70)	High
Fidelity Magellan FMAGX	Neutral	★★	2.8	7.1	12.0	13.2	5.7	50	43	30	46	90	0.5	11.92 (93)	Avg
Fidelity New Millennium FMIIX	Bronze	★★★	9.8	8.9	9.3	12.9	9.0	2	20	77	51	19	0.8	11.79 (85)	-Avg
Fidelity OTC FOCPX	Bronze	★★★★★	2.8	12.0	14.5	16.8	12.5	52	5	4	2	1	0.0	16.17 (67)	High
Harbor Capital Appreciation Instl HACAX	Gold	★★★★	-1.0	4.3	12.8	13.8	8.9	91	74	18	32	21	0.1	14.03 (78)	High
Janus Research T JAMRX	—	★★★★	2.5	6.4	12.9	14.1	9.3	56	51	17	25	14	0.4	11.95 (91)	Avg
Janus T JANSX	Neutral	★★★	2.3	5.5	11.8	12.9	7.1	58	62	37	53	67	0.6	12.13 (89)	Avg
Janus Twenty T JAVLX	Neutral	★★★	0.1	7.8	10.3	12.8	8.7	83	36	65	56	26	0.5	12.53 (91)	Avg
Jensen Quality Growth J JENSX	Silver	★★★★	11.1	18.6	13.3	14.3	8.5	2	1	11	20	31	1.1	10.64 (89)	Low
Lateef A LIMAX	—	★★	0.2	3.1	7.3	11.7	—	83	84	93	78	—	0.1	14.3 (82)	+Avg
Laudus US Large Cap Growth LGILX	Bronze	★★★★	1.9	5.2	11.5	13.5	10.4	63	65	42	38	3	0.0	13.57 (82)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	7.3	10.0	10.9	11.9	6.4	6	10	55	74	83	0.3	12.51 (90)	Avg
LKCM Equity Instl LKEQX	Silver	★★★★	9.2	10.7	8.3	12.1	7.9	3	8	87	72	48	0.8	11.91 (93)	-Avg
Manning & Napier Equity Series EXEYX	—	★★	9.9	11.5	8.9	11.7	6.5	2	6	81	79	81	0.0	12.65 (87)	Avg
Marsico Focus MFOCX	Neutral	★★	-2.2	0.5	9.1	11.5	6.7	96	94	79	82	76	0.0	12.7 (75)	Avg
MFS Growth A MFEGX	Silver	★★★★	4.0	9.3	12.3	14.3	9.8	32	16	25	21	8	0.0	11.9 (85)	-Avg
Morgan Stanley Inst Growth A MSEGX	Silver	★★★★	3.2	7.9	14.2	14.0	10.4	44	35	6	28	4	0.0	15.24 (64)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	6.5	10.3	10.2	12.3	<i>7.0</i>	9	9	66	66	<i>69</i>	1.0	11.37 (93)	-Avg
Parnassus PARNX	Bronze	★★★★	6.9	7.3	12.5	17.6	10.0	7	41	22	1	6	3.6	13.58 (77)	+Avg
Polen Growth Investor POLRX	Bronze	★★★★	1.4	8.6	16.5	14.1	—	70	24	1	25	—	0.0	11.61 (80)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	★★★★	3.6	9.4	11.5	15.7	9.2	39	15	43	5	16	0.3	13.62 (72)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	★★	2.6	0.0	5.9	11.3	—	54	95	97	83	—	0.1	11.43 (89)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	★	-3.3	-5.4	8.2	10.7	—	98	99	88	90	—	0.0	17.49 (33)	High
Sequoia SEQUX	Bronze	★★	-8.6	-23.6	1.3	8.5	6.4	99	100	99	98	83	0.0	13.14 (12)	Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	★★★★	-0.1	5.8	13.4	15.4	9.3	86	58	11	6	15	0.0	13.71 (79)	+Avg
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★	-0.4	4.2	12.8	14.8	8.8	88	75	18	12	24	0.0	13.64 (78)	+Avg
T. Rowe Price New America Growth PRWAX	Neutral	↓★★★★	0.1	5.9	12.2	13.6	9.7	84	57	27	35	9	0.0	14.25 (82)	High
T. Rowe Price Spectrum Growth PRSGX	—	★★	5.8	7.7	8.9	11.2	6.7	15	36	81	85	77	1.1	11.55 (92)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★	5.3	9.0	11.9	14.5	9.1	19	18	34	16	17	1.2	11.86 (95)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	★★	-3.4	1.2	7.8	12.4	9.6	98	93	90	63	10	0.0	16.45 (71)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★	4.6	8.9	13.1	16.9	9.6	26	20	14	2	10	0.6	13.17 (69)	+Avg
Vanguard Growth Index Adm VIGAX	Silver	★★★★	5.9	9.6	12.8	14.6	9.0	14	13	17	15	18	1.2	12.18 (95)	Avg
Russell 1000 Growth Index			5.5	10.4	13.1	14.5	8.9								
S&P 500 Index			7.8	12.5	12.3	14.6	7.5								

Legend

- Red** = Lowest return in group
- Green** = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

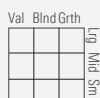
Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)		
							Cash	Stock	Bond	Other	Foreign							
AMAGX	22.2	4.4	47,019	40	30	12	43	0	2	98	0	0	13	NL	1.08	34.26	1,764	Kaiser/Klimo (22.6/3.9)
TWCGX	20.6	4.7	69,332	25	18	16	92	49	1	98	0	1	0	NL	0.97	29.19	7,431	Brown/Woodhams (0.6/18.9)
TWCIX	19.5	4.5	75,096	26	23	16	61	24	0	98	0	2	4	NL	0.99	58.64	2,407	Management Team
TWCUX	21.1	4.6	73,856	27	23	16	75	16	0	99	0	0	3	NL	0.98	36.26	8,325	Management Team
AMCPX	20.9	3.3	31,869	25	24	11	268	31	12	82	1	6	8	5.75	0.67	27.14	49,457	Management Team
AGTHX	22.2	3.0	57,262	23	20	17	368	29	5	91	1	3	11	5.75	0.65	43.47	145,693	Management Team
ANEFX	20.8	2.4	22,551	28	28	13	201	34	3	88	0	8	29	5.75	0.78	36.66	15,073	Management Team
MCGFX	25.2	3.4	92,638	31	24	17	38	12	5	95	0	0	0	NL	1.06	20.02	1,464	Canakaris/Jung (21.8/1.5)
SHRAX	20.5	2.3	29,940	35	21	13	77	3	2	98	0	0	5	5.75	1.13	192.23	11,666	Bauman/Freeman (7.3/32.8)
FFIDX	24.1	3.3	74,708	22	16	12	96	67	0	100	0	0	3	NL	0.52	41.76	4,472	John Avery (14.6)
FBGRX	24.7	4.1	53,918	35	26	14	365	51	0	99	0	1	9	NL	0.89	70.0	19,279	Sonu Kalra (7.2)
FDCAx	18.0	3.6	33,737	27	26	15	113	126	2	98	0	0	11	NL	0.83	32.58	7,291	J. Shiel (10.8)
FCNTX	23.9	3.7	73,925	29	19	17	346	35	1	98	0	1	7	NL	0.71	101.65	108,512	William Danoff (25.9)
FTQGX	27.7	4.2	45,372	18	18	16	50	189	0	100	0	0	5	NL	0.73	18.95	1,693	Stephen DuFour (9.4)
FDGRX	25.6	4.4	39,731	36	20	18	399	18	0	99	0	1	5	Clsd	0.88	139.43	38,105	Steven Wymer (19.7)
FDSVX	27.2	4.4	49,416	35	16	14	144	57	7	93	0	0	11	NL	0.78	25.77	1,206	Jason Weiner (9.6)
FDFFX	17.9	2.8	37,910	29	17	13	107	48	0	100	0	0	12	NL	0.86	35.17	3,769	Robert Bertelson (9.7)
FMAGX	21.8	2.8	56,775	20	17	16	145	78	0	99	0	0	2	NL	0.85	91.1	15,011	Jeffrey Feingold (4.9)
FMILX	19.6	2.0	19,664	19	16	16	165	57	3	97	0	0	13	NL	0.74	36.55	3,029	John Roth (10.2)
FOCPX	27.4	3.2	29,332	54	17	16	185	66	0	99	0	1	9	NL	0.83	85.73	13,396	Gavin Baker (7.2)
HACAX	27.3	4.9	82,205	31	31	16	63	37	2	98	0	0	13	NL	0.65	60.19	25,383	McCarragher/Segalas (3.5/26.3)
JAMRX	22.6	4.0	41,208	28	18	17	104	45	1	98	0	0	1	NL	1.0	42.69	4,653	Carmel Wellso (1.7)
JANSX	24.7	4.1	48,284	30	18	15	94	53	4	95	0	1	5	NL	0.87	35.87	7,783	Barnard/Wilson (0.6/5.2)
JAVLX	17.4	3.9	78,673	23	20	15	28	68	0	100	0	0	0	Clsd	0.82	54.92	8,848	Marc Pinto (3.2)
JENSX	20.2	5.5	79,839	22	22	18	27	14	2	98	0	0	0	NL	0.87	40.35	5,443	Management Team
LIMAX	23.9	3.3	31,421	27	19	14	24	65	1	99	0	0	11	5.00	1.24	11.16	393	Management Team
LGILX	31.5	4.2	84,348	29	16	16	52	82	0	96	4	0	11	NL	0.75	16.9	1,943	Lawrence Kemp (2.9)
MSEFX	18.7	2.3	30,323	27	25	17	79	34	4	96	0	0	11	NL	1.18	17.26	317	Management Team
LKEQX	21.2	3.0	37,461	18	16	14	65	13	3	97	0	0	0	NL	0.8	23.37	280	Management Team
EXEYX	23.2	3.7	31,514	30	18	15	48	62	2	98	0	0	2	NL	1.06	12.34	104	Management Team
MFOCX	30.8	6.0	74,068	38	23	12	23	48	0	93	7	0	14	NL	1.19	15.85	631	Marsico/Witter (18.7/5.8)
MFEGX	28.5	4.6	60,689	26	16	15	88	35	2	98	0	0	2	5.75	0.97	73.11	12,635	Fischman/Sabel (14.4/2.3)
MSEGX	31.5	6.4	60,277	44	19	15	37	34	0	94	2	4	3	5.25	0.96	38.19	3,531	Management Team
NRAAX	19.5	2.8	31,552	20	17	15	42	28	1	99	0	0	10	5.75	1.05	20.15	2,348	Management Team
PARNX	17.8	2.0	25,168	33	19	15	37	69	7	93	0	0	5	NL	0.84	43.25	782	Management Team
POLRX	25.1	6.0	82,312	39	28	9	23	9	3	97	0	0	5	NL	1.25	19.4	1,195	Davidowitz/Ficklin (5.9/5.9)
POGRX	17.3	2.6	21,591	34	30	14	125	5	5	95	0	0	13	NL	0.64	28.3	6,652	Management Team
RWGFx	21.7	3.2	71,506	27	22	15	20	24	7	93	0	0	0	NL	1.16	16.82	1,594	David Rolfe (5.9)
DWUGX	59.8	6.3	15,266	52	27	21	27	297	6	94	0	0	0	NL	0.84	24.93	64	Noah Blackstein (7.4)
SEQUX	21.4	2.7	43,867	33	29	15	33	10	13	86	1	0	12	NL	1.03	171.32	4,824	Management Team
TRBCX	23.9	3.9	69,625	26	22	21	143	33	1	99	0	0	6	NL	0.71	72.29	32,512	Larry Puglia (23.2)
PRGFx	23.9	3.8	69,399	26	26	19	98	38	1	97	0	2	5	NL	0.67	53.45	45,349	Joseph Fath (2.6)
PRWAX	24.2	3.6	50,086	25	22	13	84	81	2	98	0	0	6	NL	0.79	42.01	3,892	Justin White (0.4)
PRSGX	18.0	2.0	29,128	16	15	15	13	15	3	96	0	1	35	NL	0.79	22.12	3,530	Charles Shriver (5.3)
TIGRX	19.7	2.7	52,094	22	16	12	177	90	1	99	0	0	7	NL	0.43	12.01	4,991	Susan Kempler (11.5)
PTSGX	42.3	4.7	55,623	43	19	17	32	29	0	100	0	0	9	Clsd	1.08	15.86	3,321	Management Team
VHCOX	17.1	2.8	30,586	33	31	17	141	7	4	96	0	0	13	Clsd	0.45	53.77	13,503	Management Team
VIGAX	23.3	4.3	63,498	26	18	16	335	9	0	100	0	0	0	NL	0.08	57.64	49,784	Nejman/O'Reilly (0.3/21.7)
	21.6	5.2	62,116															
	19.3	2.7	76,079															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 08-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr	%	(R ²)	
Morningstar 500 Domestic Equity		Morningstar Analyst Rating			3 Yr	5 Yr	10 Yr									
Large Growth (cont'd)			—	2.9	6.3	10.9	12.9	7.7	—	—	—	—	—	—	12.52 (85)	—
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★	2.6	6.6	12.1	13.6	7.8	53	49	30	36	50	0.7	12.09 (89)	Avg	
Vanguard PRIMECAP Core Inv VPCCX	Gold	★★★★★	6.8	12.3	13.5	15.3	9.4	8	4	10	7	13	1.1	11.5 (90)	-Avg	
Vanguard PRIMECAP Inv VPMCX	Gold	★★★★★	6.1	13.0	14.5	16.2	9.6	13	3	4	3	10	1.0	11.77 (87)	Avg	
Large Blend			—	6.1	8.8	10.0	12.9	6.6	—	—	—	—	—	11.26 (93)	—	
Amana Income Investor AMANX	Bronze	★★★★	10.3	14.6	9.8	11.6	8.4	6	5	62	79	6	1.3	10.85 (91)	-Avg	
American Funds Fundamental Invs A ANCFX	Gold	★★★	7.5	13.1	11.7	13.6	7.5	31	8	19	42	21	1.4	11.38 (97)	Avg	
American Funds Invmnt Co of Amer A AIVSX	Silver	★★★	10.6	13.0	11.7	14.0	6.7	4	9	21	31	51	1.6	10.88 (94)	-Avg	
AMG Yacktman Focused Service YAFFX	Silver	↓★★★★	9.1	15.9	7.4	10.6	10.4	10	2	89	88	1	0.9	10.22 (83)	Low	
AMG Yacktman Service YACKX	Gold	↓★★★★	8.7	13.5	7.3	10.8	9.9	12	7	89	86	1	1.3	9.16 (88)	Low	
BBH Core Select N BBTEX	Silver	★★★★	6.3	7.2	7.4	11.8	9.0	52	70	89	78	3	0.5	9.42 (92)	Low	
Bridgeway Blue Chip 35 Index BRLIX	Silver	★★★★★	8.7	15.3	12.0	14.6	7.7	12	4	11	10	15	2.4	10.94 (95)	Avg	
Clipper CFIMX	Bronze	↑★★★★	8.1	13.2	12.2	13.6	5.5	18	8	7	41	85	0.7	12.51 (86)	High	
Davis NY Venture A NYVTX	Bronze	★★	6.2	8.9	9.9	12.3	5.6	55	55	61	70	84	0.4	13.03 (86)	High	
Dreyfus Appreciation Investor DGAGX	Bronze	↓★★	6.0	10.2	7.8	9.3	5.7	57	40	85	95	81	1.4	11.24 (93)	Avg	
Fidelity 500 Index Investor FUSEX	Gold	↑★★★★★	7.8	12.5	12.2	14.6	7.4	24	12	7	11	22	1.9	10.89 (100)	Avg	
Fidelity Dividend Growth FDGFX	Neutral	★★	4.7	7.3	10.0	12.3	6.7	73	70	58	70	50	1.4	10.65 (98)	-Avg	
Fidelity Growth & Income FGRIX	Bronze	★★	8.1	10.1	9.5	14.1	3.6	18	40	68	25	98	1.9	12.14 (94)	+Avg	
Fidelity Large Cap Stock FLCSX	Silver	★★★	8.5	9.1	10.0	14.9	8.2	14	51	58	6	7	1.3	12.87 (90)	High	
Fidelity Total Market Index Investor FSTMX	Gold	★★★★	7.9	11.3	11.6	14.3	7.6	21	29	25	18	16	1.8	11.09 (99)	Avg	
First Eagle US Value A FEVAX	Neutral	★★	11.2	12.7	7.3	8.8	7.0	3	10	90	97	38	0.2	8.73 (80)	Low	
FMI Large Cap FMIHX	Gold	★★★★	9.3	9.6	10.4	13.1	8.2	9	46	51	56	8	0.9	10.23 (93)	-Avg	
FPA US Value PFPFX	—	★★	-3.5	-3.8	6.6	11.5	7.0	99	98	93	80	38	0.0	14.01 (66)	High	
Gabelli Asset AAA GABAX	—	↓★★	9.0	8.3	7.0	10.8	7.5	10	60	92	86	20	0.3	11.86 (93)	+Avg	
Janus Growth & Income T JAGIX	Neutral	★★★★	6.7	14.0	10.9	13.6	6.1	45	6	38	42	70	2.0	10.92 (96)	-Avg	
Longleaf Partners LLPFX	Neutral	★	15.4	11.7	4.1	8.1	3.9	1	24	98	98	98	1.0	15.86 (78)	High	
MainStay ICAP Equity I ICAEX	Neutral	★★	3.4	5.7	7.6	11.9	6.1	86	82	86	77	70	1.0	12.13 (94)	+Avg	
MainStay ICAP Select Equity I ICSLX	Neutral	★★	1.4	2.4	5.7	10.6	5.7	94	93	95	88	82	0.9	12.63 (94)	+Avg	
MainStay MAP I MUBFX	Bronze	★★	4.4	6.2	7.6	11.5	6.2	77	79	87	80	67	1.2	12.13 (98)	+Avg	
Mairs & Power Growth Inv MPGFX	Silver	★★★★★	13.5	16.4	11.0	15.6	8.8	1	2	36	2	4	1.3	11.15 (88)	Avg	
MFS Research A MFRFX	Bronze	★★★	8.0	10.6	10.8	13.7	8.1	20	36	40	40	8	0.7	10.69 (97)	-Avg	
Oakmark I OAKMX	Gold	★★★★	7.8	8.9	10.1	14.8	8.7	23	55	57	8	4	0.9	12.79 (93)	High	
Oakmark Select I OAKLX	Gold	★★★★	4.1	7.0	10.6	14.5	7.8	79	73	47	13	12	0.3	13.76 (87)	High	
Parnassus Core Equity Investor PRBLX	Silver	★★★★★	8.2	11.2	12.1	14.9	9.9	17	31	9	6	1	1.9	10.16 (90)	-Avg	
PRIMECAP Odyssey Stock POSKX	Gold	↓★★★★	7.5	11.6	12.2	14.5	8.5	31	25	6	11	5	0.9	11.52 (92)	+Avg	
Royce Special Equity Multi-Cap Service RSEMXX	Bronze	★★	7.5	4.7	4.9	10.5	—	31	88	97	89	—	2.2	13.21 (79)	High	
Schwab S&P 500 Index SWPPX	Silver	↑★★★★★	7.7	12.4	12.2	14.6	7.5	25	12	7	11	22	2.0	10.86 (100)	Avg	
Schwab Total Stock Market Index SWTSX	Silver	★★★★	7.9	11.4	11.6	14.4	7.7	21	28	24	17	13	1.8	11.08 (99)	Avg	
Selected American Shares D SLADX	Bronze	↑★★★★	6.7	10.1	10.1	12.5	6.0	46	40	56	68	73	0.4	12.87 (87)	High	
T. Rowe Price Dividend Growth PRDGX	Silver	★★★★★	9.7	15.3	12.7	14.7	8.2	7	4	3	9	8	1.2	10.2 (97)	-Avg	
T. Rowe Price Growth & Income PRGIX	—	★★★★	6.1	12.5	12.8	14.4	7.7	55	12	3	17	15	1.0	10.55 (95)	-Avg	
Thornburg Value A TVAFX	—	↑★★	3.5	4.2	11.7	11.9	5.8	85	90	22	75	79	0.0	10.96 (89)	Avg	
TIAA-CREF Social Choice Eq Retail TICRX	Bronze	★★★	8.9	11.5	10.1	13.1	7.1	11	26	55	54	34	1.6	11.17 (98)	Avg	
Vanguard 500 Index Admiral VFIAX	Gold	★★★★★	7.8	12.5	12.3	14.6	7.5	23	12	6	9	20	2.0	10.88 (100)	Avg	
Vanguard Dividend Appreciation Idx Inv VDAIX	Gold	★★★★	10.6	15.2	10.4	12.6	7.5	4	4	51	66	19	2.0	10.31 (91)	-Avg	
Vanguard Dividend Growth Inv VDIGX	Gold	↓★★★★	7.7	14.3	11.6	13.9	8.8	26	5	24	32	4	1.8	9.76 (92)	Low	
Vanguard FTSE Social Index Inv VFTSX	Bronze	↑★★★★	6.5	10.0	12.5	15.6	6.6	50	41	4	3	52	2.2	11.47 (97)	+Avg	
Vanguard Growth & Income Inv VQNPX	Bronze	★★★★	7.5	12.1	12.5	14.9	6.9	30	17	4	6	42	1.9	10.6 (99)	-Avg	
Vanguard Tax-Managed Capital App Adm VTCLX	Gold	★★★★	7.5	11.4	12.1	14.6	7.7	32	27	9	10	14	2.4	11.11 (99)	Avg	
Russell 1000 Value Index				10.1	12.7	10.5	14.1	5.9								
S&P 500 Index				7.8	12.5	12.3	14.6	7.5								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

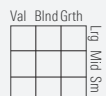
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
VMRGX	—	25.6	4.5	88,424	26	18	18	—	61	2	98	0	0	5	—	1.14	—	2,595	—
VPCCX		21.8	4.2	47,639	27	19	17	311	41	2	98	0	0	5	NL	0.4	25.58	11,198	Management Team
VPMCX		16.5	2.8	51,001	29	26	18	150	10	7	93	0	0	13	Clsd	0.47	22.24	8,335	Management Team
		17.6	3.2	64,081	35	28	15	132	9	4	96	0	0	12	Clsd	0.4	105.74	46,771	Management Team
AMANX	—	19.9	2.7	106,286	17	15	15	—	62	3	97	0	0	4	—	0.99	—	4,317	—
ANCFX		21.1	5.1	55,556	28	20	19	44	0	3	97	0	0	10	NL	1.13	46.48	1,331	Kaiser/Klimo (26.7/3.9)
AIVSX		19.4	2.8	81,209	18	14	13	218	27	3	95	0	2	10	5.75	0.6	53.76	77,423	Management Team
YAFFX		17.7	2.7	75,550	18	15	13	270	30	5	90	0	4	8	5.75	0.58	36.59	78,270	Management Team
YACKX		15.5	2.4	116,154	36	32	18	24	6	18	80	2	0	15	NL	1.25	21.57	4,941	Subotky/Yackman (6.7/13.7)
BBTEX		16.7	2.9	97,734	35	25	13	45	3	18	80	2	0	6	NL	0.74	22.68	8,824	Subotky/Yackman (6.7/13.7)
BRLIX		19.4	2.6	79,238	25	23	14	32	8	11	89	0	0	11	NL	1.0	21.69	3,803	Hartch/Keller (10.9/7.8)
CFIMX		18.1	2.7	183,040	23	14	14	37	19	-5	105	0	0	0	NL	0.15	12.71	593	Management Team
NYVTX		18.9	2.0	66,648	40	16	11	28	31	7	93	0	0	12	NL	0.72	107.24	1,142	Davis/Goei (10.7/2.7)
DGAGX		18.6	2.0	61,364	32	16	13	58	23	1	99	0	0	12	4.75	0.86	30.58	12,106	Davis/Goei (20.9/2.7)
FUSEX		20.8	3.3	131,295	25	20	15	53	6	1	99	0	0	18	NL	0.92	38.51	2,226	Management Team
FDGFX		19.2	2.7	76,222	18	15	14	511	5	0	100	0	0	1	NL	0.09	76.62	101,951	Management Team
FGRIX		18.5	2.4	80,518	23	14	14	109	64	6	94	0	0	7	NL	0.69	31.71	7,495	Ramona Persaud (2.7)
FLCSX		17.4	2.0	65,498	23	17	14	202	35	0	98	0	1	8	NL	0.67	30.98	6,356	Matthew Fruhan (5.6)
FSTMX		17.4	1.9	56,698	23	18	15	185	31	0	100	0	0	6	NL	0.78	27.88	2,536	Matthew Fruhan (11.3)
FEVAX		19.4	2.5	43,501	18	15	14	3431	3	1	99	0	0	2	NL	0.09	63.03	34,717	Management Team
FMIHX		18.7	2.2	25,362	24	19	16	83	15	16	73	0	11	4	5.00	1.09	20.42	2,257	Management Team
FPPFX		18.6	2.8	47,664	19	17	16	31	18	8	92	0	0	13	NL	0.87	20.34	7,216	Management Team
GABAX		12.9	2.4	21,716	36	31	13	24	109	10	90	0	0	2	Clsd	0.97	8.95	136	Gregory Nathan (1.0)
JAGIX		19.6	2.5	15,456	23	20	20	475	3	0	100	0	0	17	NL	1.35	58.97	2,705	Management Team
LLPFX		17.3	3.6	64,975	17	17	15	67	30	0	97	0	3	0	NL	0.87	46.68	4,270	Buckley/Pinto (2.1/8.7)
ICAEX		16.1	1.2	20,049	38	18	12	23	46	14	79	4	3	27	NL	0.93	24.75	3,540	Cates/Hawkins (22.4/29.3)
ICSLX		16.5	1.8	52,940	24	18	16	43	76	2	98	0	0	10	NL	0.88	43.04	806	Management Team
MUBFX		16.1	1.7	57,303	25	22	14	31	86	0	99	0	1	8	NL	0.9	36.15	1,859	Management Team
MPGFX		16.6	1.9	56,314	20	17	15	151	51	3	97	0	0	12	NL	0.86	37.63	1,469	Management Team
MFRFX		19.2	3.4	25,413	31	24	12	52	10	1	99	0	0	3	NL	0.65	117.67	4,381	Adams/Henneman (1.7/10.7)
OAKMX		22.1	2.9	48,963	17	15	14	126	44	0	99	0	0	2	5.75	0.82	38.92	4,964	Joseph MacDougall (8.2)
OAKLX		14.2	1.7	57,689	35	22	14	54	33	4	96	0	0	7	NL	0.85	67.77	14,979	Grant/Nygren (16.4/16.4)
PRBLX		14.5	1.5	49,622	40	30	10	23	46	7	90	4	0	0	NL	0.95	40.82	5,029	Management Team
POSKX		20.0	2.6	40,694	24	21	15	40	27	4	96	0	0	4	NL	0.87	39.78	13,757	Ahlsten/Allen (15.3/4.3)
RSEMXX		16.4	2.4	39,980	29	23	17	120	7	6	94	0	0	11	NL	0.65	25.38	5,805	Management Team
SWPPX		14.6	3.3	17,576	47	30	17	24	31	12	88	0	0	0	NL	1.24	13.31	117	Dreifus/McBoyle (5.7/1.9)
SWTSX		18.4	2.6	74,092	18	15	14	508	2	1	99	0	0	2	NL	0.09	34.0	23,059	Management Team
SLADX		18.7	2.4	42,433	17	14	14	2463	2	1	99	0	0	1	NL	0.09	38.98	4,907	Hong/Juwono (4.5/3.5)
PRDXX		18.8	2.0	59,998	31	17	13	60	27	6	94	0	0	11	NL	0.61	35.53	2,431	Davis/Goei (21.7/2.7)
PRGIX		20.5	3.2	56,830	20	17	16	106	25	7	93	0	0	4	NL	0.64	37.46	5,870	Thomas Huber (16.4)
TVAFX		19.9	2.6	85,046	22	17	13	52	76	5	94	0	1	2	NL	0.67	30.03	1,651	Jeffrey Rottinghaus (1.2)
TICRX		18.3	2.0	24,573	21	18	15	50	60	8	90	1	1	8	4.50	1.37	53.64	898	Browne/MacDonald (10.6/1.6)
VFIAX		18.3	2.7	36,481	19	14	14	819	17	0	100	0	0	1	NL	0.44	15.33	2,801	Campagna/Liao (10.7/2.2)
VDAIX		19.2	2.7	76,187	18	15	14	510	3	0	100	0	0	1	NL	0.05	201.07	229,502	Butler/Geiger (0.3/0.3)
VDIGX		20.4	4.1	49,177	23	22	16	188	22	0	100	0	0	1	NL	0.19	34.07	24,541	Nejman/O'Reilly (0.2/0.2)
VFTSX		19.6	4.0	88,222	21	21	17	48	26	0	97	0	3	9	Clsd	0.33	23.87	31,477	Donald Kilbride (10.6)
VQNPX		18.7	2.6	67,040	24	21	19	414	20	0	100	0	0	1	NL	0.25	13.95	2,311	Coleman/O'Reilly (0.7/0.7)
VTCLX		17.5	2.5	52,308	16	15	13	1063	116	3	97	0	0	1	NL	0.34	42.11	6,630	Management Team
		19.5	2.7	53,440	18	15	14	1009	10	0	100	0	0	0	NL	0.11	110.55	7,097	Butler/Coleman (0.3/0.3)
		17.6	1.7	54,530															
		19.3	2.7	76,079															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 08-31-16					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Blend (cont'd)		—	6.1	8.8	10.0	12.9	6.6	—	—	—	—	—	—	11.26 (93)	—
Vanguard Total Stock Mkt Idx Adm VTSAX	Gold	★★★★	8.0	11.4	11.7	14.4	7.8	19	27	21	15	13	1.8	11.06 (99)	Avg
Weitz Partners Value Investor WPVLX	Bronze	★★	4.2	-1.3	3.9	10.4	5.6	78	97	98	90	84	0.0	9.94 (81)	Low
Weitz Value Investor WVALX	Bronze	↓★	1.6	-2.4	5.7	10.8	4.5	93	97	95	87	96	0.0	9.48 (79)	Low
Large Value		—	8.1	9.6	8.8	12.3	5.6	—	—	—	—	—	—	11.2 (90)	—
AllianzGI NFJ Large-Cap Value A PNBAX	—	★	4.6	5.4	7.0	11.3	3.9	88	88	85	76	88	1.8	11.03 (94)	Avg
American Beacon Lg Cap Value Inv AAGPX	Bronze	★★★	6.7	5.9	7.4	12.7	5.4	70	84	79	43	55	1.5	12.24 (92)	+Avg
American Century Equity Income Inv TWEIX	Silver	★★★★★	15.6	21.3	12.1	12.9	7.3	3	1	4	39	12	2.1	7.73 (84)	Low
American Century Value Inv TWVLX	Silver	★★★★	12.0	14.6	10.4	13.9	6.6	8	12	17	16	26	1.6	10.43 (91)	-Avg
American Funds American Mutual A AMRMX	Gold	★★★★	10.9	13.8	10.7	13.0	7.3	14	14	13	38	12	2.0	9.69 (94)	Low
American Funds Washington Mutual A AWSHX	Gold	★★★★	7.7	13.3	10.7	13.4	6.9	53	17	13	26	20	1.9	10.35 (97)	-Avg
Artisan Value Investor ARTLX	Bronze	★★★	19.5	14.9	7.4	10.9	6.4	1	11	78	83	31	0.4	14.33 (65)	High
Auxier Focus Inv AUXFX	—	★★★	4.9	9.1	7.0	9.0	6.6	86	55	84	94	26	1.0	9.48 (95)	Low
Becker Value Equity Retail BVEFX	Bronze	★★★★	11.2	12.0	9.8	13.4	7.2	11	27	31	26	14	1.1	11.57 (92)	Avg
Columbia Dividend Income Z GSFTX	Silver	★★★★★	9.1	15.3	11.5	13.7	7.8	34	10	7	20	5	2.3	9.96 (95)	-Avg
Diamond Hill Large Cap A DHLAX	Gold	★★★★	8.2	10.6	10.1	13.8	7.1	44	39	23	18	15	0.7	12.0 (94)	+Avg
Dodge & Cox Stock DODGX	Gold	★★★★	8.3	8.4	10.0	14.6	5.7	43	61	24	7	50	1.6	12.66 (90)	+Avg
Fairholme FAIRX	Silver	★	3.8	-9.6	0.6	7.2	5.0	92	100	99	98	67	1.9	16.89 (47)	High
Fidelity Equity Dividend Income FEQTX	—	★★★	9.4	12.3	10.0	13.0	5.2	31	24	24	37	61	1.9	10.24 (96)	-Avg
Fidelity Equity-Income FEQIX	Neutral	★★★	10.5	11.6	8.5	12.2	4.9	18	30	59	58	70	2.5	10.25 (93)	-Avg
Franklin Mutual Beacon A TEBIX	Bronze	★★	10.4	7.9	7.6	11.4	4.6	20	66	77	74	77	1.9	10.89 (85)	Avg
Hotchkis & Wiley Value Opps A HWAAX	Bronze	↑★★★★	5.9	3.9	8.8	14.1	9.0	79	92	52	13	2	1.5	13.36 (74)	High
Invesco Comstock A ACSTX	Silver	★★	6.8	7.1	7.4	12.6	5.8	69	74	80	48	46	1.5	12.64 (89)	+Avg
Invesco Diversified Dividend A LCEAX	Silver	★★★★★	9.6	11.1	11.4	14.5	7.9	28	34	7	8	5	1.5	8.47 (84)	Low
Invesco Growth and Income A ACGIX	Bronze	★★★★	7.4	7.9	8.6	12.8	6.2	58	66	58	42	36	1.6	11.79 (88)	+Avg
JPMorgan Equity Income A OIEIX	Silver	↑★★★★	8.7	12.5	10.6	13.6	7.6	38	23	15	21	8	1.7	10.02 (96)	-Avg
JPMorgan Value Advantage A JVAAX	Silver	★★★	7.7	6.9	9.4	13.9	8.0	52	75	41	17	4	0.6	10.29 (93)	-Avg
Perkins Large Cap Value T JPLTX	—	★★★	8.2	10.1	8.5	11.4	—	45	45	60	74	—	1.3	9.92 (95)	-Avg
Schwab Fundamental US Large Company Idx SFLNX	Bronze	★★★★	9.8	13.1	10.8	14.2	—	26	18	12	11	—	2.1	10.62 (97)	Avg
Sound Shore Investor SSHFX	Silver	★★★★	8.9	9.6	10.1	14.8	6.6	36	50	24	6	26	0.8	13.17 (93)	High
T. Rowe Price Equity Income PRFDX	Bronze	★★★	10.8	12.4	7.6	11.9	5.9	14	23	77	64	44	2.0	11.18 (93)	Avg
T. Rowe Price Value TRVLX	Bronze	★★★★	6.1	10.0	10.5	14.8	7.3	76	45	16	5	11	1.8	11.12 (96)	Avg
TCW Relative Value Dividend Apprec N TGIGX	—	★★★★	9.1	11.8	9.1	13.9	6.0	33	28	47	17	42	1.4	12.0 (97)	+Avg
Torrey TORYX	—	★★★★	9.6	14.8	10.5	12.6	5.9	29	12	16	47	45	1.0	10.44 (91)	-Avg
Vanguard Equity-Income Inv VEIPX	Silver	★★★★★	9.9	16.2	11.3	14.5	7.9	25	6	8	8	5	2.8	10.08 (94)	-Avg
Vanguard High Dividend Yield Index Inv VHDYX	Silver	★★★★★	10.8	17.4	12.1	14.8	—	14	4	4	5	—	2.9	10.16 (93)	-Avg
Vanguard US Value Inv VUVLX	Bronze	★★★★	5.6	9.2	10.4	14.7	6.1	80	54	17	6	38	2.0	10.51 (93)	Avg
Vanguard Value Index Adm VVIAX	Silver	★★★★	9.2	13.9	11.3	14.4	6.3	32	14	9	9	33	2.4	10.3 (96)	-Avg
Vanguard Windsor II Inv VWNFX	Bronze	★★★	8.0	9.5	9.2	13.2	6.1	47	51	44	30	39	2.2	11.06 (95)	Avg
Vanguard Windsor Inv VWNDX	Bronze	★★★	5.4	5.5	8.9	14.0	6.0	83	88	51	14	41	1.5	12.67 (91)	+Avg
Mid-Cap Growth		—	4.7	3.4	8.1	11.4	7.5	—	—	—	—	—	—	13.19 (74)	—
Akre Focus Retail AKREX	Silver	★★★★★	8.0	8.2	12.4	16.7	—	16	12	6	2	—	0.0	11.75 (83)	-Avg
American Century Heritage Inv TWHIX	Bronze	★★★★	5.3	4.2	8.9	11.3	10.1	46	46	41	54	10	0.0	12.69 (77)	Avg
Artisan Mid Cap Investor ARTMX	Silver	★★★★	3.4	4.2	8.6	12.1	10.1	69	45	46	39	10	0.0	14.66 (62)	+Avg
Baron Asset Retail BARAX	—	★★★★	7.1	7.8	10.9	12.8	7.6	22	15	17	29	51	0.0	12.66 (79)	Avg
Baron Growth Retail BGRFX	Bronze	★★★	9.2	7.4	7.9	12.0	8.1	8	17	57	40	39	0.0	12.11 (71)	-Avg
Buffalo Mid Cap BUFMX	Neutral	★★★	4.9	1.2	7.7	10.3	7.4	52	71	61	71	54	0.0	12.56 (68)	Avg
Champlain Mid Cap Adv CIPMX	Silver	★★★★	12.7	14.2	12.0	13.7	—	1	1	8	17	—	0.0	11.94 (82)	-Avg
Columbia Acorn Select Z ACTWX	—	★★	5.8	6.0	7.4	10.0	6.1	38	27	65	76	79	0.0	12.59 (73)	Avg
Russell MidCap Growth Index			6.8	6.8	10.5	13.2	8.5								
Russell 1000 Value Index			10.1	12.7	10.5	14.1	5.9								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

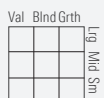
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	19.9	2.7	106,286	17	15	15	—	62	3	97	0	0	4	—	0.99	—	4,317	—
VTSAX		19.5	2.5	43,520	18	15	14	3641	3	0	100	0	0	1	NL	0.05	54.38	453,727	Nejman/OReilly (0.3/21.7)
WPVLX		20.7	1.8	19,346	27	18	14	40	31	20	80	0	0	6	NL	1.26	28.34	793	Hinton/Weitz (10.1/33.2)
WVALX		21.4	2.2	38,863	20	18	17	35	47	19	80	0	2	7	NL	1.23	39.16	868	Hinton/Perkins (10.1/4.7)
	—	17.4	2.0	82,278	20	13	12	—	63	1	98	1	1	6	—	1.07	—	2,456	—
PNBAX		13.6	1.8	55,608	25	12	12	67	51	0	99	0	1	6	5.50	1.11	20.91	399	Management Team
AAGPX		13.5	1.4	46,763	24	13	13	211	32	2	98	0	0	15	NL	0.94	24.47	8,675	Management Team
TWEIX		18.9	2.2	51,822	20	18	15	89	88	1	81	3	16	3	NL	0.94	9.12	11,434	Management Team
TWWLX		17.1	1.8	55,599	22	19	16	119	48	2	97	0	0	5	NL	0.98	8.43	3,111	Management Team
AMRMX		18.1	3.0	73,207	16	16	11	234	27	5	89	2	4	8	5.75	0.58	37.14	39,457	Management Team
AWSHX		19.2	3.1	92,165	14	14	12	210	24	3	95	0	3	5	5.75	0.58	41.0	81,928	Management Team
ARTLX		13.9	1.4	28,673	21	18	16	38	74	1	99	0	0	19	NL	1.0	12.92	779	Management Team
AUXFX		18.2	2.4	59,736	29	26	19	113	6	10	90	0	0	10	NL	1.14	20.14	253	J. Jeffrey Auxier (17.1)
BVEFX		16.7	1.8	54,015	21	16	15	56	32	3	97	0	0	1	NL	0.79	17.95	361	Management Team
GSFTX		19.5	3.0	98,170	15	15	14	86	25	3	96	0	1	2	NL	0.77	18.99	9,541	Management Team
DHLAX		15.2	2.0	58,784	26	17	15	52	20	3	97	0	0	0	5.00	0.99	23.2	3,848	Management Team
DODGX		14.6	1.7	55,767	26	23	18	67	15	1	99	0	0	10	NL	0.52	171.16	56,008	Management Team
FAIRX		47.5	1.6	1,227	56	29	11	55	40	27	31	18	24	7	NL	1.04	19.2	2,777	Bruce Berkowitz (16.7)
FEQTX		17.3	1.8	70,347	24	15	14	99	49	6	94	0	0	8	NL	0.66	26.68	5,467	Scott Offen (4.8)
FEQIX		16.4	1.8	52,085	23	12	12	173	46	5	94	0	0	8	NL	0.71	55.15	8,234	Management Team
TEBIX		16.0	1.5	42,001	23	20	18	110	36	5	92	3	0	32	5.75	1.09	15.67	3,762	Management Team
HWAAX		12.9	0.9	14,404	34	25	15	57	62	1	86	11	2	25	5.25	1.25	24.21	466	Davis/Green (13.7/13.7)
ACSTX		14.0	1.3	53,806	30	17	14	85	15	2	98	0	0	12	5.50	0.85	22.93	11,946	Management Team
LCEAX		17.9	2.3	36,148	31	15	14	79	11	16	84	0	0	11	5.50	0.83	19.13	18,077	Management Team
ACGIX		15.1	1.5	56,441	31	14	13	85	23	3	97	0	0	11	5.50	0.84	25.12	7,812	Management Team
OIEIX		18.6	2.4	60,197	25	13	12	102	22	3	97	0	0	1	5.25	1.04	14.37	12,736	Hart/Simon (12.1/12.1)
JVAAX		16.2	1.6	31,940	30	15	11	113	26	1	99	0	0	1	5.25	1.25	29.94	10,380	Management Team
SPLTX		17.2	2.1	70,797	25	17	13	61	39	6	94	0	0	8	NL	0.87	16.14	163	Perkins/Preloger (7.7/7.7)
SFLNX		17.1	2.1	58,143	15	13	12	651	12	1	99	0	1	1	NL	0.35	15.41	4,890	Management Team
SSHFX		16.5	1.7	46,828	24	21	11	41	39	4	96	0	0	15	NL	0.93	44.72	1,915	Management Team
PRFDX		16.3	1.9	51,411	21	14	13	116	27	2	97	0	0	8	NL	0.66	31.25	22,183	John Linehan (0.8)
TRVLX		16.3	1.8	53,801	20	17	12	111	68	3	97	0	0	8	NL	0.81	33.16	23,064	Mark Finn (6.7)
TGIGX		16.9	1.9	44,956	21	17	14	55	18	0	100	0	0	6	NL	1.0	17.68	1,083	Diane Jaffee (14.7)
TORYX		14.5	1.9	42,932	24	23	19	32	11	15	85	0	0	6	NL	1.08	49.58	421	Fialco/Torrey (8.3/25.7)
VEIPX		17.2	2.4	79,143	15	14	13	228	32	2	97	0	2	9	NL	0.26	32.05	23,430	Management Team
VHDYX		18.4	2.5	81,940	15	14	13	428	11	0	100	0	0	1	NL	0.16	28.88	16,656	Coleman/OReilly (0.5/0.5)
VUVLX		13.9	1.4	21,869	23	12	11	248	66	0	100	0	0	1	NL	0.26	17.22	1,375	Management Team
VVIAX		16.9	2.0	76,944	21	15	12	322	8	0	100	0	0	1	NL	0.08	34.32	39,724	Nejman/OReilly (0.3/21.7)
VWNFX		15.2	1.8	66,157	22	21	13	277	26	2	98	0	0	9	NL	0.34	35.78	46,370	Management Team
VWNDX		14.8	1.6	35,655	25	17	15	149	28	2	97	0	2	10	NL	0.39	20.02	17,089	Management Team
	—	25.2	3.7	10,056	19	19	18	—	62	3	97	0	0	4	—	1.23	—	1,229	—
AKREX		25.7	2.9	19,817	31	26	18	43	16	8	89	1	2	2	NL	1.34	24.97	5,203	Management Team
TWHIX		23.6	4.5	12,759	21	21	15	107	62	0	99	0	0	4	NL	1.0	22.36	5,181	Management Team
ARTMX		26.0	4.5	13,775	26	21	19	67	51	5	95	0	0	3	Clsd	1.19	41.32	8,208	Management Team
BARAX		29.7	3.9	9,393	24	22	18	57	14	2	98	0	0	2	NL	1.31	61.18	2,584	Andrew Peck (13.1)
BGRFX		27.4	3.5	4,523	24	17	16	65	7	1	98	0	0	5	NL	1.29	69.04	6,171	Ronald Baron (21.7)
BUFMX		25.3	3.8	7,574	22	20	18	67	12	6	94	0	0	2	NL	1.02	16.08	402	Carlsen/Male (1.7/14.7)
CIPMX		21.8	2.7	7,133	21	19	17	62	46	5	95	0	0	0	NL	1.2	14.93	1,072	Management Team
ACTWX		23.8	3.7	5,433	24	20	18	33	55	0	100	0	0	6	NL	0.88	14.86	340	Frank/Szafrański (0.7/1.3)
		23.5	4.7	11,073															
		17.6	1.7	54,530															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 08-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	4.7	3.4	8.1	11.4	7.5	—	—	—	—	—	13.19	(74)	—
Mid-Cap Growth (cont'd)																
Columbia Acorn Z ACRNX	Neutral	★★★★	6.0	4.5	6.1	9.9	7.1	34	43	80	77	63	0.0	13.54	(71)	Avg
Eventide Gilead N ETGLX	Neutral	★★★★	-1.9	-5.1	7.7	16.2	—	95	95	61	2	—	0.0	17.16	(60)	High
FAM Value Investor FAMVX	—	★★★★	9.6	9.6	10.9	13.5	7.0	6	8	17	19	65	0.0	10.82	(83)	Low
Fidelity Mid-Cap Stock FMCSX	Bronze	★★★★	11.5	8.1	9.8	12.9	7.7	3	13	30	27	50	0.6	11.54	(77)	-Avg
Hennessy Focus Investor HFCSX	Bronze	★★★★★	5.1	6.1	10.4	15.6	10.1	50	25	24	4	11	0.0	12.26	(81)	-Avg
Janus Enterprise T JAENX	Bronze	★★★★★	11.3	13.0	13.3	15.1	10.4	3	2	2	6	7	0.2	10.78	(79)	Low
Meridian Contrarian Legacy MVALX	Bronze	★★★★	9.2	9.4	8.7	13.3	7.2	8	8	45	23	60	0.1	13.4	(79)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	Gold	★★★★★	6.3	10.1	13.9	19.9	12.5	30	7	1	1	1	0.0	15.68	(63)	High
T. Rowe Price Mid-Cap Growth RPMGX	Gold	★★★★★	5.9	7.7	13.2	15.1	10.8	34	16	2	6	3	0.0	11.9	(77)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	Bronze	★★★★	-0.5	-1.8	7.8	11.8	8.3	93	88	59	44	32	0.6	12.87	(79)	Avg
Westport R WPPFRX	—	★★★★	8.8	7.2	8.0	11.2	8.4	10	19	54	54	29	0.0	12.29	(87)	-Avg
Mid-Cap Blend																
Ariel Appreciation Investor CAAPX	—	★★★★	8.9	7.3	9.2	13.7	8.6	47	46	46	22	18	0.9	14.77	(85)	High
Ariel Fund Investor ARGFX	Bronze	★★★★	7.5	8.2	10.9	15.0	7.3	61	37	19	6	52	0.6	16.03	(83)	High
ASTON/Fairpointe Mid Cap N CHTTX	Silver	★★★★	8.7	8.4	7.1	13.4	9.9	50	36	71	33	1	0.3	15.14	(73)	High
Fidelity Extended Market Index Investor FSEMXX	Silver	★★★★	8.9	6.8	9.2	13.3	8.3	47	52	46	35	26	1.2	13.39	(76)	+Avg
First Eagle Fund of America Y FEAFFX	Bronze	↓★★★★	-1.0	-3.5	6.5	10.9	7.9	95	93	77	74	38	0.0	12.77	(79)	+Avg
FMI Common Stock FMIMX	Gold	★★★★	11.5	7.5	8.4	11.8	9.0	20	44	60	65	8	0.0	11.63	(76)	-Avg
Janus Contrarian T JSVAX	Neutral	★★	-0.1	-3.3	6.4	12.1	4.9	93	91	77	61	86	0.3	12.91	(55)	+Avg
Longleaf Partners Small-Cap LLSCX	Silver	★★★★	15.2	13.8	10.2	14.0	9.0	2	3	31	14	7	0.1	12.21	(62)	Avg
Osterweis OSTFX	Neutral	★★★★	2.7	0.0	4.5	9.4	5.8	89	87	88	84	78	0.5	10.81	(81)	-Avg
Vanguard Capital Value Inv VCVLX	Neutral	★★	4.0	2.0	4.4	11.0	5.8	80	79	88	73	78	1.3	15.87	(77)	High
Vanguard Extended Market Idx Adm VEXAX	Gold	★★★★	9.0	7.0	9.3	13.4	8.3	45	49	45	31	28	1.8	13.4	(76)	+Avg
Vanguard Mid Cap Index Adm VIMAX	Gold	↓★★★★	8.5	8.1	11.4	14.0	8.3	51	38	7	15	27	1.9	11.74	(88)	Avg
Vanguard Strategic Equity Inv VSEQX	Bronze	★★★★	7.1	7.2	12.1	15.5	7.5	64	47	4	3	47	1.5	12.28	(82)	+Avg
Weitz Hickory WEHIX	Bronze	★★	7.1	3.9	3.4	9.6	5.6	64	68	94	82	82	0.0	11.28	(74)	-Avg
Westport Select Cap R WPSRX	—	★★	9.9	4.8	7.1	8.3	6.5	33	64	72	91	67	0.0	16.13	(67)	High
Westwood SMidCap Institutional WHGMX	—	★★★★	4.9	2.5	6.5	10.3	8.9	75	76	75	77	9	0.1	12.75	(79)	+Avg
Mid-Cap Value																
American Century Mid Cap Value Inv ACMVX	Silver	★★★★★	14.1	15.4	13.4	15.5	9.6	10	5	3	4	5	1.1	10.09	(86)	Low
Artisan Mid Cap Value Investor ARTQX	Silver	★★★★	13.4	8.7	5.1	10.4	8.0	15	47	91	89	20	0.4	11.83	(77)	Avg
Delafield Fund DEFIX	—	★★	14.4	7.0	0.8	7.3	6.3	9	63	98	97	71	0.0	17.26	(67)	High
Diamond Hill Small-Mid Cap A DHMAX	Gold	★★★★	9.7	7.8	10.5	14.3	9.0	53	56	19	15	10	0.1	11.16	(74)	-Avg
Fidelity Leveraged Company Stock FLVCX	Bronze	★★	3.8	0.9	5.4	12.1	6.2	97	96	90	64	74	0.9	14.08	(77)	High
Fidelity Low-Priced Stock FLPSX	Silver	★★★★	4.2	2.8	8.0	12.3	8.1	96	90	72	61	19	1.2	9.77	(86)	Low
Fidelity Value FDLVX	Neutral	★★★★	9.9	5.9	9.5	14.1	6.5	51	75	38	18	62	1.0	12.37	(84)	Avg
FPA Capital FPPTX	Bronze	★	8.3	0.1	-0.8	3.8	4.5	70	98	98	99	95	0.4	13.58	(51)	+Avg
GoodHaven GOODX	Neutral	★	16.4	8.1	-2.8	4.3	—	4	53	99	98	—	0.0	12.83	(33)	Avg
Harbor Mid Cap Value Investor HIMVX	Bronze	↑★★★★	7.6	5.8	10.1	15.2	7.3	77	77	24	6	36	1.0	12.2	(84)	Avg
Perkins Mid Cap Value T JMCVX	Bronze	★★★★	12.2	12.5	9.1	10.5	7.3	24	16	48	88	36	1.2	10.08	(88)	Low
T. Rowe Price Mid-Cap Value TRMCX	Gold	★★★★★	15.8	15.4	12.2	14.3	8.8	5	5	7	14	11	1.1	11.08	(80)	-Avg
Vanguard Selected Value Inv VASVX	Gold	★★★★	6.2	5.7	7.8	13.1	7.6	90	79	74	45	28	1.7	12.5	(82)	Avg
Small Growth																
Artisan Small Cap Investor ARTSX	Silver	★★★★	8.7	6.8	7.8	13.0	7.7	22	27	37	25	51	0.0	17.24	(39)	+Avg
Baron Small Cap Retail BSCFX	Bronze	★★★★	8.6	5.3	6.6	10.9	7.8	24	34	55	66	46	0.0	13.94	(74)	-Avg
Brown Capital Mgmt Small Co Inv BCSIX	Gold	★★★★★	7.0	14.0	11.9	15.4	13.3	43	6	3	3	1	0.0	15.61	(57)	Avg
Russell MidCap Growth Index			6.8	6.8	10.5	13.2	8.5									
S&P MidCap 400 Index			13.1	12.3	11.5	14.1	9.3									
Russell MidCap Value Index			13.1	12.6	11.6	14.8	7.8									
Russell 2000 Growth Index			6.2	3.7	8.7	13.2	8.3									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign					
	—	25.2	3.7	10,056	19 19 18	—	62	3	97	0	0	4	—	1.23	—	1,229	—
ACRNX		23.4	3.4	4,621	20 20 19	133	21	0	99	0	1	3	NL	0.82	18.38	5,501	Management Team
ETGLX		20.4	2.4	6,020	35 21 15	75	21	3	95	0	2	12	NL	1.38	25.07	1,392	Barksdale/Kuruville (5.8/8.2)
FAMVX		18.1	2.5	11,593	31 23 17	39	9	11	89	0	0	4	NL	1.18	65.81	1,041	Fox/Putnam (16.3/29.7)
FMCSX		20.4	2.1	7,151	18 15 15	159	23	7	93	0	0	9	NL	0.73	34.55	7,424	John Roth (5.5)
HFCSX		20.3	2.7	13,632	28 27 13	26	4	16	84	0	0	6	NL	1.47	72.67	2,475	Management Team
JAENX		24.0	4.2	8,770	29 26 18	85	17	6	93	0	1	11	NL	0.92	95.35	8,958	Demain/Wheaton (8.8/0.2)
MVALX		20.8	2.2	6,407	29 17 13	59	73	8	92	0	0	7	Clsd	1.11	35.02	567	Cordisco/England (3.0/14.7)
POAGX		18.4	2.2	6,127	32 30 16	154	15	3	96	0	0	13	Clsd	0.62	34.45	6,860	Management Team
RPMGX		23.0	3.5	10,360	26 19 17	132	27	6	93	0	2	2	Clsd	0.77	77.67	25,413	Brian Berghuis (24.2)
VMGRX		20.9	2.6	9,204	23 19 17	107	93	4	96	0	0	4	NL	0.43	22.34	4,190	Management Team
WPFRX		20.1	3.5	16,523	29 24 16	30	3	1	100	0	0	8	NL	1.23	31.22	380	Edmund Nicklin (18.7)
	—	19.7	2.1	6,791	16 16 14	—	66	3	97	0	0	2	—	1.12	—	1,629	—
CAAPX		15.4	2.0	10,769	30 25 18	41	22	4	95	0	2	0	NL	1.12	49.08	1,734	Fidler/Rogers (6.7/13.9)
ARGFX		14.8	1.8	3,831	29 22 19	39	25	1	99	0	0	0	NL	1.02	63.9	2,008	Management Team
CHTTX		15.8	1.4	4,146	30 22 12	45	32	1	99	0	0	4	NL	1.11	37.3	3,565	Management Team
FSEMX		20.8	2.1	3,500	15 15 13	3197	12	0	100	0	0	2	NL	0.1	54.16	16,587	Management Team
FEAFX		15.5	2.9	9,950	29 26 13	49	32	2	96	0	2	0	Clsd	1.31	35.27	2,859	Management Team
FMIMX		17.6	2.0	3,078	49 14 11	43	29	10	90	0	0	4	NL	1.07	25.43	945	Management Team
JSVAX		16.1	1.7	7,320	28 17 14	46	70	0	98	0	2	2	NL	1.04	18.59	2,755	Daniel Kozlowski (5.2)
LLSCX		24.4	1.3	4,339	31 20 12	22	46	25	72	3	0	8	Clsd	0.91	31.08	4,100	Management Team
OSTFX		19.2	2.6	23,972	25 18 12	33	20	18	82	0	0	13	NL	1.03	26.16	607	Management Team
VCVLX		16.9	1.5	12,598	19 17 14	154	90	0	98	0	2	11	NL	0.5	11.36	934	David Palmer (6.7)
VEXAX		20.7	2.1	3,454	15 14 13	3255	6	0	100	0	0	2	NL	0.09	68.86	45,064	Butler/Geiger (18.7/0.3)
VIMAX		20.8	2.4	11,715	18 15 15	347	15	0	100	0	0	2	NL	0.08	160.36	70,106	Butler/Johnson (18.2/0.3)
VSEQX		14.2	1.7	3,921	17 17 12	332	70	0	100	0	0	1	NL	0.21	30.31	6,043	Management Team
WEHIX		22.5	1.9	4,709	46 15 12	36	27	19	81	0	0	5	NL	1.24	49.53	286	Weitz/Weitz (4.7/13.7)
WPSRX		18.6	2.4	4,527	46 15 14	16	0	3	98	0	-1	0	NL	1.43	14.5	122	Knuth/Nicklin (18.7/18.7)
WHGMX		19.7	2.4	3,658	17 15 13	64	56	0	100	0	0	0	NL	0.96	15.2	416	Management Team
	—	16.5	1.7	9,675	20 14 13	—	61	4	96	0	0	5	—	1.16	—	1,440	—
ACMVX		17.9	1.9	13,049	22 14 13	111	66	1	98	0	1	6	Clsd	0.98	16.57	8,162	Management Team
ARTQX		15.3	1.6	8,994	22 18 16	54	31	7	93	0	0	4	Clsd	1.19	21.26	4,384	Management Team
DEFIX		14.6	1.7	2,667	37 21 18	50	19	12	88	0	0	4	NL	1.26	27.41	441	Management Team
DHMAX		18.7	1.9	5,488	26 18 15	59	21	9	91	0	0	2	Clsd	1.25	20.07	1,969	Management Team
FLVCX		13.5	1.7	16,332	23 17 13	106	4	3	96	1	0	6	NL	0.79	41.33	3,409	Thomas Soviero (13.2)
FLPSX		13.5	1.6	5,536	29 15 14	882	9	13	87	0	0	34	NL	0.79	49.74	39,539	Management Team
FDVLX		16.7	1.7	8,821	19 12 12	269	80	3	97	0	0	11	NL	0.84	105.26	7,952	Management Team
FPPTX		11.9	1.2	3,380	32 31 12	30	45	27	70	2	1	0	Clsd	0.77	34.46	771	Ahitov/Bryan (3.2/8.7)
GOODX		15.5	1.0	6,781	23 18 17	25	18	1	74	0	25	19	NL	1.1	22.55	270	Pitkowsky/Trauner (5.3/5.3)
HIMVX		12.8	1.4	5,612	19 14 13	210	12	0	100	0	0	1	NL	1.25	20.32	825	Management Team
JMVCX		18.4	2.2	7,555	18 16 11	73	65	6	94	0	0	4	NL	0.69	17.25	4,136	Management Team
TRMCX		17.3	1.6	8,299	23 14 12	96	46	8	92	0	0	8	Clsd	0.8	28.89	12,305	David Wallack (15.7)
VASVX		13.6	1.5	9,441	26 18 13	120	24	5	95	0	0	12	NL	0.39	27.44	9,015	Management Team
	—	25.8	3.4	3,015	24 17 17	—	77	3	97	0	0	3	—	1.32	—	877	—
ARTSX		38.2	5.2	3,428	49 16 13	63	45	6	94	0	0	4	Clsd	1.23	29.15	1,250	Management Team
BSCFX		29.3	3.4	3,843	24 21 18	79	15	4	95	0	1	3	NL	1.3	30.61	3,705	Clifford Greenberg (18.9)
BCSIX		44.5	4.1	2,762	64 27 5	40	22	5	95	0	0	0	Clsd	1.27	76.4	3,057	Management Team
		23.5	4.7	11,073													
		18.6	1.7	10,276													
		23.8	3.3	1,657													

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

Bold # = Cheapest Quintile

- Defensive
- Consumer Def
- Healthcare
- Utilities

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 08-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	6.2	3.3	6.9	11.6	7.6	—	—	—	—	—	15.48	(59)	—
Small Growth (cont'd)			—	6.2	3.3	6.9	11.6	7.6	—	—	—	—	—	15.48	(59)	—
Century Small Cap Select Inv CSMVX	—	★★	—	-0.3	-4.8	4.8	8.8	5.6	94	90	78	91	90	0.0	16.43 (60)	+Avg
Champlain Small Company Adv CIP SX	☉ Silver	★★★★★	—	15.9	17.9	10.5	13.4	10.3	2	2	10	19	2	0.0	14.45 (59)	Avg
Columbia Acorn USA Z AUSAX	—	★★★	—	5.7	4.9	7.2	11.1	6.5	57	38	47	64	78	0.0	15.02 (62)	Avg
Conestoga Small Cap Investors CCASX	☉ Silver	★★★★	—	6.7	11.7	8.5	12.4	9.2	47	8	26	35	8	0.0	16.06 (49)	+Avg
Janus Triton T JATTX	☉ Bronze	★★★★★	—	9.6	10.1	12.2	14.8	12.4	18	13	2	5	1	0.1	13.52 (73)	-Avg
Janus Venture T JAVTX	☉ Bronze	★★★★★	—	8.1	8.0	11.0	14.9	10.1	28	20	6	4	3	0.0	15.22 (68)	Avg
LKCM Small Cap Equity Instl LKSCX	☉ Silver	★★	—	5.1	1.1	3.6	7.6	5.5	62	64	87	96	91	0.0	15.06 (60)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	☉ Silver	↓★★★★	—	2.7	0.3	5.5	11.9	9.2	80	67	72	49	9	0.0	16.15 (52)	+Avg
Meridian Growth Legacy MERDX	☉ Bronze	★★★★★	—	13.8	11.0	10.1	12.2	9.3	5	9	12	40	7	0.0	13.01 (67)	-Avg
Meridian Small Cap Growth Investor MISGX	☉ Bronze	NR	—	14.2	8.3	—	—	—	4	19	—	—	—	0.0	— (—)	—
Neuberger Berman Genesis Inv NBGNX	☉ Bronze	★★★★	—	10.8	11.4	8.7	11.1	8.6	15	8	24	63	21	0.4	12.29 (70)	Low
Royce Premier Invmt RYPRX	☉ Bronze	★★	—	13.6	8.0	4.8	7.5	7.5	6	21	77	96	58	0.7	14.44 (72)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	↓★	—	1.3	-3.6	5.9	8.8	4.8	88	87	65	92	97	0.0	16.2 (62)	+Avg
T. Rowe Price New Horizons PRNHX	☉ Silver	★★★★★	—	7.7	8.7	11.4	16.7	11.6	33	19	4	1	1	0.0	14.26 (63)	Avg
T. Rowe Price QM US Small-Cap Gr Eq PRDSX	☉ Silver	★★★★★	—	7.1	6.9	10.8	14.9	10.4	41	26	8	5	2	0.0	13.6 (71)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	Neutral	★★★★	—	10.8	10.6	9.5	14.2	9.2	15	11	17	9	9	0.1	13.67 (67)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	★★★	—	8.5	5.3	7.7	12.9	7.6	24	34	37	27	54	0.4	14.38 (73)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	☉ Silver	★★★★	—	8.6	6.2	7.9	<i>12.8</i>	<i>8.9</i>	24	29	35	29	15	1.3	13.85 (68)	-Avg
Wasatch Core Growth WGROX	☉ Gold	★★★★	—	5.1	4.6	9.4	12.9	8.2	63	39	19	26	34	0.0	12.92 (63)	Low
Wasatch Small Cap Growth Investor WAAEX	☉ Gold	★★★★	—	3.3	3.4	5.8	10.7	7.9	76	49	67	72	41	0.0	14.58 (58)	-Avg
William Blair Small Cap Growth N WBSNX	—	★★★★	—	11.5	10.4	8.1	14.2	6.7	12	12	33	9	75	0.0	14.56 (59)	Avg
Small Blend			—	9.4	7.5	7.4	11.7	6.7	—	—	—	—	—	14.09	(66)	—
AMG Managers Skyline Special Equities SKSEX	☉ Bronze	↑★★★★	—	7.5	3.2	8.2	15.4	7.9	71	86	47	2	22	0.0	14.79 (62)	+Avg
ASTON/River Road Select Value N ARSMX	—	★★★	—	16.2	15.3	7.2	12.1	—	3	3	65	53	—	0.0	12.44 (68)	Low
ASTON/River Road Small Cap Value N ARSVX	—	★★★	—	13.4	13.4	7.5	11.8	5.4	12	8	61	58	81	0.0	11.93 (65)	Low
Berwyn BERWX	☉ Silver	★★	—	11.7	5.3	1.6	9.1	6.5	23	69	95	88	54	0.0	14.06 (50)	Avg
Bogle Small Cap Growth Inv BOGLX	—	★★	—	9.1	4.3	7.0	13.2	6.3	55	78	68	30	60	0.0	16.76 (71)	High
Bridgeway Ultra-Small Company Market BRSIX	—	★★	—	6.1	3.9	6.3	13.4	5.1	85	82	77	26	87	0.8	14.16 (50)	Avg
Broadview Opportunity BVAOX	☉ Silver	★★★★	—	10.2	4.4	6.6	11.8	8.8	39	77	73	58	7	0.0	13.24 (63)	-Avg
DFA US Micro Cap I DFSCX	☉ Gold	↑★★★★	—	9.8	8.9	9.1	14.1	7.2	46	36	31	16	34	0.9	14.31 (62)	Avg
DFA US Small Cap I DFSTX	☉ Gold	★★★★	—	10.4	9.0	9.3	14.0	8.3	35	35	27	17	16	1.1	13.88 (68)	Avg
Dreyfus Opportunistic Small Cap DSCVX	—	★★★★	—	3.4	1.3	5.9	13.5	10.7	97	92	78	25	3	0.3	17.87 (58)	High
Fidelity Small Cap Discovery FSCRX	☉ Gold	★★★★★	—	9.3	4.6	7.7	14.7	11.0	52	75	57	8	1	0.4	13.0 (67)	-Avg
Fidelity Small Cap Stock FSLCX	☉ Bronze	↓★★	—	5.9	5.8	9.9	10.9	6.7	86	64	19	71	50	0.2	12.54 (75)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★	—	6.4	5.8	8.0	11.6	6.3	81	63	50	62	59	0.4	13.43 (68)	-Avg
Mairs & Power Small Cap MSCFX	☉ Silver	★★★★★	—	17.0	18.5	11.1	17.9	—	2	1	3	1	—	0.3	12.96 (66)	-Avg
Perritt MicroCap Opportunities Investor PRCGX	—	↑★★★★	—	9.1	11.3	6.7	12.1	5.8	55	22	72	52	73	0.0	12.72 (57)	Low
Royce Pennsylvania Mutual Invmt PENNX	Neutral	★★★	—	13.9	10.1	5.4	9.2	6.2	9	28	83	88	62	0.8	14.12 (69)	Avg
Royce Total Return Invmt RYTRX	—	★★★	—	15.0	12.6	7.6	10.8	6.8	5	13	59	71	46	0.6	12.27 (72)	Low
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	—	12.8	14.7	9.0	12.5	7.3	15	4	32	45	33	0.1	13.13 (67)	-Avg
T. Rowe Price Small-Cap Value PRSVX	☉ Bronze	★★★★	—	14.9	15.3	8.4	12.3	7.7	5	3	42	48	26	0.7	13.11 (65)	-Avg
Vanguard Explorer Value Inv VEVFX	—	★★★★	—	10.9	11.4	9.1	13.7	—	30	21	31	23	—	0.8	13.32 (74)	-Avg
Vanguard Small Cap Index Adm VSMAX	☉ Gold	★★★★	—	11.0	9.3	9.8	13.9	8.5	28	32	20	19	13	1.8	13.24 (75)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	☉ Gold	★★★★★	—	12.4	12.4	11.0	15.1	8.8	18	15	4	4	8	1.6	13.57 (67)	Avg
Small Value			—	11.7	9.3	7.4	11.8	6.5	—	—	—	—	—	13.84	(65)	—
AllianzGI NFJ Small-Cap Value A PCVAX	☉ Silver	★★★	—	9.4	6.5	4.8	8.5	7.0	72	77	83	93	34	1.4	12.26 (74)	-Avg
American Beacon Small Cp Val Inv AVPAX	☉ Bronze	★★★	—	10.6	9.2	8.3	13.1	7.1	57	49	43	29	28	0.4	13.74 (70)	Avg
American Century Small Cap Value Inv ASVIX	—	★★★★	—	11.3	11.3	9.6	12.9	8.2	49	34	20	31	11	0.7	14.61 (67)	+Avg
Russell 2000 Growth Index				6.2	3.7	8.7	13.2	8.3								
Russell 2000 Index				10.4	8.7	8.6	12.9	7.1								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

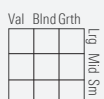
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	25.8	3.4	3,015	24	17	17	—	77	3	97	0	0	3	—	1.32	—	877	—
CSMVX		23.6	3.1	1,808	26	23	18	60	69	3	97	0	0	5	NL	1.42	21.63	171	Alexander Thorndike (16.7)
CIP SX		22.5	2.2	1,878	22	21	17	78	37	3	97	0	0	1	Clsd	1.31	18.36	1,130	Management Team
AUSAX		25.4	3.3	2,563	22	21	19	100	35	0	100	0	0	3	NL	1.18	20.72	689	Doyle/Litfin (2.7/0.7)
CCASX		35.0	4.1	1,531	36	27	16	49	12	6	94	0	0	0	NL	1.1	38.13	818	Mitchell/Monahan (13.9/2.6)
JATX		24.8	3.7	3,337	29	23	17	113	27	5	94	0	1	2	Clsd	0.92	24.1	7,110	Coleman/Stutzman (3.2/0.2)
JAVTX		23.9	3.6	2,491	27	23	19	117	40	2	97	0	2	7	Clsd	0.92	66.59	2,774	Coleman/Stutzman (3.2/0.2)
LKSCX		25.5	2.6	2,497	24	15	14	82	62	2	98	0	0	3	NL	0.97	20.88	452	Management Team
LCGRX		29.7	3.8	2,201	27	24	16	98	78	4	96	0	0	5	Clsd	1.19	20.51	1,138	Burns/Slavik (11.7/11.4)
MERDX		25.3	3.2	2,374	29	24	19	91	67	4	96	0	0	3	Clsd	0.84	34.92	1,314	Meade/Schaub (3.0/3.0)
MISGX		25.8	2.5	998	30	24	18	111	62	10	89	0	1	4	NL	1.39	12.85	486	Meade/Schaub (2.7/2.7)
NBGNX		23.2	3.5	3,311	21	19	16	145	13	2	98	0	0	5	NL	1.01	34.13	10,647	Management Team
RYPRX		19.5	2.4	2,985	38	17	13	61	13	0	98	0	2	11	NL	1.13	16.22	2,331	Management Team
RYVPX		23.2	2.4	1,333	32	15	14	91	45	8	87	0	5	9	NL	1.48	11.35	477	Brown/Skinner (3.3/12.7)
PRNHX		30.4	3.8	4,244	23	20	19	255	34	5	89	0	6	8	Clsd	0.79	45.72	16,629	Henry Ellenbogen (6.5)
PRDSX		23.9	3.5	3,375	22	19	18	287	10	3	97	0	0	1	NL	0.82	27.53	2,729	Sudhir Nanda (9.9)
OTCFX		21.7	2.1	2,088	17	17	17	326	20	5	93	0	1	4	Clsd	0.9	42.77	9,332	Gregory McCrickard (24.0)
VEXPX		22.1	2.5	2,726	23	19	18	730	62	3	97	0	0	4	NL	0.49	87.28	11,360	Management Team
VSGAX		26.8	2.7	3,218	20	17	16	704	23	0	99	0	0	1	NL	0.08	46.21	16,059	Coleman/O'Reilly (0.3/11.7)
WGROX		22.6	3.6	2,573	24	17	16	64	39	6	92	0	1	8	NL	1.17	55.61	1,280	Lambert/Taylor (11.6/15.7)
WAAEX		25.3	3.2	2,021	28	18	18	108	31	0	96	0	4	16	Clsd	1.22	42.66	1,870	Cardon/Taylor (29.7/3.6)
WBSNX		23.9	3.0	1,443	27	19	17	87	91	3	97	0	0	6	NL	1.5	25.05	374	Management Team
SKSEX		17.0	1.7	1,655	30	27	18	71	31	4	96	0	0	5	Clsd	1.33	38.39	1,411	Management Team
ARSMX		17.8	1.6	2,093	31	22	17	65	59	1	99	0	0	2	NL	1.52	7.25	41	Management Team
ARSVX		17.0	1.6	1,394	27	26	19	58	61	9	91	0	0	3	NL	1.39	12.52	277	Management Team
BERWX		16.4	1.2	536	29	23	14	43	11	6	94	0	0	4	NL	1.23	29.75	124	Management Team
BOGLX		17.8	1.4	1,533	19	18	16	188	196	2	98	0	0	8	NL	1.35	26.35	129	John Bogle (16.9)
BRSEX		14.1	1.1	151	22	16	16	627	32	0	98	0	2	1	NL	0.78	13.69	346	Management Team
BVAOX		18.8	2.0	2,356	22	21	16	79	41	13	87	0	0	3	NL	1.23	34.5	665	Management Team
DFSCX		18.3	1.8	857	20	19	17	1577	12	1	98	0	0	1	NL	0.52	19.14	5,307	Management Team
DFSTX		19.2	1.9	1,689	19	18	17	1997	11	1	99	0	0	2	NL	0.37	31.13	13,065	Management Team
DSCVX		16.5	2.0	1,703	27	21	19	74	74	1	99	0	0	8	Clsd	1.09	29.66	803	Management Team
FSCRX		16.6	1.5	2,429	26	21	15	62	25	1	99	0	0	2	Clsd	1.01	28.89	5,370	Janssen/Myers (0.4/10.4)
FSLCX		17.8	1.9	2,266	23	20	15	136	59	3	97	0	0	16	NL	1.0	17.97	1,996	Lionel Harris (4.7)
FDSCX		19.7	2.2	2,526	18	17	15	210	48	3	97	0	0	6	NL	0.77	24.54	1,474	Management Team
MSCFX		20.8	2.1	1,824	26	21	13	48	23	2	98	0	0	1	NL	1.06	22.79	297	Adams/Steinkopf (5.0/1.7)
PRCGX		15.3	1.3	265	21	20	16	90	21	3	97	0	0	3	NL	1.22	34.54	271	Corbett/Metrou (19.7/2.5)
PENNX		18.6	2.0	1,618	27	20	18	304	21	2	95	0	3	7	NL	0.93	10.63	2,658	Management Team
RYTRX		17.1	1.8	2,011	27	24	16	287	11	1	97	0	2	10	NL	1.22	13.62	2,850	Management Team
STSCX		18.0	2.1	3,459	25	17	12	57	6	2	96	0	1	0	NL	1.09	78.84	1,210	Management Team
PRSVX		20.0	1.7	1,509	25	13	12	311	32	2	96	0	2	2	NL	0.92	41.73	8,164	J. Wagner (2.2)
VEVFX		18.0	1.8	2,302	22	14	13	127	35	8	92	0	0	3	NL	0.65	31.55	377	Management Team
VSMAX		20.6	2.0	3,105	16	15	14	1470	11	0	99	0	0	1	NL	0.08	58.59	60,210	Coleman/O'Reilly (0.3/0.3)
VTMSX		20.3	2.0	1,525	17	17	15	603	33	1	99	0	0	0	NL	0.11	49.64	4,333	Butler/Coleman (0.3/0.3)
PCVAX		15.1	1.8	2,272	23	22	10	122	48	4	95	0	1	4	Clsd	1.23	21.92	3,921	Management Team
AVPAX		15.3	1.4	1,931	26	18	18	603	47	4	96	0	0	5	NL	1.16	24.04	6,039	Management Team
ASVIX		16.7	1.5	1,399	23	18	14	139	95	3	97	0	0	4	Clsd	1.26	8.4	1,448	John/Lewis (7.7/5.7)
		23.8	3.3	1,657															
		20.0	1.8	1,501															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
			Morningstar Rating	Total Return % 08-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
						3 Yr	5 Yr	10 Yr									
Morningstar 500 Domestic Equity																	
Small Value (cont'd)																	
Dean Small Cap Value DASCX	—		★★★★	11.7	9.3	7.4	11.8	6.5	—	—	—	—	—	—	13.84	(65)	—
DFA US Small Cap Value I DFSVX	★ Gold		★★★★	15.1	14.3	9.1	13.4	6.8	11	14	26	21	40	0.2	13.48	(62)	Avg
DFA US Targeted Value I DFFVX	★ Gold		★★★★	10.1	7.2	7.3	13.1	6.4	63	70	61	28	56	1.3	14.75	(65)	+Avg
Diamond Hill Small Cap A DHSCX	★ Gold		★★★★	10.8	7.5	8.3	13.5	7.0	55	66	43	18	35	1.2	14.18	(72)	Avg
Fidelity Small Cap Value FCPVX	★ Bronze		★★★★★	6.2	3.1	6.4	11.0	6.5	90	90	71	69	50	0.3	10.4	(71)	Low
Perkins Small Cap Value T JSCVX	★ Silver		★★★★★	9.6	8.5	9.4	14.8	9.3	70	56	21	6	2	0.8	12.06	(65)	-Avg
Royce Opportunity Invmt RYPNX	★ Bronze		★★★★	14.3	13.0	10.7	11.5	8.7	19	21	13	60	7	0.6	11.47	(73)	Low
Royce Small-Cap Value Service RYVFX	—		★★	14.9	9.7	5.1	11.9	6.7	14	45	81	50	46	0.0	16.21	(60)	+Avg
Royce Special Equity Invmt RYSEX	★ Gold		★★	9.5	2.4	4.2	5.6	5.6	70	92	88	97	76	0.5	13.4	(56)	-Avg
Third Avenue Small Cap Value Instl TASCX	—		★★★★	14.0	7.1	5.1	9.7	7.9	24	71	81	86	14	1.1	13.4	(59)	-Avg
Vanguard Small Cap Value Index Admiral VSIAX	★ Silver		★★★★	15.0	10.6	8.3	10.9	5.2	13	39	41	72	82	0.0	13.37	(68)	Avg
			★★★★★	13.1	12.1	11.3	14.8	7.6	37	30	9	6	18	2.3	13.11	(78)	Avg
Allocation																	
American Funds 2020 Trgt Date Retire A AACTX	★ Silver	TE	★★★★	4.8	4.8	4.6	5.8	3.8	—	—	—	—	—	—	6.56	(76)	—
American Funds American Balanced A ABALX	★ Silver	MA	★★★★	6.4	7.8	7.4	8.7	—	37	9	3	3	—	1.1	6.59	(95)	Avg
American Funds Income Fund of Amer A AMECX	★ Silver	AL	★★★★	6.7	10.9	9.4	11.0	7.0	30	3	3	3	8	1.5	7.42	(89)	Avg
Arbitrage R ARBFX	★ Bronze	NE	★★★★	8.7	12.0	8.3	9.7	6.2	11	6	12	16	10	3.0	7.9	(92)	Low
ASTON/Montag & Caldwell Balanced N MOBAX	—	MA	★★★★	2.2	2.7	1.7	1.3	2.8	41	30	34	45	20	0.0	1.78	(1)	Low
Berwyn Income BERIX	★ Silver	CA	★★★★	2.1	4.7	7.3	7.6	6.3	96	83	26	58	18	0.6	6.21	(65)	Low
Calamos Market Neutral Income A CVSIX	★ Neutral	NE	★★★★	7.9	7.3	4.8	6.5	7.1	22	21	51	28	2	2.3	4.34	(79)	Low
Dodge & Cox Balanced DDBX	★ Gold	MA	★★★★	3.4	4.4	3.4	3.9	3.3	20	13	10	8	10	1.1	3.41	(0)	Avg
Fidelity Balanced FBALX	★ Bronze	MA	★★★★	8.2	8.4	8.5	11.9	6.0	10	18	8	1	28	2.2	8.85	(86)	High
Fidelity Four-in-One Index FFNOX	★ Gold	AL	★★★★	6.0	7.7	9.1	10.1	6.5	47	27	4	10	13	1.5	7.96	(91)	+Avg
Fidelity Puritan FPURX	★ Silver	MA	★★★★	6.0	7.7	8.2	10.3	5.8	50	25	13	9	23	2.0	9.53	(95)	Avg
Fidelity Strategic Real Return FSRRX	—	XY	★★★★★	4.6	7.4	9.2	10.2	6.6	81	32	4	8	12	1.6	8.01	(85)	+Avg
FPA Crescent FPACX	★ Gold	MA	★	7.4	3.3	0.2	0.9	2.4	20	80	93	86	87	1.8	5.13	(39)	+Avg
Franklin Income A FKINX	★ Bronze	CA	★★★★	5.7	7.0	6.2	8.8	7.0	57	39	56	31	8	0.6	7.54	(83)	Avg
Franklin Mutual Shares A TESIX	★ Bronze	XM	★★★★	11.3	8.7	4.6	7.3	5.5	2	11	60	12	18	5.3	9.11	(87)	High
Gateway A GATEX	★ Silver	XR	★★★★	8.8	7.6	7.3	11.0	4.7	6	18	44	12	58	1.7	10.12	(90)	Low
Greenspring GRSPX	—	MA	★★	2.9	4.8	4.4	4.9	3.1	51	47	58	75	1	1.3	4.34	(87)	-Avg
Invesco Equity and Income A ACEIX	★ Bronze	MA	★★	11.6	10.7	2.5	6.2	5.1	4	5	97	87	57	1.7	8.14	(73)	+Avg
Janus Balanced T JABAX	★ Neutral	MA	★★★★	7.1	7.4	7.6	10.6	6.2	23	32	22	5	18	2.1	8.46	(85)	+Avg
JPMorgan Income Builder A JNBAX	★ Bronze	CA	★★★★	1.9	4.5	6.7	8.8	7.2	97	85	42	32	5	1.6	7.12	(88)	Avg
Leuthold Core Investment Retail LCORX	—	TV	★★★★	7.1	7.1	5.6	7.1	—	28	22	24	15	—	4.0	6.45	(91)	+Avg
Litman Gregory Masters Alt Strats Inv MASNX	★ Bronze	GY	★★★★	3.0	2.9	7.2	6.4	5.3	72	64	5	10	6	3.8	6.64	(61)	-Avg
Mairs & Power Balanced Inv MAPOX	★ Silver	MA	★★★★	5.0	4.1	3.5	—	—	20	17	15	—	—	3.0	3.22	(81)	Low
Manning & Napier Pro-Blend Cnsvr Term S EXDAX	★ Bronze	CA	★★★★★	10.4	12.3	8.2	10.9	7.4	6	1	12	3	4	2.3	7.25	(90)	Avg
Manning & Napier Pro-Blend Extnrd Term S MNBAX	★ Bronze	MA	★★★★	6.0	5.4	3.9	4.7	5.1	53	62	80	83	31	1.4	4.66	(94)	-Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	★ Bronze	CA	★★★★	7.2	6.2	5.0	7.0	5.4	23	57	85	72	47	0.5	7.88	(94)	+Avg
Merger Investor MERFX	★ Silver	NE	★★★	6.2	5.0	4.0	5.6	4.9	49	71	78	54	40	0.7	6.2	(94)	+Avg
MFS Total Return A MSFRX	★ Bronze	MA	★★★	1.4	1.3	1.4	2.2	2.6	51	41	40	29	23	0.8	2.98	(0)	-Avg
Natixis ASG Global Alternatives A GAFAX	★ Neutral	GY	★★★★	7.9	9.2	8.2	9.4	5.9	12	12	12	19	30	2.3	6.38	(93)	-Avg
Oakmark Equity & Income I OAKBX	★ Silver	MA	★★★★	—	—	—	—	—	96	96	84	72	—	0.0	7.51	(34)	+Avg
Pax Balanced Individual Investor PAXWX	—	MA	★★★★	5.5	4.8	6.1	8.3	6.6	63	82	60	41	12	1.1	8.47	(88)	+Avg
			★★★★	5.7	8.3	7.3	7.8	4.7	55	20	27	52	72	1.0	7.22	(91)	Avg
Russell 2000 Value Index				14.7	13.7	8.4	12.5	5.7									
S&P 500 Index				7.8	12.5	12.3	14.6	7.5									
BarCap US Agg Bond TR USD				5.7	6.0	4.4	3.1	4.7									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- CA Allocation—30% to 50% Equity
- GY Multi-Alternative
- LO Long-Short
- MA Allocation—50% to 70% Equity
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- TD Target Date 2011–2015
- TE Target Date 2016–2020
- TG Target Date 2021–2025
- TH Target Date 2026–2030
- TI Target Date 2031–2035
- TJ Target Date 2036–2040
- TK Target Date 2041–2045
- TL Target Date 2050+
- TV Tactical Allocation
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity
- XR Option Writing

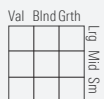
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	17.5	1.5	2,539	24	18	13	—	78	4	96	0	0	3	—	1.31	—	911	—
DASCX		15.3	1.6	1,633	24	23	23	62	148	1	99	0	0	0	NL	1.2	15.6	219	Steven Roth (8.2)
DFSVX		16.3	1.2	1,444	25	21	14	1143	9	1	99	0	0	2	NL	0.52	33.42	12,995	Management Team
DFVFX		16.1	1.3	2,187	27	20	14	1487	15	1	99	0	0	2	NL	0.37	21.75	8,193	Management Team
DHSCX		17.1	1.7	2,916	31	27	10	75	17	17	83	0	0	4	Clsd	1.31	32.82	1,797	Management Team
FCPVX		16.7	1.5	2,289	31	20	13	59	34	1	97	0	2	4	Clsd	1.19	18.35	3,198	Derek Janssen (3.6)
JSCVX		19.7	2.0	2,144	22	20	14	89	84	5	95	0	0	2	NL	0.81	20.8	1,585	Management Team
RYPNX		17.5	1.2	631	34	19	17	243	27	6	93	0	1	3	NL	1.17	12.14	1,440	Hench/Zaino (12.3/18.4)
RYVFX		13.3	1.5	1,166	34	20	18	62	60	9	91	0	1	5	NL	1.48	9.53	474	Jay Kaplan (12.7)
RYSEX		16.3	1.7	1,243	42	20	16	42	15	9	91	0	0	0	NL	1.15	20.46	1,460	Dreifus/McBoyle (18.3/1.9)
TASCX		17.8	1.6	1,949	34	17	16	64	29	5	94	0	1	4	NL	1.14	21.56	315	Bui/Rewey (3.7/2.2)
VSIAX		17.6	1.6	3,018	18	17	12	855	16	0	100	0	0	1	NL	0.08	47.7	18,667	Coleman/O'Reilly (0.3/0.3)
	—	1.5	0.2	2,653	—	—	—	—	—	16	52	28	4	15	—	0.93	—	1,372	—
AACTX		18.2	2.5	61,162	15	14	12	21	8	6	51	40	3	20	5.75	0.71	11.76	7,423	Management Team
ABALX		19.4	2.6	103,899	15	14	14	1537	82	7	55	35	2	7	5.75	0.58	25.06	97,246	Management Team
AMECX		19.0	2.9	68,887	15	14	12	1734	45	5	69	22	4	19	5.75	0.55	21.64	101,213	Management Team
ARBFX		23.8	3.0	6,306	23	15	14	93	321	53	46	0	1	6	NL	1.45	12.8	1,766	Management Team
MOBAX		24.7	3.6	99,042	36	23	15	71	36	5	63	32	0	0	NL	1.36	23.11	37	Canakaris/Donahue (21.8/3.5)
BERIX		19.9	2.1	5,144	40	14	13	98	45	41	21	24	14	7	NL	0.67	13.72	1,748	Management Team
CVSIX		17.6	2.5	95,558	18	16	15	494	38	5	36	9	51	-1	4.75	1.11	13.12	3,864	Management Team
DODBX		14.6	1.7	55,741	26	23	18	384	20	2	66	31	1	11	NL	0.53	99.61	14,359	Management Team
FBALX		20.8	2.5	43,028	20	16	13	1130	128	4	65	29	3	8	NL	0.56	22.32	28,820	Management Team
FFNOX		17.5	2.0	36,434	15	14	14	4	9	2	84	14	0	27	NL	0.11	38.19	4,449	Dierdorf/Sharpe (7.6/7.2)
FPURX		22.3	2.9	64,257	22	18	14	1142	106	2	73	25	0	8	NL	0.56	21.08	25,776	Management Team
FSRRX		33.3	2.4	8,659	98	1	0	328	23	1	13	31	55	2	NL	0.8	8.77	782	Management Team
FPACX		15.8	1.3	42,011	33	30	14	125	48	34	54	6	6	9	NL	1.09	32.57	16,482	Management Team
FKINX		16.0	1.8	86,190	18	15	12	493	45	3	51	36	10	27	4.25	0.61	2.25	79,630	Management Team
TESIX		15.5	1.5	39,550	24	18	16	153	20	7	87	4	2	19	5.75	1.06	28.04	15,130	Management Team
GATEX		19.2	2.6	77,185	19	16	14	279	10	2	98	0	0	-2	5.75	0.94	30.35	8,155	Management Team
GRSPX		18.2	2.0	3,972	33	17	16	107	25	14	65	16	5	2	NL	0.96	23.51	293	Charles Carlson (29.6)
ACEIX		15.1	1.5	56,450	31	13	13	419	69	10	64	20	7	8	5.50	0.8	10.22	13,640	Management Team
JABAX		17.2	3.6	66,702	17	16	15	519	75	1	59	37	2	5	NL	0.83	29.25	13,394	Management Team
JNBAX		17.5	1.9	34,081	23	17	9	2515	48	3	33	61	3	29	4.50	0.75	10.09	12,283	Management Team
LCORX		13.4	2.2	9,212	23	19	18	330	79	27	57	14	1	12	NL	1.21	18.13	916	Management Team
MASNX		19.7	2.1	20,596	29	13	10	967	146	21	32	44	3	-6	NL	1.74	11.37	1,363	Management Team
MAPOX		18.3	3.0	52,660	23	23	17	321	14	3	65	32	0	5	NL	0.73	88.56	815	Earley/Kaliebe (1.7/10.7)
EXDAX		21.4	3.2	47,228	23	17	10	603	51	6	33	61	0	10	NL	0.9	13.46	1,213	Management Team
MNBAX		22.7	3.5	35,480	27	22	10	553	66	3	58	39	0	18	NL	1.08	16.77	1,118	Management Team
EXBAX		22.8	3.5	35,273	27	22	9	556	56	5	43	51	0	16	NL	1.07	13.47	1,016	Management Team
MERFX		20.0	1.9	17,190	33	22	11	115	157	47	47	3	3	3	NL	1.37	15.52	3,845	Behren/Shannon (9.6/9.6)
MSFRX		16.8	2.1	59,130	21	15	14	849	45	5	59	36	0	9	5.75	0.74	18.28	7,467	Management Team
GAFAX		—	—	—	—	—	—	53	0	208	43	-151	0	-108	5.75	1.53	9.64	2,208	Management Team
OAKBX		13.4	1.7	33,145	31	17	14	297	25	11	62	19	8	8	NL	0.75	30.13	16,356	Management Team
PAXWX		18.5	2.3	47,913	18	17	16	274	61	4	63	33	0	12	NL	0.93	22.66	1,913	Management Team
		17.4	1.3	1,358															
		19.3	2.7	76,079															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 08-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
						3 Yr	5 Yr	10 Yr									
Allocation (cont'd)			—	4.8	4.8	4.6	5.8	3.8	—	—	—	—	—	—	6.56	(76)	—
Permanent Portfolio Permanent I PRPFX	—	CA	↓★★★	13.1	10.8	1.9	0.6	5.4	1	4	94	98	22	1.0	7.63 (39)	High	
PIMCO All Asset All Authority D PAUDX	🥉 Bronze	TV	★★★★	12.8	6.8	-0.7	0.8	3.9	5	24	84	89	51	4.2	8.68 (61)	Avg	
PIMCO All Asset D PASDX	🥇 Gold	TV	★★★★	12.3	8.5	2.2	3.0	4.4	8	15	63	69	29	3.0	8.2 (74)	Avg	
PIMCO Inflation Response MultiAsst Instl PIRMX	—	CA	★	10.5	6.7	1.2	0.2	—	5	29	95	98	—	1.9	7.26 (44)	High	
PIMCO RAE Fundamental Advantage PLUS D PFSDX	Neutral	NE	★★	3.1	-0.1	-1.2	1.5	—	27	56	74	41	—	4.4	3.17 (2)	Avg	
T. Rowe Price Balanced RPBAX	🥈 Silver	MA	★★★★★	5.3	6.6	7.4	9.0	6.2	67	49	25	28	19	1.8	7.75 (94)	+Avg	
T. Rowe Price Capital Appreciation PRWCX	🥇 Gold	MA	★★★★★	7.7	10.9	11.5	13.3	8.7	14	4	1	1	1	1.3	7.06 (84)	Avg	
T. Rowe Price Personal Strat Gr TRSGX	🥈 Silver	AL	★★★★★	5.6	7.3	8.2	10.4	6.5	59	30	14	8	4	1.5	9.76 (94)	+Avg	
T. Rowe Price Personal Strat Inc PRSIX	🥈 Silver	CA	★★★★★	6.5	7.1	6.1	7.0	6.0	42	22	12	17	7	1.9	5.64 (97)	Avg	
T. Rowe Price Retirement 2015 TRRGX	🥈 Silver	TD	↑★★★★★	7.2	7.9	6.9	8.0	5.8	5	4	4	4	1	1.9	6.85 (98)	High	
Vanguard Balanced Index Adm VBIAX	🥇 Gold	MA	★★★★★	7.5	9.5	8.9	10.0	7.0	18	10	6	11	10	2.0	6.62 (93)	-Avg	
Vanguard LifeStrategy Income Inv VASIX	🥇 Gold	XY	★★★★★	6.5	7.2	5.6	4.9	4.7	31	14	9	29	27	2.0	3.07 (61)	-Avg	
Vanguard Managed Payout Investor VPGDX	—	XM	↓★★	6.7	7.5	6.8	7.4	—	28	23	66	98	—	3.2	6.56 (96)	Low	
Vanguard STAR Inv VGSTX	🥈 Silver	MA	★★★★★	6.6	7.9	7.8	9.1	6.3	33	24	19	25	18	1.9	7.61 (96)	+Avg	
Vanguard Target Retirement 2025 Inv VTTVX	🥇 Gold	TG	★★★★★	6.9	8.0	7.6	8.9	5.8	23	11	6	15	7	2.0	7.59 (98)	Avg	
Vanguard Tax-Managed Balanced Adm VTMFX	🥇 Gold	CA	★★★★★	5.8	8.8	8.7	9.2	6.5	58	10	1	2	5	2.0	5.18 (92)	Avg	
Vanguard Wellesley Income Inv VWINX	🥇 Gold	CA	★★★★★	9.1	12.1	8.0	8.5	7.3	14	2	3	4	1	2.8	4.37 (77)	-Avg	
Vanguard Wellington Inv VWELX	🥇 Gold	MA	★★★★★	7.7	10.6	8.8	10.6	7.3	14	5	6	5	5	2.5	7.17 (93)	Avg	
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★★	6.1	7.1	5.9	7.8	6.8	43	38	66	54	11	1.4	6.07 (87)	Low	
U.S. Specialty Funds																	
AllianzGI Technology Institutional DRGTX	🥉 Bronze	ST	★★★★★	5.0	13.6	14.3	13.5	10.9	75	61	51	58	20	0.0	15.68 (67)	Avg	
Cohen & Steers Realty Shares CSRSX	🥉 Bronze	SR	★★★★★	11.6	24.0	16.4	13.1	6.8	42	17	14	23	20	2.4	14.59 (19)	Avg	
Davis Financial A RPFGX	—	SF	★★★★★	4.7	6.8	11.5	12.8	5.0	37	33	19	36	25	0.5	12.69 (76)	Avg	
Fidelity Real Estate Investment Port FRESX	🥉 Bronze	SR	★★★★★	13.3	27.1	16.9	14.1	6.7	15	1	6	5	24	1.5	14.94 (15)	+Avg	
Fidelity Select Energy FSENX	—	EE	★★★★★	21.0	9.5	-3.3	1.0	2.3	14	9	8	8	24	0.9	21.18 (41)	Avg	
Fidelity Select Health Care FSPHX	—	SH	★★★★★	-2.9	-3.8	17.9	21.9	13.0	25	28	2	19	24	0.0	16.36 (36)	+Avg	
Fidelity Select Technology FSPTX	—	ST	★★★★★	10.8	20.2	14.9	14.6	11.0	25	24	45	41	16	0.1	14.96 (70)	Avg	
Franklin Utilities A FKUTX	🥇 Gold	SU	★★★★★	16.6	19.2	12.3	12.0	8.4	12	21	12	13	4	2.7	12.41 (5)	Avg	
Harbor Commodity Real Return ST Instl HACMX	—	BB	★★	7.7	-8.2	-14.4	-12.9	—	21	60	54	57	—	2.9	15.5 (90)	+Avg	
PIMCO Commodity Real Ret Strat D PCRDX	🥈 Silver	BB	★★	7.5	-8.4	-14.4	-13.1	-4.9	25	64	55	63	37	4.1	15.32 (90)	+Avg	
T. Rowe Price Global Technology PRGTX	🥉 Bronze	ST	★★★★★	7.9	23.3	24.5	21.7	15.3	56	8	2	1	1	0.0	16.06 (77)	+Avg	
T. Rowe Price Health Sciences PRHSX	Neutral	SH	★★★★★	-7.1	-8.6	16.8	23.4	15.6	57	61	15	5	1	0.0	16.34 (30)	+Avg	
T. Rowe Price Media & Telecomms PRMTX	—	SC	★★★★★	8.3	15.7	14.1	16.2	13.6	56	28	1	1	6	0.2	14.01 (80)	High	
T. Rowe Price New Era PRNEX	—	SN	★★★★★	20.1	12.7	-0.7	-0.2	2.1	32	16	26	28	17	1.3	17.16 (54)	-Avg	
T. Rowe Price Real Estate TRREX	🥇 Gold	SR	★★★★★	10.2	22.0	16.0	13.0	6.2	84	55	25	25	47	2.1	13.96 (20)	-Avg	
T. Rowe Price Science & Tech PRSCX	—	ST	★★★★	12.3	22.7	17.7	15.5	11.0	14	9	23	24	16	0.0	15.13 (75)	Avg	
Third Avenue Real Estate Value Instl TAREX	🥈 Silver	GR	★★★★★	7.0	6.6	8.1	11.5	4.2	79	88	72	1	8	0.6	11.94 (76)	Avg	
Vanguard Energy Inv VGENX	Neutral	EE	★★★★★	22.9	12.9	-3.4	-0.2	2.5	8	4	12	24	21	2.1	20.24 (47)	-Avg	
Vanguard Health Care Inv VGHGX	🥇 Gold	SH	★★★★★	-3.9	-1.5	17.0	18.6	11.0	31	20	12	49	49	1.0	12.74 (47)	-Avg	
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★★	70.2	51.6	-0.1	-13.8	-3.1	94	100	42	40	79	1.5	34.67 (8)	Low	
Vanguard REIT Index Adm VGSIX	🥇 Gold	SR	↓★★★★	13.9	25.6	15.9	13.5	6.9	6	6	26	14	17	3.3	14.94 (15)	+Avg	
BarCap US Agg Bond TR USD				5.7	6.0	4.4	3.1	4.7									
Dow Jones Moderate Portfolio Index				7.8	8.4	6.6	7.4	5.7									
S&P 500 Index				7.8	12.5	12.3	14.6	7.5									

Legend		Categories	
Red = Lowest return in group	★ = New this month	AL Allocation—70% to 85% Equity	SF Financial
Green = Highest return in group	↑↓ = Increase/decrease in rating	BB Commodities Broad Basket	SH Health
<i>Italic</i> = Extended performance	NR = No Morningstar Rating; fund less than three years old.	CA Allocation—30% to 50% Equity	SN Natural Resources
		EE Equity Energy	SP Equity Precious Metals
		GR Global Real Estate	SR Real Estate
		IH World Allocation	ST Technology
		LO Long-Short	SU Utilities
		MA Allocation—50% to 70% Equity	TA Target-Date 2000-2010
		NE Market Neutral	TD Target Date 2011-2015
		SC Communications	TE Target Date 2016-2020
			TG Target Date 2021-2025
			TH Target Date 2026-2030
			TI Target Date 2031-2035
			TJ Target Date 2036-2040
			TK Target Date 2041-2045
			TL Target Date 2050+
			TV Tactical Allocation
			RI Retirement Income
			XM Allocation—85%+ Equity
			XY Allocation—15% to 30% Equity

Current Portfolio Style

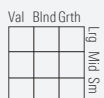
Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
—	1.5	0.2	2,653	—	—	—	—	—	16	52	28	4	15	—	0.93	—	1,372	—
PRPFX	25.5	2.3	21,807	31	14	13	137	6	5	37	29	29	12	NL	0.8	39.06	2,958	Michael Cuggino (13.3)
PAUDX	8.7	0.8	—	—	—	—	37	39	61	19	14	5	-34	NL	1.62	8.55	8,487	Robert Arnott (12.8)
PASDX	8.6	0.8	—	—	—	—	38	40	45	30	22	3	3	NL	1.27	11.36	19,419	Robert Arnott (14.1)
PIRMX	30.0	2.1	12,777	76	8	3	397	290	31	8	37	24	-27	NL	0.7	8.63	997	Johnson/Worah (1.7/5.0)
PFSDX	—	—	—	—	—	—	316	602	-9	0	107	2	39	NL	1.29	9.66	684	Management Team
RPBAX	17.4	1.9	47,670	17	16	14	1480	65	3	63	33	0	28	NL	0.64	22.35	3,994	Charles Shriver (5.3)
PRWCX	22.0	3.2	49,695	25	20	18	269	67	14	61	23	2	7	Clsd	0.7	26.99	26,498	David Giroux (10.2)
TRSGX	17.5	1.9	37,146	18	16	15	1617	64	3	78	19	0	36	NL	0.78	29.39	1,721	Charles Shriver (5.3)
PRSEX	17.5	1.9	36,979	18	16	15	1703	81	15	38	46	0	31	NL	0.58	18.27	1,668	Charles Shriver (5.3)
TRRGX	17.4	2.0	34,222	16	15	14	19	16	5	51	43	1	27	NL	0.62	14.66	9,733	Clark/Lee (12.5/1.1)
VBIAX	19.5	2.5	43,455	18	15	14	12128	61	2	59	39	0	4	NL	0.08	31.09	29,432	Management Team
VASIX	16.9	1.9	30,807	16	14	13	5	14	2	20	76	1	35	NL	0.12	15.38	3,789	Management Team (21.9)
VPGDY	16.4	1.9	5,205	18	15	13	10	29	11	65	17	7	38	NL	0.38	17.99	1,668	Ameriks/Shtekman (2.4/0.3)
VGSTX	16.8	1.9	37,455	20	16	16	12	8	4	61	34	1	26	NL	0.34	24.64	19,069	Coleman/Nejman (3.5/3.5)
VTTVX	16.9	1.9	30,804	16	14	13	5	24	1	66	32	1	38	NL	0.15	16.7	31,579	Coleman/Nejman (3.5/3.5)
VTMFY	19.5	2.6	56,582	18	15	13	2325	9	1	49	50	0	0	NL	0.11	28.15	2,973	Management Team
VWINX	18.3	2.5	105,526	14	14	13	1480	59	4	36	59	2	18	NL	0.23	26.39	49,613	Keogh/Reckmeyer (8.5/9.7)
VWELX	16.3	2.1	98,596	21	20	13	1278	39	1	66	32	1	16	Clsd	0.26	39.13	92,473	Bousa/Keogh (13.7/10.4)
WHGIX	19.7	2.7	50,059	22	16	16	61	24	27	48	11	13	2	NL	0.9	14.83	2,444	Freeman/Williams (10.7/10.7)
DRGTX	25.8	4.6	59,443	71	12	8	139	171	8	92	0	0	6	NL	1.32	57.03	1,213	Chen/Price (20.7/20.7)
CSRSX	44.9	2.8	12,038	96	3	1	50	58	1	99	0	0	0	NL	0.96	76.1	6,206	Management Team
RPFGX	14.4	1.2	49,601	90	4	4	31	5	4	96	0	0	15	4.75	0.86	41.26	763	Christopher Davis (2.7)
FRESX	35.7	2.6	13,263	100	0	0	52	34	2	97	0	1	0	NL	0.78	45.78	5,430	Steve Buller (18.7)
FSENX	28.3	1.5	15,545	97	1	1	87	79	0	100	0	0	4	NL	0.8	42.46	2,373	John Dowd (10.1)
FSPHX	24.9	2.8	21,218	95	3	1	110	76	1	99	0	0	8	NL	0.73	201.19	7,621	Edward Yoon (7.9)
FSPTX	25.2	3.2	31,044	86	6	3	238	130	5	95	0	0	25	NL	0.78	130.88	3,392	Charlie Chai (9.7)
FKUTX	19.7	1.9	18,703	93	5	1	56	10	2	97	1	0	5	4.25	0.73	17.74	6,664	Kohli/Schmicker (17.7/6.7)
HACMX	—	—	—	—	—	—	186	784	9	0	65	26	8	NL	0.94	3.58	74	Management Team
PCRDY	—	—	—	—	—	—	436	111	10	0	62	29	-18	NL	1.19	6.64	6,235	Management Team
PRGTX	33.8	5.0	22,557	67	15	13	59	219	8	91	0	1	30	NL	0.91	14.63	3,004	Joshua Spencer (4.2)
PRHSX	22.2	2.7	22,928	95	2	2	137	31	2	97	0	1	3	NL	0.76	64.0	12,063	Ziad Bakri (0.4)
PRMTX	34.4	4.0	59,262	44	30	25	80	14	4	94	0	2	21	NL	0.79	76.49	3,782	Paul Greene (3.2)
PRNEX	22.0	1.8	14,320	50	27	9	118	77	1	97	1	1	35	NL	0.67	32.75	3,373	Shawn Driscoll (2.9)
TRREX	30.3	2.7	12,585	97	2	1	39	7	5	94	0	1	0	NL	0.76	30.0	6,857	David Lee (18.8)
PRSCX	25.3	2.6	33,380	67	22	8	67	82	8	89	1	2	32	NL	0.84	38.47	3,782	Kennard Allen (7.7)
TAREX	17.2	1.1	8,086	69	11	11	54	17	4	93	0	3	46	NL	1.1	30.75	1,971	Management Team
VGENX	25.5	1.4	34,320	97	2	1	148	23	2	96	0	2	29	NL	0.37	50.48	10,069	Management Team
VGHCX	24.6	2.8	45,165	95	4	1	86	18	1	97	0	1	20	NL	0.36	206.64	47,744	Jean Hynes (8.2)
VGPMX	39.2	1.4	3,445	98	2	1	64	8	2	97	0	1	89	NL	0.35	10.62	2,579	Jamie Horvat (2.5)
VGSLX	34.2	2.7	11,253	99	1	0	152	11	0	100	0	0	0	NL	0.12	126.14	53,753	Nejman/O'Reilly (0.2/20.2)

19.3 2.7 76,079

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate

- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 08-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
						3 Yr	5 Yr	10 Yr									
Foreign Stock				—	1.8	2.2	3.5	5.5	2.9	—	—	—	—	—	—	12.55 (84)	—
American Beacon Intl Equity Inv AAPX	—	FV	★★★★	-0.7	-3.3	1.0	4.9	1.6	69	78	51	21	20	1.2	13.02 (92)	Avg	
American Century International Gr Inv TWIEX	🥉 Bronze	FG	★★★★	-3.0	-3.2	2.0	4.9	2.9	94	93	81	68	54	0.5	12.43 (84)	Avg	
American Funds Europacific Growth A AEPGX	🥇 Gold	FG	★★★★	3.9	3.1	4.9	5.9	3.8	31	54	22	35	27	1.7	11.89 (91)	-Avg	
American Funds Intl Gr and Inc A IGAAX	🥇 Gold	FB	↓★★★	3.7	0.3	1.4	4.1	—	22	49	70	58	—	2.8	11.71 (94)	-Avg	
Ariel International Investor AINTX	Neutral	FV	★★★★★	3.9	3.9	6.0	—	—	25	10	3	—	—	0.1	10.94 (92)	Low	
Artisan International Investor ARTIX	🥈 Silver	FG	★★★★	-2.4	-0.5	2.1	6.6	3.5	89	76	79	18	39	0.5	12.57 (81)	Avg	
Artisan International Small Cap Investor ARTJX	🥇 Gold	FR	↓★★★	-5.8	0.6	2.0	7.1	5.8	100	68	95	53	22	0.1	14.34 (61)	High	
Artisan International Value Investor ARTKX	🥇 Gold	FB	★★★★★	5.4	5.3	5.0	10.2	6.9	12	11	6	3	1	0.8	11.13 (86)	Low	
Causeway International Value Inv CIVVX	🥇 Gold	FB	★★★★	-1.1	-4.1	0.6	5.4	2.3	85	93	84	23	30	1.7	12.37 (89)	Avg	
Columbia Acorn International Z ACINX	🥈 Silver	FR	★★★★	4.2	5.4	3.8	5.3	5.4	21	33	72	81	35	1.2	11.51 (90)	-Avg	
DFA International Small Company I DFISX	🥈 Silver	FQ	★★★★	4.9	6.8	6.3	7.1	4.7	25	22	25	56	31	3.1	12.71 (84)	Avg	
Dodge & Cox International Stock DODFX	🥇 Gold	FB	★★★★	4.7	-1.0	2.7	5.6	2.9	18	70	42	19	19	2.2	15.69 (93)	High	
Fidelity Diversified International FDIVX	🥉 Bronze	FG	★★★★	0.1	0.0	5.1	6.5	2.6	69	72	19	20	59	0.9	12.32 (85)	Avg	
Fidelity International Discovery FIGRX	🥉 Bronze	FG	★★★★	-2.3	-1.4	3.9	6.0	2.9	87	82	43	32	56	1.1	12.21 (84)	Avg	
Fidelity International Growth FIGFX	🥉 Bronze	FG	★★★★★	2.2	3.2	5.6	7.5	—	48	53	12	12	—	0.7	11.53 (85)	-Avg	
Fidelity International Index Investor FSIX	🥈 Silver	FB	★★★★	1.3	0.2	2.5	5.0	1.8	48	52	45	33	39	2.8	12.7 (95)	Avg	
Fidelity Overseas FOSFX	🥉 Bronze	FB	★★★★★	1.3	2.3	6.9	8.8	2.8	46	30	3	4	20	1.0	12.06 (85)	Avg	
First Eagle Overseas A SGOVX	🥉 Bronze	FB	★★★★★	8.6	9.0	5.7	5.6	5.8	4	3	4	19	2	0.2	9.04 (83)	Low	
FMI International FMIJX	🥈 Silver	FB	★★★★★	8.5	9.6	9.1	12.4	—	4	3	1	1	—	1.7	7.79 (68)	Low	
Harbor International Institutional HAINX	🥇 Gold	FB	★★★★	3.2	0.5	1.1	4.2	3.7	25	46	77	55	12	1.7	13.63 (94)	+Avg	
Harding Loevner International Eq Inv HLMNX	🥈 Silver	FG	★★★★	7.7	11.0	5.2	5.7	4.6	4	4	16	42	11	0.7	13.6 (90)	+Avg	
IVA International A IVIOX	🥈 Silver	FQ	↓★★★	3.8	3.6	4.6	5.4	—	35	39	54	75	—	2.4	6.56 (90)	Low	
JOHCM International Select II JOHAX	—	FG	★★★★★	8.6	5.0	8.5	9.2	—	2	36	4	4	—	0.1	12.39 (63)	+Avg	
Litman Gregory Masters Intl Instl MSILX	🥉 Bronze	FB	★★	-5.5	-8.9	-1.1	2.8	2.3	98	99	95	84	29	1.8	13.17 (86)	+Avg	
Longleaf Partners International LLINX	—	FB	★	11.1	8.4	-0.6	3.4	1.4	2	3	94	74	54	1.6	17.59 (84)	High	
Manning & Napier World Opportunities A EXWAX	🥉 Bronze	FB	★★★★	5.6	5.9	0.0	2.6	2.3	11	8	91	87	28	1.8	13.45 (90)	+Avg	
Neuberger Berman International Eq Inv NIQVX	🥈 Silver	FB	★★★★	1.5	4.6	4.1	5.3	2.4	43	14	15	27	25	0.4	11.92 (84)	-Avg	
Oakmark International I OAKIX	🥇 Gold	FB	↑★★★★	0.2	-1.4	0.6	8.0	4.5	71	75	84	4	5	2.3	15.8 (86)	High	
Oakmark International Small Cap I OAKEX	🥉 Bronze	FQ	★★	3.2	-0.2	2.1	6.4	3.7	38	86	82	64	65	2.4	14.48 (86)	High	
Oppenheimer International Growth A OIGAX	🥈 Silver	FG	★★★★	2.4	5.1	3.4	6.7	5.1	46	33	51	17	1	0.8	12.87 (86)	Avg	
T. Rowe Price International Discovery PRIDX	🥈 Silver	FR	★★★★	3.0	8.4	8.9	9.6	6.6	36	11	14	12	13	0.6	11.06 (82)	-Avg	
T. Rowe Price International Gr & Inc TRIGX	Neutral	FV	↑★★★★	2.1	-1.4	2.1	4.6	1.8	37	52	30	27	18	2.0	12.06 (93)	-Avg	
T. Rowe Price International Stock PRITX	Neutral	FG	★★★★	5.5	5.0	5.2	5.5	3.5	14	37	18	48	37	1.0	12.84 (93)	+Avg	
T. Rowe Price Overseas Stock TROX	🥉 Bronze	FB	★★★★	2.2	-0.4	2.6	5.2	—	34	61	44	29	—	2.1	11.96 (94)	-Avg	
Tweedy, Browne Global Value TBGVX	🥈 Silver	FV	★★★★★	2.9	2.6	3.7	7.8	4.8	32	18	10	2	1	0.8	8.02 (80)	Low	
USAA International USIFX	🥉 Bronze	FG	★★★★	1.5	1.3	2.9	5.6	3.4	60	65	64	43	39	1.3	12.69 (91)	Avg	
Vanguard Developed Markets Idx Admiral VTMGX	🥇 Gold	FB	★★★★	2.5	2.2	3.1	5.4	2.0	31	31	34	24	33	2.7	12.7 (96)	Avg	
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	🥇 Gold	FB	★★★★	5.2	3.6	2.6	3.7	—	14	20	43	70	—	2.8	12.88 (98)	+Avg	
Vanguard FTSE All-Wld ex-US SmCp Idx Inv VFSVX	🥈 Silver	FQ	★★	6.0	7.0	4.4	4.0	—	20	21	60	87	—	2.5	12.65 (88)	Avg	
Vanguard International Explorer Inv VINEX	Neutral	FQ	↑★★★★	-0.4	1.7	6.7	7.4	4.2	69	66	21	48	39	1.5	12.14 (79)	-Avg	
Vanguard International Growth Inv VWIGX	🥈 Silver	FG	★★★★	6.1	8.9	4.9	6.0	3.9	11	9	24	30	26	1.3	14.28 (95)	High	
Vanguard International Value Inv VTRIX	🥉 Bronze	FV	★★★★	3.9	0.1	1.4	4.5	1.7	24	39	39	31	19	2.0	13.56 (96)	+Avg	
Vanguard Total Intl Stock Index Admiral VTIAX	🥇 Gold	FB	↓★★★	5.2	3.9	2.8	3.7	2.1	14	18	40	67	32	2.7	12.78 (98)	Avg	
Virtus Foreign Opportunities A JVIAX	🥉 Bronze	FG	↓★★★	3.9	8.6	5.0	5.9	3.9	32	10	20	33	25	0.8	10.99 (77)	Low	
World Stock				—	4.9	5.9	6.3	8.3	4.6	—	—	—	—	—	11.96 (80)	—	
American Funds Capital World Gr&Inc A CWGIX	🥇 Gold	—	★★★★	6.1	6.3	7.0	9.3	5.4	36	41	38	33	34	2.2	11.04 (91)	-Avg	
American Funds New Perspective A ANWPX	🥇 Gold	—	★★★★	2.9	6.7	8.8	10.6	6.8	71	37	14	11	7	0.7	11.62 (86)	Avg	
American Funds SMALLCAP World A SMCWX	🥉 Bronze	—	↑★★★★	6.0	4.3	7.8	10.2	6.7	38	61	23	18	9	0.0	12.6 (65)	+Avg	
Artisan Global Equity Investor ARTHX	🥉 Bronze	—	★★★★	1.8	1.4	6.4	11.8	—	80	83	50	3	—	0.0	12.47 (73)	+Avg	
MSCI World Index				4.9	-0.5	6.6	7.9	4.8									
MSCI EAFE Index				0.9	-7.8	1.6	2.9	1.8									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- FA Foreign-Small/Mid Value
- FB Foreign-Large Blend
- FC Foreign-Large Growth
- FD Foreign Small/Mid Blend
- FE Foreign-Small/Mid Growth
- FV Foreign-Large Value
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- SU Utilities
- ST Technology

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Other													
	—	0.9	6,032	52	7	1	18	15	1	—	12	4	96	0	0	—	1.31	—	1,714	—	
AAIPX	■	4.5	33,094	59	6	0	14	8	0	179	33	7	92	0	2	NL	1.07	17.4	2,682	Management Team	
TWIEX	■	9.4	22,884	69	4	1	15	8	0	106	62	1	97	0	2	NL	1.17	11.04	1,534	Gandhi/Gendelman (8.5/1.5)	
AEPGX	■	7.2	34,077	40	5	2	14	27	2	405	28	5	90	0	4	5.75	0.83	47.13	126,292	Management Team	
IGAAX	■	5.7	27,275	43	9	3	8	22	3	172	37	10	88	2	0	5.75	0.91	29.01	11,126	Management Team	
AINTX	■	8.5	28,509	59	9	0	11	9	0	80	34	12	88	0	0	NL	1.26	13.05	164	Rupal Bhansali (4.7)	
ARTIX	■	9.5	41,575	54	18	0	14	6	0	71	45	5	95	0	0	Clsd	1.17	27.99	16,285	Management Team	
ARTJX	■	10.6	2,180	79	3	0	7	5	0	45	44	6	94	0	0	Clsd	1.52	22.71	830	Hamker/Yockey (4.6/14.7)	
ARTKX	■	7.4	24,730	53	15	3	5	12	0	51	24	11	89	0	0	Clsd	1.21	33.42	11,444	O'Keefe/Samra (9.8/13.9)	
CIVVX	■	4.0	41,539	67	0	0	14	15	0	56	28	4	96	0	0	NL	1.15	13.83	6,200	Management Team	
ACINX	■	9.7	4,595	45	9	1	22	21	2	133	50	0	99	0	1	NL	0.99	40.5	5,802	Egan/Mendes (13.3/13.3)	
DFISX	■	4.8	1,517	50	9	0	24	12	1	4232	0	1	97	0	2	NL	0.54	17.77	10,397	Management Team	
DODFX	■	4.4	36,818	40	10	7	13	13	7	121	18	1	96	0	3	Clsd	0.64	38.2	54,403	Management Team	
FDIVX	■	6.5	27,536	51	18	1	15	11	2	227	31	2	98	0	0	NL	1.0	35.08	20,361	William Bower (15.4)	
FIGRX	■	7.1	18,501	58	7	0	16	12	2	214	60	2	97	0	0	NL	0.99	38.51	9,689	William Kennedy (11.8)	
FIGFX	■	12.8	38,421	51	22	1	14	10	2	95	26	0	100	0	0	NL	0.97	11.38	1,778	Jed Weiss (8.8)	
FSIIX	■	5.3	31,574	61	1	0	23	12	0	959	1	1	99	0	0	NL	0.19	36.33	15,130	Management Team	
FOSFX	■	7.8	14,847	63	10	0	20	6	1	175	28	1	99	0	0	NL	1.04	41.4	5,368	Vincent Montemaggiore (4.6)	
SGOVX	■	6.1	13,460	28	7	3	22	12	1	161	13	19	72	2	7	Clsd	1.16	23.86	15,080	Brooker/McLennan (6.5/7.9)	
FMIJX	■	11.8	20,160	41	22	0	13	11	0	47	9	11	87	0	2	NL	0.98	30.6	4,784	Management Team	
HAINX	■	5.9	43,787	70	11	2	8	3	0	81	25	2	94	0	4	NL	0.76	61.32	39,290	Management Team	
HLMNX	■	10.4	40,406	51	7	2	17	15	5	58	12	2	98	0	0	NL	1.16	18.4	6,305	Management Team	
IIVOX	■	8.8	7,548	17	3	0	14	17	1	96	28	36	52	4	7	Clsd	1.25	16.17	3,969	de Lardemelle/de Vaulx (7.9/7.9)	
JOHAX	■	8.2	26,070	52	4	2	18	12	2	50	51	9	91	0	0	Clsd	1.3	19.36	4,112	Lees/Richyal (7.1/7.1)	
MSILX	■	3.8	26,892	74	7	1	11	7	0	56	52	0	100	0	0	NL	0.99	15.25	871	Management Team	
LLINX	■	3.1	10,264	37	0	0	5	37	0	20	53	17	78	0	5	NL	1.28	13.72	1,060	Management Team	
EXWAX	■	11.4	34,935	50	22	8	3	13	0	45	71	4	96	0	0	NL	1.09	7.15	920	Management Team	
NIQVX	■	6.9	12,886	62	9	0	12	5	3	97	25	5	93	0	3	NL	1.25	20.6	1,507	Benjamin Segal (11.2)	
OAKIX	■	2.3	23,739	64	2	2	16	11	0	68	48	2	95	0	3	Clsd	0.95	21.4	24,195	Herro/Taylor (23.9/7.7)	
OAKEX	■	7.1	2,075	55	7	2	8	22	0	67	46	4	94	0	2	Clsd	1.35	14.63	2,443	Herro/Manelli (20.8/5.2)	
OIGAX	■	8.6	16,551	72	9	1	6	6	1	110	10	1	96	0	2	5.75	1.14	36.94	23,304	Dunphy/Evans (4.4/20.4)	
PRIDX	■	4.6	1,902	38	2	3	22	24	1	219	40	9	90	0	2	NL	1.2	55.54	4,662	Justin Thomson (17.7)	
TRIGX	■	5.2	19,366	55	3	1	19	14	2	128	25	6	94	0	0	NL	0.84	13.35	12,034	Jonathan Matthews (6.2)	
PRITX	■	6.3	29,270	45	6	2	15	25	2	130	32	4	95	0	0	NL	0.83	16.12	14,916	Richard Clattenburg (1.4)	
TROX	■	5.3	31,438	58	2	1	20	13	0	161	13	6	94	0	0	NL	0.84	9.19	12,114	Raymond Mills (9.7)	
TBGVX	■	6.1	31,848	59	11	1	1	9	0	198	1	19	81	0	0	NL	1.38	25.18	9,038	Management Team	
USIFX	■	5.8	17,423	61	6	1	20	9	1	598	62	1	98	0	2	NL	1.12	27.13	3,482	Management Team	
VTMGX	■	5.1	20,698	52	10	0	21	15	0	3764	3	0	97	0	2	NL	0.09	11.9	55,012	Franquin/Louie (3.5/0.3)	
VFWAX	■	4.9	25,817	43	7	3	17	22	3	2527	3	1	96	0	3	NL	0.13	27.96	25,564	Franquin/Hales (0.5/0.5)	
VFSVX	■	4.9	1,425	34	15	2	16	28	2	3435	9	0	97	0	3	NL	0.31	37.22	3,381	Miller/Perre (1.0/0.5)	
VINEX	■	7.3	1,664	52	1	0	24	15	0	319	42	3	93	0	4	NL	0.42	16.89	2,885	Dobbs/Thomas (16.7/6.2)	
VWIGX	■	5.9	31,949	41	9	2	12	22	1	171	29	2	94	0	4	NL	0.47	22.38	22,404	Management Team	
VTRIX	■	4.0	30,652	47	4	2	21	14	4	164	36	5	92	0	3	NL	0.46	32.31	7,928	Management Team	
VTIAX	■	4.8	19,096	42	8	3	17	24	3	5989	3	0	99	0	1	NL	0.12	25.12	218,373	Louie/Perre (0.5/8.1)	
JVIAX	■	13.4	53,632	56	19	0	5	17	2	45	32	0	100	0	0	5.75	1.41	29.39	1,449	Management Team	
	—	6.1	44,264	27	54	1	6	8	1	—	54	2	96	1	1	—	1.3	—	1,582	—	
CWGIX	■	8.3	49,236	29	46	1	3	13	1	408	35	1	93	1	5	5.75	0.77	45.43	83,657	Management Team	
ANWPX	■	11.2	55,163	28	48	1	5	7	2	337	27	5	91	0	4	5.75	0.75	37.07	60,744	Management Team	
SMCWX	■	7.4	2,761	18	43	3	6	16	2	628	33	4	87	1	9	5.75	1.07	46.25	29,277	Management Team	
ARTHX	■	12.8	29,834	23	66	0	5	6	0	59	78	0	100	0	0	NL	1.37	16.34	267	Management Team	

Equity Style Box

Val	Blnd	Grth
■	■	■
■	■	■
■	■	■

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	Total Return % 08-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr				10 Yr
World Stock (cont'd)			—	4.9	5.9	6.3	8.3	4.6	—	—	—	—	—	—	11.96 (80)	—
Artisan Global Opportunities Inv ARTRX	Silver	★★★★★	★★★★★	8.8	13.0	11.3	12.8	—	12	7	3	2	—	0.1	13.34 (75)	+Avg
Artisan Global Value Investor ARTGX	Silver	★★★★★	★★★★★	7.5	8.6	7.3	12.0	—	21	25	31	3	—	0.3	11.61 (82)	Avg
BBH Global Core Select N BBGX	—	★★★	★★★	6.6	6.9	5.3	—	—	30	36	69	—	—	0.6	10.07 (82)	Low
Dodge & Cox Global Stock DODWX	Gold	★★★★★	★★★★★	8.3	6.2	7.7	10.7	—	14	42	24	11	—	1.6	14.08 (91)	High
Fidelity Worldwide FWWFX	—	★★★★	★★★★	1.3	3.3	6.9	9.5	6.1	85	72	40	27	17	0.6	11.7 (73)	Avg
Franklin Mutual Global Discovery A TEDIX	Silver	★★★★★	★★★★★	5.2	4.0	5.5	9.0	5.8	46	65	66	40	23	1.4	10.18 (83)	-Avg
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★	★★★★	6.0	8.6	8.9	8.9	6.1	38	25	13	44	16	0.1	11.84 (86)	Avg
Janus Global Research T JAWWX	Bronze	★★★	★★★	2.7	1.7	7.3	8.5	6.7	73	82	30	52	10	0.7	12.38 (84)	Avg
MFS Global Equity A MWEFX	Silver	★★★★	★★★★	8.0	8.9	7.8	11.2	6.7	17	23	23	6	11	0.7	11.69 (85)	Avg
Oakmark Global I OAKGX	Gold	★★★★★	★★★★★	-2.6	-1.2	3.1	8.6	5.1	98	95	89	50	40	1.1	15.01 (79)	High
Oakmark Global Select I OAKWX	Silver	★★★★★	★★★★★	0.7	3.4	6.0	11.8	—	88	71	57	3	—	0.8	14.05 (83)	+Avg
Old Westbury Small & Mid Cap OWSMX	—	★★★★★	★★★★★	8.5	10.7	8.3	9.5	8.4	13	16	17	28	1	0.7	10.65 (81)	-Avg
Oppenheimer Global A OPPAX	Silver	★★★	★★★	-0.9	-0.7	6.5	9.1	5.1	94	93	48	38	40	0.7	13.75 (80)	+Avg
Perkins Global Value T JGVAX	Bronze	★★★★	★★★★	3.8	4.3	5.1	8.0	5.2	60	61	72	63	37	2.0	8.27 (86)	Low
Tweedy, Browne Value TWEBX	Silver	★★★★	★★★★	5.2	5.2	4.2	8.5	5.0	45	53	81	52	41	1.0	9.41 (79)	Low
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★★	★★	3.0	0.6	1.4	4.9	—	70	89	97	93	—	2.8	10.99 (89)	-Avg
USAA World Growth USAWX	Silver	★★★★★	★★★★★	8.0	8.9	7.9	11.3	6.8	16	23	22	5	7	0.7	11.74 (85)	Avg
Vanguard Global Equity Inv VHGX	Bronze	★★★★	★★★★	4.9	7.4	7.8	9.8	4.4	49	32	23	24	58	1.6	11.36 (87)	Avg
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR	NR	7.9	10.1	—	—	—	18	18	—	—	—	1.7	— (—)	—
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★	★★★	6.7	7.7	7.1	8.6	—	29	31	35	50	—	2.1	11.44 (93)	Avg
Regional Stock			—	12.5	10.4	1.3	-0.1	3.4	—	—	—	—	—	—	15.24 (74)	—
Matthews Asia Dividend Investor MAPIX	Silver	DP	★★★★	10.7	12.4	6.6	7.3	—	8	12	34	7	—	1.5	11.49 (78)	Low
Matthews Asian Growth & Inc Investor MACSX	Silver	PJ	★★★★	9.1	10.2	2.9	4.7	6.8	63	73	87	31	60	1.9	11.0 (78)	Low
Matthews China Investor MCHFX	Bronze	CH	★★★	-2.9	6.7	1.3	0.2	8.0	100	84	86	82	23	1.0	20.59 (53)	+Avg
Matthews Emerging Asia Investor MEASX	—	PJ	★★★★★	17.2	19.1	14.6	—	—	2	8	2	—	—	0.0	9.38 (51)	Low
Matthews India Investor MINDX	Bronze	EI	★★★	8.7	10.0	31.3	10.5	11.0	100	100	7	20	1	0.1	18.7 (28)	Avg
Matthews Pacific Tiger Investor MAPTX	Silver	PJ	★★★★	10.4	18.6	10.4	6.6	9.4	56	11	8	4	1	1.5	13.87 (69)	Avg
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	8.5	14.4	6.3	4.4	9.2	70	31	45	38	15	1.2	13.99 (75)	Avg
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★	-0.1	-2.1	1.9	5.3	1.8	34	43	52	63	60	3.3	13.46 (88)	+Avg
Diversified Emerg. Mkts.			—	12.5	10.4	1.3	-0.1	3.4	—	—	—	—	—	—	15.24 (74)	—
American Funds New World A NEWFX	Gold	★★★★★	★★★★★	7.9	8.7	2.8	3.3	5.0	86	65	26	5	15	0.6	12.09 (92)	Low
Causeway Emerging Markets Investor CEMVX	Bronze	★★★	★★★	12.0	6.0	1.2	0.5	—	53	85	53	33	—	1.3	16.52 (76)	+Avg
DFA Emerging Markets Value I DFEVX	Bronze	★★★★	★★★★	19.4	14.2	0.2	-2.0	4.2	7	19	69	85	32	3.1	18.71 (72)	High
Harding Loevner Emerging Markets Advisor HLEMX	Silver	★★★★	★★★★	17.2	14.6	3.7	2.9	4.6	15	17	16	8	23	0.5	15.54 (79)	Avg
Lazard Emerging Markets Equity Open LZOEZ	Silver	★★★	★★★	20.7	14.1	0.1	-0.3	4.4	5	20	69	51	27	1.7	18.46 (70)	High
Oppenheimer Developing Markets A ODMAX	Silver	★★★★	★★★★	10.0	11.7	0.5	1.2	6.3	72	40	65	23	3	0.4	15.99 (81)	Avg
Parametric Emerging Markets Investor EAEMX	Bronze	★★★★	★★★★	14.0	8.5	-0.2	-0.8	3.3	34	66	73	63	49	1.2	14.69 (79)	-Avg
Seafarer Overseas Gr and Income Investor SFGIX	Bronze	★★★★★	★★★★★	15.3	13.3	6.6	—	—	25	27	2	—	—	1.2	14.39 (74)	Avg
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	★★★★	★★★★	17.9	17.4	5.0	1.4	4.0	11	7	7	20	37	0.4	16.54 (74)	+Avg
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	★★★	★★★	14.7	10.7	2.1	-0.4	3.9	28	53	36	54	40	2.4	16.88 (74)	+Avg
Virtus Emerging Markets Opportunities A HEMZX	Bronze	★★★★★	★★★★★	13.0	13.5	5.1	2.6	6.8	44	25	6	9	2	0.6	13.1 (63)	-Avg
World Allocation			—	6.0	5.0	3.8	4.9	4.5	—	—	—	—	—	—	8.16 (86)	—
American Funds Capital Income Bldr A CAIBX	Silver	★★★★	★★★★	7.9	8.4	6.6	7.8	5.1	24	9	6	6	31	3.4	8.49 (85)	Avg
BlackRock Global Allocation Inv A MDLOX	Gold	★★★★	★★★★	3.4	3.3	4.1	4.8	5.2	84	76	55	65	27	0.6	6.99 (92)	-Avg
First Eagle Global A SGENX	Bronze	★★★★★	★★★★★	10.5	12.1	6.8	7.6	7.1	7	2	4	9	3	0.1	8.4 (88)	Avg
Franklin Mutual Quest A TEQIX	Silver	★★★★★	★★★★★	9.4	6.9	5.3	8.9	5.4	12	23	26	2	23	4.0	8.39 (87)	Avg
IVA Worldwide A IVWAX	Silver	★★★	★★★	5.6	4.6	4.5	5.4	—	51	57	46	51	—	1.3	5.93 (90)	Low
Loomis Sayles Global Equity and Income A LGMAX	Bronze	★★★★	★★★★	5.7	5.1	7.0	7.4	7.8	51	49	3	13	1	0.8	9.01 (88)	+Avg
PIMCO Global Multi-Asset D PGMDX	—	★★	★★	3.4	3.6	3.5	0.8	—	83	72	64	92	—	0.4	8.24 (80)	Avg
T. Rowe Price Global Allocation RPGAX	—	★★★★★	★★★★★	6.0	6.4	6.2	—	—	45	32	11	—	—	0.9	7.57 (95)	Avg
MSCI Emerging Markets Index				13.4	-0.2	-0.4	-3.2	3.2								
MSCI World Index				4.9	-0.5	6.6	7.9	4.8								
MSCI Pacific Index				3.5	-2.0	3.8	3.9	2.4								

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
 DP Diversified Pacific/Asia Stock
 EI India Equity
 ES Europe Stock
 FA Foreign-Small/Mid Value
 FB Foreign-Large Blend
 FG Foreign-Large Growth
 FR Foreign-Small/Mid Growth
 FV Foreign-Large Value
 JS Japan Stock
 LS Latin America Stock
 PJ Pacific/Asia ex-Japan Stock
 TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)						Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other			Cash	Stock	Bond	Other					
							Japan	Other												
	—	6.1	44,264	27	54	1	6	8	1	—	54	2	96	1	1	—	1.3	—	1,582	—
ARTRX	▣	13.7	26,501	16	56	3	7	10	0	55	56	8	92	0	0	NL	1.19	21.26	1,751	Management Team
ARTGX	▣	6.1	47,551	26	52	3	0	8	0	50	19	9	90	0	1	NL	1.29	15.31	1,883	O'Keefe/Samra (8.7/8.7)
BBGNX	▣	14.3	43,456	33	55	0	0	0	0	40	31	11	89	0	0	NL	1.25	11.52	117	Hartch/Lombardi (3.4/3.4)
DODWX	▣	5.8	45,062	25	51	5	2	11	4	125	20	2	97	0	1	NL	0.63	11.33	6,238	Management Team
FWWFX	▣	11.3	28,097	26	60	0	7	5	1	319	151	0	99	0	0	NL	0.96	22.5	1,528	DuFour/Kennedy (8.9/10.7)
TEDIX	▣	6.5	41,148	32	52	0	0	6	1	172	22	4	91	3	3	5.75	1.24	30.35	21,931	Management Team
HLMGX	▣	9.9	31,564	21	53	2	14	7	5	72	45	-1	101	0	0	NL	1.18	32.62	855	Management Team
JAWWX	▣	8.5	35,770	20	66	0	4	7	0	132	51	0	96	0	4	NL	0.88	63.43	2,515	Carmel Wellso (1.7)
MWVFX	▣	11.8	43,071	38	57	1	1	1	1	98	8	1	98	0	0	5.75	1.22	37.01	2,413	Mannheim/Morley (24.4/6.9)
OAKGX	▣	3.5	24,969	35	42	2	10	8	0	38	36	2	98	0	0	Clsd	1.12	26.41	2,417	Management Team
OAKWX	▣	6.4	50,820	38	51	0	4	4	0	23	48	3	97	0	0	NL	1.13	15.56	2,034	Herro/Nygren (9.9/9.9)
OWSMX	▣	7.8	3,661	17	53	1	8	11	2	5622	50	7	92	0	0	NL	1.13	16.15	5,618	Management Team
OPPAX	▣	5.2	37,730	34	46	0	15	5	0	84	11	0	100	0	0	5.75	1.14	74.41	9,137	Rajeev Bhaman (12.1)
JGVAX	▣	4.9	44,892	30	45	3	6	3	0	77	25	13	87	0	0	NL	0.89	13.49	217	Kolb/Maglares (11.2/0.1)
TWEBX	▣	4.5	70,395	43	41	0	0	4	0	70	7	12	88	0	0	NL	1.38	20.85	522	Management Team
TBHDX	▣	7.2	68,522	64	17	0	0	8	0	30	5	11	89	0	0	NL	1.38	9.03	323	Management Team
USAWX	▣	11.3	41,773	38	57	1	1	1	1	102	10	1	99	0	1	NL	1.17	28.23	1,213	Mannheim/Morley (14.2/6.9)
VHGEX	▣	6.2	22,499	20	52	1	9	11	2	948	36	3	95	0	2	NL	0.57	24.79	4,374	Management Team
VMVFX	▣	9.9	10,103	16	58	3	3	16	1	394	57	1	97	0	2	NL	0.27	12.19	1,721	Management Team
VTWSX	▣	6.8	31,044	20	56	1	8	10	2	7436	7	0	99	0	1	NL	0.25	24.73	7,327	Franquin/Louie (3.5/0.5)
MAPIX	▣	6.2	11,254	0	2	0	31	64	0	71	36	0	99	0	1	NL	1.05	16.8	4,966	Management Team
MACSX	▣	10.6	14,788	3	4	0	8	75	0	59	16	0	90	0	10	NL	1.09	17.34	3,073	Horrocks/Lowe (7.3/4.7)
MCHFX	▣	2.6	41,201	0	0	0	0	93	0	37	66	0	100	0	0	NL	1.14	17.89	624	Management Team
MEASX	▣	7.8	682	0	0	0	0	99	0	65	12	0	100	0	0	NL	1.5	13.21	181	Harvey/Ishida (3.3/3.3)
MINDX	▣	25.7	4,077	0	9	0	0	91	0	48	10	0	100	0	0	NL	1.11	28.72	1,722	Asnani/Shroff (5.8/10.2)
MAPTX	▣	2.8	13,400	3	3	0	0	93	0	66	13	0	98	0	2	NL	1.07	25.99	7,482	Gupta/Shroff (1.3/8.7)
PRASX	▣	8.6	19,439	2	0	0	0	91	0	87	53	5	94	0	2	NL	0.94	16.55	2,657	Anh Lu (2.2)
VEUSX	▣	6.0	30,306	96	1	0	0	0	0	1246	13	1	97	0	3	NL	0.12	60.87	19,485	Franquin/Hales (0.5/0.5)
	—	5.4	19,915	3	2	14	0	63	15	—	77	-2	99	3	0	—	1.51	—	1,303	—
NEWFX	▣	8.3	22,024	18	13	5	5	33	7	529	41	11	81	7	1	5.75	1.04	53.95	24,715	Management Team
CEMVX	▣	2.8	16,376	0	0	10	0	71	17	145	100	1	99	0	1	NL	1.48	10.82	3,094	Management Team
DFEVX	▣	2.3	6,995	0	0	15	0	62	14	2216	6	1	93	0	6	NL	0.56	24.09	16,158	Management Team
HLEMX	▣	5.6	20,704	2	1	17	0	58	19	79	30	1	99	0	1	Clsd	1.45	45.96	2,992	Management Team
LZOEX	▣	2.7	21,369	0	0	14	0	57	22	82	14	3	96	0	1	Clsd	1.37	16.59	11,314	Management Team
ODMAX	▣	7.1	23,699	7	2	13	2	55	12	99	36	5	91	0	3	Clsd	1.3	33.45	29,840	Lech/Leverenz (0.9/9.3)
EAEMX	▣	3.7	5,766	3	1	18	0	42	31	1695	8	0	95	0	4	NL	1.37	12.95	3,389	Atwill/Seto (2.2/9.5)
SFGIX	▣	6.3	6,532	0	0	18	3	49	17	60	7	6	86	1	7	NL	1.08	11.84	1,480	Management Team
PRMSX	▣	6.4	23,353	3	0	16	0	62	16	98	16	3	97	0	0	NL	1.24	33.61	9,123	Gonzalo Pangaro (7.9)
VEMAX	▣	4.0	13,571	0	0	14	0	64	16	4075	7	1	98	0	2	NL	0.15	31.1	65,342	Miller/Perre (0.5/8.0)
HEMZK	▣	13.5	43,800	18	1	17	0	58	5	57	27	0	99	0	1	5.75	1.56	9.81	7,406	Management Team
	—	6.2	39,151	12	27	1	4	6	1	—	73	12	53	31	4	—	1.24	—	2,907	—
CAIBX	▣	8.8	56,293	25	47	0	1	6	0	1478	63	2	79	16	2	5.75	0.59	59.2	102,053	Management Team
MDLOX	▣	6.5	37,974	11	30	1	7	3	0	801	84	11	52	31	6	5.25	1.14	18.45	44,853	Management Team
SGENX	▣	7.3	24,478	14	41	1	13	5	0	179	11	16	74	0	10	5.00	1.11	56.76	49,918	Brooker/McLennan (5.5/7.9)
TEQIX	▣	3.1	20,698	16	28	0	0	2	0	160	31	15	49	25	10	5.75	1.07	15.64	5,083	Luh/Tumulty (5.7/12.7)
IVWAX	▣	9.4	25,745	12	22	0	8	9	0	97	30	37	51	4	8	Clsd	1.25	17.25	8,389	de Lardemelle/de Vaulx (7.9/7.9)
LGMAX	▣	15.9	47,013	15	42	0	3	7	0	599	48	4	67	26	3	5.75	1.18	19.01	1,533	Management Team
PGMDX	▣	6.1	41,870	10	19	0	1	1	0	305	380	-2	44	44	14	NL	1.56	11.26	685	Sundstrom/Worah (1.1/2.6)
RPGAX	▣	6.6	27,600	16	25	1	5	9	1	1365	34	5	57	28	10	NL	1.2	11.14	169	Charles Shriver (3.2)

Equity Style Box

Val	Blnd	Grth	Up	Mid	Sm
▣	▣	▣			
▣	▣	▣			

Bold # = Cheapest Quintile

Morningstar 500 Bond Funds			Historical Performance											Historical Risk			
			Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 08-31-16					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld	Stand-ard Devia-tion	Risk Relative to Category
					YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
High-Quality Bond			—	5.3	4.9	3.4	2.6	3.9	—	—	—	—	—	—	3.12	(60)	—
AMG Managers Bond Service MGFIX	—	CI	★★★★	7.9	7.2	4.7	4.7	6.0	5	7	18	7	6	2.5	3.18	(37)	High
Baird Aggregate Bond Inst BAGIX	Silver	CI	↓★★★★	6.5	6.6	5.0	4.4	5.3	30	17	11	11	24	2.1	2.69	(98)	Avg
Baird Short-Term Bond Inst BSBIX	Silver	CS	★★★★	2.5	2.5	1.9	2.1	3.1	37	29	25	22	38	1.3	0.86	(66)	Avg
Dodge & Cox Income DODIX	Gold	CI	★★★★	6.8	6.7	4.5	4.2	5.4	22	15	24	17	17	3.0	2.6	(51)	Avg
DoubleLine Total Return Bond I DBLTX	Neutral	CI	★★★★★	3.7	4.0	4.5	4.6	—	92	88	24	8	—	3.4	2.17	(81)	-Avg
Fidelity GNMA FGMNX	Gold	GI	↑★★★★★	2.9	3.4	3.8	2.5	4.9	59	39	6	15	8	1.9	2.21	(62)	Avg
Fidelity Government Income FGOVX	Gold	GI	★★★★	4.5	4.3	3.6	2.5	4.5	10	10	16	17	23	1.3	2.74	(92)	+Avg
Fidelity Intermediate Bond FTHRX	Silver	CI	★★	4.6	4.5	3.3	2.7	4.2	84	81	86	83	70	1.6	2.03	(91)	-Avg
Fidelity Investment Grade Bond FBNDX	Silver	CI	★★★	7.9	6.6	4.4	3.6	4.5	5	16	30	41	60	2.4	2.95	(80)	+Avg
Fidelity Mortgage Securities FMSFX	—	CI	↓★★	3.5	3.9	4.1	2.9	4.0	93	89	49	76	80	2.1	2.12	(75)	-Avg
Fidelity Total Bond FTBFX	Gold	CI	★★★★	7.9	6.9	4.9	4.0	5.3	5	9	13	22	20	2.7	2.9	(75)	+Avg
Fidelity US Bond Index Investor FBIDX	—	CI	★★★	5.7	5.8	4.2	3.1	4.5	57	42	41	69	62	1.8	2.81	(99)	+Avg
Harbor Bond Institutional HABDX	Bronze	CI	★★★★	5.4	4.8	4.1	3.6	5.6	68	76	50	43	12	3.2	3.06	(73)	+Avg
Harbor Real Return Instl HARRX	—	IP	★★★★	6.3	4.2	2.0	1.3	4.2	38	53	33	26	13	0.2	4.84	(61)	+Avg
Janus Flexible Bond T JAFIX	Neutral	CI	★★★★	5.3	4.8	3.9	3.8	5.9	72	76	60	31	7	2.6	2.47	(92)	-Avg
Loomis Sayles Investment Grade Bond A LIGRX	Gold	CI	★★★	8.2	7.2	3.7	3.8	6.0	4	6	73	34	6	2.2	4.67	(17)	High
Metropolitan West Total Return Bond M MWTRX	Gold	CI	★★★★★	5.0	4.9	4.1	4.6	6.3	79	74	47	9	3	1.6	2.31	(96)	-Avg
PIMCO Investment Grade Corp Bd Instl PIGIX	Silver	TW	★★★★★	9.6	9.0	6.8	6.6	7.9	41	43	17	9	10	3.1	4.02	(71)	Avg
PIMCO Low Duration D PLDDX	Bronze	CS	↑★★★★	1.3	1.3	1.2	1.5	3.3	82	72	63	52	26	2.2	1.36	(14)	+Avg
PIMCO Real Return D PRRDX	Silver	IP	↑★★★★	6.4	4.2	2.0	1.3	4.2	34	50	36	27	16	4.8	4.93	(65)	+Avg
PIMCO Short-Term D PSHDX	Silver	UB	★★★★★	1.4	1.7	1.3	1.3	2.2	21	9	6	19	9	1.5	1.07	(11)	High
PIMCO Total Return Instl PTTRX	Bronze	CI	★★★★	4.8	4.8	4.0	3.7	6.0	82	76	57	34	6	3.5	3.13	(73)	High
Scout Core Plus Bond Instl SCPZX	Silver	CI	★★★★	6.5	5.7	3.4	4.2	6.9	33	47	80	17	1	1.1	2.29	(49)	-Avg
T. Rowe Price Corporate Income PRPIX	—	TW	★★★	9.2	9.4	6.3	5.5	6.0	54	35	27	34	45	2.5	3.85	(79)	Avg
T. Rowe Price GNMA PRGMX	—	GI	★★★	2.7	3.1	3.3	2.1	4.2	71	54	36	44	32	1.9	2.02	(61)	Avg
T. Rowe Price New Income PRCIX	Bronze	CI	★★★	5.9	5.9	4.3	3.4	5.0	50	37	36	53	35	2.0	2.55	(94)	Avg
T. Rowe Price Short-Term Bond PRWBX	Neutral	CS	★★★	1.9	1.8	1.3	1.2	2.8	60	54	60	67	48	1.1	0.84	(50)	Avg
TCW Total Return Bond I TGLMX	Bronze	CI	★★★★★	4.6	4.7	4.7	5.2	7.0	85	78	19	2	1	2.4	2.22	(83)	-Avg
USAA Income USAIX	Neutral	CI	★★★★	8.7	7.9	4.9	4.3	5.5	3	2	14	15	14	2.8	2.87	(78)	+Avg
Vanguard GNMA Inv VFIIIX	Gold	GI	★★★★	3.4	4.0	4.2	2.5	4.7	40	16	1	12	13	2.0	2.23	(68)	Avg
Vanguard Inflation-Protected Secs Inv VIPSX	Gold	IP	★★★★	6.6	5.2	2.6	1.6	4.2	26	20	12	9	14	-0.1	4.28	(76)	+Avg
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	7.1	7.3	5.4	4.1	6.0	16	5	5	20	5	2.0	3.87	(97)	High
Vanguard Interm-Term Invmt-Grade Inv VFICX	Silver	TW	★★★	6.9	7.7	5.3	4.6	5.8	83	73	57	69	49	2.2	2.96	(92)	-Avg
Vanguard Interm-Term Treasury Inv VFITX	—	GI	↓★★★★	4.5	4.4	3.5	2.3	4.9	10	8	19	30	7	1.0	3.44	(85)	High
Vanguard Long-Term Investment-Grade Inv VWESX	Silver	TW	★★★★★	16.5	18.2	11.1	8.7	8.2	3	2	1	2	9	3.3	7.27	(81)	High
Vanguard Long-Term Treasury Inv VUSTX	—	GL	★★★	16.6	16.9	11.9	7.7	8.2	26	30	34	31	45	1.9	10.55	(83)	Avg
Vanguard Short-Term Bond Index Adm VBIRX	Silver	CS	★★★★	2.4	2.3	1.8	1.4	3.3	39	35	33	55	28	1.1	1.32	(81)	+Avg
Vanguard Short-Term Federal Inv VSGBX	Silver	GS	★★★★	1.7	1.7	1.4	1.0	2.9	28	17	30	26	23	0.9	1.0	(74)	Avg
Vanguard Short-Term Investment-Grade Inv VFSTX	Silver	CS	★★★★	3.5	3.6	2.5	2.4	3.5	14	8	8	14	21	1.5	1.22	(68)	Avg
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★	1.5	1.3	1.0	0.7	2.5	43	35	51	49	45	0.6	1.01	(66)	Avg
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	★★	2.1	1.7	0.3	—	—	94	92	90	—	—	-0.4	1.7	(36)	Low
Vanguard Total Bond Market Index Adm VBTIX	Silver	CI	★★★	6.0	6.2	4.3	3.2	4.9	46	28	36	63	44	1.9	2.77	(99)	+Avg
Western Asset Core Bond I WATFX	Silver	CI	↓★★★★	7.1	7.2	5.7	4.4	5.5	15	7	4	12	16	2.1	2.76	(89)	+Avg
Western Asset Core Plus Bond I WACPX	Silver	CI	★★★★★	7.3	7.7	6.0	5.0	6.1	10	3	2	3	4	3.0	3.01	(79)	+Avg
High-Yield Bond			—	10.8	5.9	3.9	6.2	6.2	—	—	—	—	—	—	5.6	(4)	—
Eaton Vance Income Fund of Boston A EVIBX	Silver	—	★★★	10.3	6.4	5.0	6.8	6.6	67	45	21	31	35	4.5	4.83	(6)	-Avg
Fairholme Focused Income FOCIX	Neutral	—	★★★★	14.6	3.7	4.7	8.5	—	4	90	31	1	—	—	11.05	(2)	High
Fidelity Capital & Income FAGIX	Silver	—	★★★★★	8.5	5.6	6.8	7.6	8.1	84	63	1	10	2	4.2	6.32	(2)	+Avg
BarCap US Agg Bond TR USD				5.9	5.8	4.2	3.5	4.9									
BofAML US HY Master II TR				12.1	4.9	4.4	6.0	7.6									

Legend
Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories
CI Intermediate-Term Bond
CL Long-Term Bond
CS Short-Term Bond
GI Intermediate Government Bond
GL Long Government Bond
GS Short Government Bond
IP Inflation-Protected Bond
TW Corporate Bond
UB Ultrashort Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.1	—	—	8	4	0	0	21	11	0	88	0	—	0.75	—	1,791	—
MGFIX	5.4	5.0	BBB	21	68	11	0	10	12	0	83	4	NL	0.99	27.65	2,309	Management Team
BAGIX	5.5	5.0	A	56	44	1	0	40	3	0	97	0	NL	0.3	11.13	9,916	Management Team
BSBIX	1.9	2.2	A	39	60	1	0	38	15	0	85	0	NL	0.3	9.74	3,754	Management Team
DODIX	4.0	5.0	BBB	48	41	11	0	24	3	0	96	1	NL	0.43	13.95	46,740	Management Team
DBLTX	2.3	5.0	BB	75	4	13	7	15	12	0	88	0	NL	0.47	10.91	61,317	Barach/Gundlach (6.4/6.4)
FGMNX	2.9	3.8	AAA	100	0	0	0	450	4	0	96	0	NL	0.45	11.69	6,382	Castagliuolo/Irving (6.7/11.8)
FGOVX	5.2	3.8	AA	99	0	0	1	83	3	0	97	0	NL	0.45	10.65	4,936	Castagliuolo/Irving (6.7/9.7)
FTHRX	4.0	5.0	A	50	47	4	0	53	4	0	93	3	NL	0.45	11.07	3,224	Foley/Galusza (2.8/7.2)
FBNDX	5.6	5.0	A	55	37	8	0	182	7	0	87	6	NL	0.45	8.04	8,627	Jeffrey Moore (11.7)
FMSFX	3.2	5.0	A	94	2	0	4	439	3	0	97	0	NL	0.45	11.47	1,117	Castagliuolo/Irving (6.7/8.4)
FTBFX	5.3	5.0	BBB	46	37	17	0	140	8	0	92	0	NL	0.45	10.86	25,641	Management Team
FBIDX	5.4	5.0	AA	78	21	0	0	75	5	0	94	0	NL	0.15	11.96	25,563	Bettencourt/Small (2.2/1.3)
HABDX	—	5.0	—	—	—	—	—	586	9	0	89	2	NL	0.51	11.96	2,577	Management Team
HARRX	—	6.8	—	—	—	—	—	531	3	0	95	2	NL	0.54	9.43	113	Banet/Worah (1.6/8.7)
JAFIX	5.6	5.0	BBB	53	37	8	2	99	3	0	93	3	NL	0.69	10.66	9,642	Management Team
LIGRX	4.4	5.0	BBB	30	55	10	4	23	15	1	72	12	4.25	0.83	11.59	6,821	Management Team
MWTRX	4.8	5.0	BBB	71	24	5	0	303	7	0	92	1	NL	0.67	11.03	80,345	Management Team
PIGIX	6.5	7.3	—	—	—	—	—	87	-52	0	147	5	NL	0.5	10.6	9,827	Mark Kiesel (13.7)
PLDDX	1.4	2.2	—	—	—	—	—	186	-21	0	118	3	NL	0.75	9.87	10,076	Mather/Schneider (1.9/1.9)
PRRDX	8.0	6.8	—	—	—	—	—	102	-11	0	109	2	NL	0.85	11.15	11,435	Banet/Worah (1.7/8.7)
PSHDX	0.0	0.6	—	—	—	—	—	1753	13	0	83	4	NL	0.7	9.76	11,277	Jerome Schneider (5.7)
PTTRX	5.4	5.0	—	—	—	—	—	478	-9	0	105	4	NL	0.46	10.34	86,751	Management Team
SCPZX	3.0	5.0	A	75	21	3	0	187	14	0	86	-1	NL	0.4	33.04	978	Management Team
PRPIX	7.8	7.3	BBB	10	85	5	0	49	5	0	93	2	NL	0.62	9.9	875	David Tiberii (13.1)
PRGMX	2.9	3.8	AAA	100	0	0	0	430	3	0	97	0	NL	0.59	9.5	1,564	Andrew McCormick (8.4)
PRCIX	5.4	5.0	BBB	63	28	8	1	74	10	0	89	1	NL	0.59	9.75	30,535	Daniel Shackelford (13.7)
PRWBX	1.8	2.2	A	52	43	5	0	44	15	0	85	0	NL	0.52	4.75	5,307	Reinartz/Wiese (1.6/21.7)
TGLMX	4.7	5.0	BBB	87	5	11	-3	288	18	0	82	0	NL	0.49	10.43	10,915	Management Team
USAIX	6.3	5.0	BBB	34	56	7	2	10	2	1	91	6	NL	0.53	13.4	6,717	Management Team
VFIIX	1.9	3.8	AAA	101	0	0	-1	706	2	5	92	2	NL	0.21	10.85	27,059	Michael Garrett (9.7)
VIPSX	8.3	6.8	AAA	100	0	0	0	43	0	0	100	0	NL	0.2	13.69	24,913	Gemma Wright-Casparius (5.0)
VBILX	6.5	5.0	A	59	41	0	0	51	1	0	99	0	NL	0.09	11.85	24,018	Joshua Barrickman (8.3)
VFICX	5.5	7.3	A	35	63	0	2	70	2	0	98	0	NL	0.2	10.11	27,926	Gregory Nassour (8.2)
VFITX	5.2	3.8	AA	99	0	0	1	142	0	0	99	1	NL	0.2	11.63	6,933	Gemma Wright-Casparius (1.7)
VWESX	13.8	7.3	A	42	57	0	1	35	4	0	96	0	NL	0.21	11.19	15,847	Nassour/St. John (2.7/2.2)
VUSTX	17.2	17.8	AA	100	0	0	0	117	0	0	100	0	NL	0.2	13.97	4,270	Gemma Wright-Casparius (1.7)
VBIRX	2.7	2.2	AA	74	26	0	0	52	2	0	98	0	NL	0.09	10.58	42,970	Barrickman/Pu (3.5/3.5)
VSGBX	2.2	2.3	A	96	0	0	4	314	11	0	89	0	NL	0.2	10.82	5,675	Brian Quigley (1.7)
VFSTX	2.6	2.2	A	47	49	2	2	75	14	0	86	0	NL	0.2	10.78	57,301	Gregory Nassour (8.2)
VFISX	2.2	2.3	AA	100	0	0	0	211	13	0	87	0	NL	0.2	10.74	7,726	Gemma Wright-Casparius (1.7)
VTIPX	2.8	6.8	AAA	100	0	0	0	26	21	0	79	0	NL	0.17	24.65	15,454	Barrickman/Wright-Casparius (3.8/3.8)
VBTLX	5.8	5.0	AA	72	28	0	0	84	4	0	96	0	NL	0.06	11.1	164,139	Joshua Barrickman (3.5)
WATFX	5.7	5.0	BBB	61	28	2	9	85	7	0	93	0	NL	0.45	12.77	6,282	Management Team
WACPX	5.9	5.0	BB	51	29	13	7	93	5	0	93	2	NL	0.45	12.0	18,616	Management Team
—	3.8	—	B	2	6	89	3	73	5	1	93	1	—	1.07	—	1,342	—
EVIBX	—	3.8	B	0	6	92	2	36	7	0	89	4	4.75	1.0	5.72	6,439	Concannon/Weilheimer (1.8/20.7)
FOCIX	—	3.8	—	—	—	—	—	67	28	8	46	18	Clsd	1.01	10.87	211	Bruce Berkowitz (6.7)
FAGIX	4.2	3.8	B	4	6	67	23	35	6	19	74	1	NL	0.75	9.66	10,443	Mark Notkin (13.1)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk					
Morningstar 500 Bond Funds	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 08-31-16					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category			
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr						
					3 Yr	5 Yr	10 Yr											
High-Yield Bond (cont'd)			—	10.8	5.9	3.9	6.2	6.2	—	—	—	—	—	—	5.6	(4)	—	
Fidelity High Income SPHIX	Silver	★★★★	13.1	6.7	4.3	6.5	6.9	10	37	44	43	23	6.0	6.29	(4)	+Avg		
Hotchkis & Wiley High Yield A HWHAX	Bronze	★★★★	12.7	6.5	4.3	7.2	—	18	43	46	17	—	7.0	6.0	(2)	+Avg		
Janus High-Yield T JAHYX	Neutral	★★★★★	10.0	6.0	4.6	6.5	6.9	72	56	35	43	26	5.8	4.88	(6)	-Avg		
Metropolitan West High Yield Bond M MWHYX	Neutral	★★★★	6.1	3.8	2.8	5.1	6.6	94	90	83	87	37	3.1	4.24	(6)	-Avg		
PIMCO High Yield D PHYDX	Bronze	★★★★	10.6	6.9	4.9	6.6	6.5	62	31	24	39	41	5.1	5.32	(7)	Avg		
T. Rowe Price High Yield PRHYX			Gold	★★★★★	11.4	7.2	4.9	7.3	7.1	43	24	25	15	15	5.3	5.49	(3)	Avg
Vanguard High-Yield Corporate Inv VWEHX			Silver	★★★★★	9.7	6.8	5.6	7.1	6.7	77	33	8	19	33	4.9	4.77	(8)	-Avg
Specialty Bond			—	8.3	6.1	2.7	3.2	4.1	—	—	—	—	—	—	6.08	(23)	—	
American Funds Capital World Bond A CWBFX	Neutral	IB	★★★★	8.9	7.6	2.8	1.4	4.1	44	45	41	51	57	1.4	4.43	(40)	Avg	
Calamos Convertible A CCVIX	Neutral	CV	★★	3.3	1.6	4.3	5.3	4.9	86	76	80	90	75	—	9.09	(81)	Avg	
Dodge & Cox Global Bond DODLX	—	IB	NR	8.9	7.1	2.8	—	—	43	56	—	—	—	—	5.42	(10)	—	
Eaton Vance Floating Rate A EVBLX	Bronze	BL	★★★★	7.2	3.8	2.4	4.3	3.5	25	35	64	67	44	3.8	3.12	(1)	Avg	
Fidelity Floating Rate High Income FFRHX	Bronze	BL	★★★★★	7.1	4.4	2.6	4.1	3.9	28	13	48	79	19	4.1	3.14	(1)	Avg	
Fidelity New Markets Income FNMIX	Silver	EB	★★★★★	15.9	14.9	7.5	6.6	7.8	19	17	10	5	10	5.6	7.55	(7)	Avg	
Fidelity Strategic Income FSICX	Silver	MU	★★★★★	9.6	7.4	4.8	4.5	6.2	24	22	24	52	22	3.4	4.16	(16)	Avg	
FPA New Income FPNIX	Bronze	NT	★★	2.0	1.5	1.3	1.3	2.6	73	69	60	81	77	2.8	0.75	(38)	Low	
Janus Global Unconstrained Bond D JUCDX	—	NT	NR	4.0	5.4	—	—	—	41	22	—	—	—	5.4	—	(—)	—	
Loomis Sayles Bond Retail LSBRX	Gold	MU	★★★★	9.5	6.9	3.8	4.8	6.1	28	32	64	42	27	3.1	5.99	(5)	High	
Loomis Sayles Global Bond Retail LSLGX	Bronze	IB	★★★★	10.3	8.7	2.2	1.1	4.2	27	28	57	61	54	1.4	4.73	(27)	Avg	
PIMCO Emerging Local Bond Instl PELBX	Neutral	XP	★★★★	15.1	9.4	-2.5	-3.1	—	20	40	55	60	—	5.5	12.32	(12)	+Avg	
PIMCO Foreign Bond (Unhedged) D PFBDX	Bronze	IB	★★★★	11.9	11.4	2.0	0.5	5.0	9	6	63	75	35	1.9	6.62	(16)	High	
PIMCO Foreign Bond (USD-Hedged) D PFODX	Bronze	IB	★★★★★	7.2	8.2	6.5	6.3	6.3	59	37	2	3	5	1.2	3.01	(53)	-Avg	
PIMCO Income D PONDx	Silver	MU	★★★★★	6.1	5.8	6.2	8.3	—	69	48	8	3	—	4.0	2.79	(12)	-Avg	
PIMCO Unconstrained Bond D PUBDX	Neutral	NT	↓★★	2.9	1.4	0.8	1.7	—	64	73	75	73	—	3.5	3.14	(1)	Avg	
T. Rowe Price International Bond RPIBX	Neutral	IB	★★	12.8	11.6	1.5	-0.1	3.4	4	5	74	82	75	1.3	6.56	(14)	+Avg	
T. Rowe Price Spectrum Income RPSIX	Bronze	MU	↓★★★★	9.1	8.4	4.7	5.0	5.7	33	11	27	39	45	2.9	3.87	(19)	Avg	
Templeton Global Bond A TPINX	Gold	IB	★★★★	-0.5	-0.2	0.6	1.3	6.4	97	97	88	57	4	3.8	6.05	(0)	+Avg	
Vanguard Convertible Securities Inv VCVSX	Bronze	CV	★★★★	5.1	2.3	4.3	7.3	6.4	52	62	83	69	20	1.9	7.3	(75)	-Avg	
Vanguard Total Intl Bd Idx Investor VTIBX	—	IB	★★★★★	6.9	8.0	5.9	—	—	68	40	5	—	—	0.4	2.65	(76)	-Avg	
Municipal Bond National			—	4.1	6.2	5.7	4.4	3.7	—	—	—	—	—	—	2.32	(80)	—	
American Funds Tax-Exempt Bond A AFTEX	Bronze	MI	★★★★★	4.4	6.6	6.6	5.3	4.5	20	27	14	13	14	1.3	2.36	(98)	Avg	
Baird Quality Intermediate Muni Bd Inst BMBIX	—	MI	★★★★	2.7	4.2	3.8	2.7	4.1	90	89	89	92	48	1.2	2.08	(90)	-Avg	
Fidelity Interm Muni Inc FLTMX	Gold	MI	★★★★	3.6	5.6	4.8	3.6	4.1	55	51	63	64	44	1.2	2.06	(98)	-Avg	
Fidelity Limited Term Municipal Income FSTFX	Gold	MI	★★★★★	1.7	2.6	2.0	1.6	2.8	32	32	28	25	27	0.6	1.18	(79)	Avg	
Fidelity Municipal Income FHIGX	Gold	ML	★★★★★	5.2	7.9	7.3	5.4	4.9	30	30	37	49	21	1.4	2.76	(98)	Avg	
Fidelity Tax-Free Bond FTABX	Gold	ML	★★★★★	5.3	8.0	7.4	5.5	5.1	22	29	36	46	13	1.5	2.8	(98)	Avg	
Franklin Federal Tax-Free Income A FKTIX	Bronze	ML	★★★★	4.4	6.3	6.9	5.1	4.7	69	77	61	59	35	1.1	2.71	(97)	Avg	
Franklin High Yield Tax-Free Inc A FRHIX	Bronze	HM	★★★★	6.3	9.4	8.6	6.1	5.0	58	56	66	80	22	2.0	3.34	(90)	+Avg	
T. Rowe Price Summit Municipal Intm PRSMX	Gold	MI	★★★★★	3.6	5.7	5.3	4.0	4.4	53	48	44	45	22	0.9	2.24	(98)	Avg	
T. Rowe Price Tax-Free High Yield PRFHx	Gold	HM	★★★★★	6.3	9.0	9.4	7.5	5.2	57	64	47	39	10	2.3	3.13	(90)	Avg	
T. Rowe Price Tax-Free Income Inv PRTAX	Gold	ML	★★★★★	4.4	6.5	7.0	5.3	4.8	66	71	58	51	31	1.3	2.59	(97)	-Avg	
T. Rowe Price Tax-Free Shrt-Interm PRFSX	Gold	MS	★★★★★	1.8	2.4	1.9	1.7	2.9	29	34	33	24	26	0.4	1.3	(68)	+Avg	
USAA Tax Exempt Intermediate-Term USATX	Bronze	MI	★★★★★	4.2	6.4	5.5	4.7	4.6	26	31	36	22	9	1.4	2.01	(97)	-Avg	
Vanguard High-Yield Tax-Exempt VWAHX	Silver	MI	★★★★★	6.1	9.2	8.3	6.3	5.2	1	2	4	4	2	2.1	2.92	(96)	High	
Vanguard Interm-Term Tx-Ex Inv VWITX	Silver	MI	★★★★★	3.9	6.0	5.5	4.2	4.5	38	38	36	38	21	1.2	2.24	(98)	Avg	
Vanguard Long-Term Tax-Exempt VWLTX	Silver	ML	★★★★★	5.4	8.3	7.8	5.7	5.0	21	23	22	35	19	1.7	2.9	(97)	+Avg	
Vanguard Ltd-Term Tx-Ex VMLTX	Silver	MS	★★★★★	1.6	2.4	2.0	1.5	2.7	35	35	32	30	32	0.8	1.12	(69)	Avg	
Vanguard Short-Term Tx-Ex VWSTX	Silver	MS	★★	0.9	1.0	0.8	0.7	1.8	75	74	79	80	76	0.6	0.39	(39)	Low	
BarCap Municipal TR USD				4.4	6.9	5.9	5.1	5.0										
BofAML US HY Master II TR				12.1	4.9	4.4	6.0	7.6										

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
 CI Intermediate-Term Bond
 CV Convertibles Bond
 EB Emerging Market Bond
 HM High-Yield Muni
 IB World Bond
 MI Muni National, Intermediate
 ML Muni National, Long
 MS Muni National, Short
 MU Multisector Bond
 NT Nontraditional Bond
 XP Emerging Market Local Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	3.8	—	B	2	6	89	3	73	5	1	93	1	—	1.07	—	1,342	—
SPHIX	3.4	3.8	B	7	1	91	1	33	7	0	90	2	NL	0.73	8.66	4,725	Fred Hoff (16.2)
HWHAX	4.5	3.8	B	0	5	89	6	45	6	2	88	5	3.75	0.95	11.86	2,600	Management Team
JAHYX	3.8	3.8	B	6	8	82	4	66	9	0	88	3	NL	0.87	8.41	1,944	Management Team
MWHYX	2.6	3.8	B	17	5	78	0	139	18	0	76	5	NL	0.86	9.42	1,016	Management Team
PHYDX	3.5	3.8	—	—	—	—	—	32	7	0	91	2	NL	0.9	8.83	10,433	Arif/Jessop (0.1/6.6)
PRHYX	3.6	3.8	B	5	1	91	3	68	7	1	90	3	Clsd	0.74	6.62	9,622	Mark Vaselkiv (20.2)
VWEHX	4.5	3.8	B	3	4	91	2	34	5	1	92	2	NL	0.23	5.86	20,129	Michael Hong (8.5)
—	0.7	—	—	1	7	3	3	—	5	2	83	11	—	0.99	—	1,089	—
CWBFX	6.8	5.6	BBB	41	52	6	1	185	4	0	95	1	3.75	0.93	20.42	12,451	Management Team
CCVIX	4.3	3.2	B	0	21	28	52	63	3	8	3	87	4.75	1.13	16.25	782	Management Team
DODLX	3.0	5.6	BBB	21	59	20	0	55	4	0	89	7	NL	0.6	10.53	75	Management Team
EVBLX	0.3	0.4	B	0	6	90	4	19	11	0	89	0	2.25	1.03	9.06	6,907	Page/Russ (15.6/8.7)
FFRHX	0.3	0.4	B	6	5	86	3	26	10	0	90	0	NL	0.7	9.52	9,171	Eric Mollenhauer (3.4)
FNMIX	6.1	5.7	B	3	32	54	10	110	8	1	91	0	NL	0.86	16.2	4,893	John Carlson (21.2)
FSICX	4.7	4.1	BB	26	16	53	5	88	8	1	79	11	NL	0.71	10.87	7,649	Management Team
FPNIX	1.3	1.6	BBB	82	1	7	10	29	9	0	91	0	NL	0.49	10.04	5,181	Atteberry/Patwardhan (11.7/0.7)
JUCDX	1.8	1.6	BB	5	42	34	19	149	42	11	47	1	NL	0.96	9.72	1,511	William Gross (1.9)
LSBRX	3.7	4.1	BB	26	32	32	10	22	14	9	65	12	NL	0.89	13.92	15,184	Management Team
LSGLX	6.7	5.6	BBB	30	62	7	1	117	8	0	87	5	NL	1.0	16.16	1,218	Management Team
PELBX	5.0	4.8	—	—	—	—	—	58	-24	0	119	5	NL	0.9	7.37	4,157	Michael Gomez (9.7)
PFBDX	7.6	5.6	—	—	—	—	—	327	-38	1	130	7	NL	0.9	10.01	1,260	Management Team
PFODX	7.7	5.6	—	—	—	—	—	313	-47	0	138	8	NL	0.9	10.55	7,780	Management Team
PONDY	3.1	4.1	—	—	—	—	—	52	-20	0	114	6	NL	0.79	12.01	62,687	Ivascyn/Murata (9.4/3.4)
PUBDX	-0.7	1.6	—	—	—	—	—	389	70	0	26	3	NL	1.3	10.47	4,243	Management Team
RPIBX	8.2	5.6	BBB	27	62	9	2	60	2	0	96	2	NL	0.83	9.23	5,254	Husain/Orchard (2.7/0.7)
RPSIX	5.2	4.1	BB	40	27	32	1	18	6	12	81	1	NL	0.69	12.7	6,328	Charles Shriver (5.3)
TPINX	0.2	5.6	BB	15	54	31	0	43	41	-2	58	3	4.25	0.89	11.32	45,209	Desai/Hasenstab (5.7/14.7)
VCVSX	4.0	3.2	B	0	7	21	72	95	3	2	5	91	Clsd	0.38	12.67	1,543	Management Team
VTIBX	8.2	5.6	A	44	56	0	0	13	2	0	92	5	NL	0.17	11.19	60,763	Barrickman/Pu (3.2/3.2)
—	0.7	—	—	18	6	0	1	8	5	0	95	0	—	0.85	—	1,876	—
AFTEX	5.6	5.0	BBB	49	41	4	5	14	6	0	94	0	3.75	0.54	13.39	13,661	Management Team
BMBIX	4.4	5.0	AA	98	1	0	0	9	3	0	97	0	NL	0.3	11.88	1,267	Management Team
FLTMX	4.6	5.0	A	61	35	1	3	14	15	0	85	0	NL	0.36	10.71	6,282	Management Team
FSTFX	2.6	2.8	A	63	34	0	4	30	22	0	78	0	NL	0.48	10.71	4,077	Management Team
FHIGX	6.6	6.3	A	57	40	1	3	14	2	0	98	0	NL	0.48	13.83	5,837	Management Team
FTABX	6.4	6.3	A	66	31	0	2	9	1	0	95	4	NL	0.25	12.02	3,621	Management Team
FKTIX	—	6.3	A	71	27	2	0	6	2	0	98	0	4.25	0.61	12.6	11,320	Management Team
FRHIX	—	6.3	BBB	36	47	11	6	12	1	0	99	0	4.25	0.67	10.86	8,645	Management Team
PRSMX	4.9	5.0	A	53	42	3	2	12	2	0	98	0	NL	0.5	12.23	4,091	Charles Hill (22.8)
PRFHX	6.9	6.3	BB	9	56	17	18	13	1	0	99	0	NL	0.69	12.41	4,459	James Murphy (15.6)
PRTAX	5.6	6.3	A	35	57	2	6	8	1	0	99	0	NL	0.52	10.57	2,710	Konstantine Mallas (9.2)
PRFSX	3.0	2.8	A	67	32	0	1	15	12	0	88	0	NL	0.49	5.68	2,117	Charles Hill (21.6)
USATX	5.2	5.0	A	41	56	2	1	10	1	0	99	0	NL	0.54	13.8	4,753	Hoffmann/Shafer (0.7/13.2)
VWAHX	6.2	5.0	BBB	35	51	7	7	21	3	0	97	0	NL	0.2	11.73	11,300	Mathew Kiselak (6.1)
VWITX	4.8	5.0	A	76	22	1	1	12	5	0	95	0	NL	0.2	14.55	53,058	James D'Arcy (3.2)
VWLTX	6.0	6.3	A	71	27	1	2	18	1	0	99	0	NL	0.2	12.1	10,435	Mathew Kiselak (6.1)
VMLTX	2.4	2.8	A	74	24	1	1	16	10	0	90	0	NL	0.2	11.09	23,705	Marlin Brown (8.5)
VWSTX	1.2	2.8	A	79	18	0	2	32	18	0	82	0	NL	0.2	15.85	13,247	Justin Schwartz (0.5)

Fixed Income Style Box

Ltd	Mod	Ext

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

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The Battle of Costs vs. Performance

“Who cares what a fund charges? If a fund has great returns, then I know it was able to overcome its fee.” I see comments like this one just about every time I write about the predictive power of fees. There’s a certain logic to it, but the problem is one of persistence. Fund expense ratios don’t tend to change much, whereas performance changes a lot. I’ve shown how fees predict success, but this time I wanted to go one step further and look at the combination of expenses and past performance. Would you rather own a low-cost fund with poor past performance or a high-cost fund with great past performance? Novice investors would typically say the latter, but the former is the better choice. Hands down.

I went back 10 years and grouped funds into expense-ratio quartiles relative to category and trailing five-year-return quartile by category. (I used the past five years because that’s the time period investors seem to rely on most.) Then I combined the data so that I had fee quartiles grouped by past returns. That left me with 16 groups of funds: the cheapest funds divided into quartiles by return, the second-cheapest funds in return quartiles, and so on. See the table on Page 2 for the whole picture.

At the end of 2005, the U.S. equity funds in the cheapest quartile but with returns in the worst quartile had an expense ratio of 0.73% and an average five-year return of negative 1.92% annualized. The funds in the priciest quartile but with top-quartile

performance had an expense ratio averaging 2.17%, but returns were a robust annualized 6.95%. So, how did the next 10 years go? The funds that started with low costs and poor returns went on to enjoy a 7.41% annualized return compared with 5.46% for those formerly high-performing pricey funds. In fact, the cheap laggards produced the highest returns of any of the 16 groups, while the pricey sports cars had the worst of any group.

The return figures actually understate the difference because high-cost failures were more likely to be liquidated by the parent company because of subsequent periods of poor performance. This is why I use success ratios in conjunction with returns.

What happened? Low costs delivered the goods and high costs hurt performance. We read too much into past performance, but the data shows we should pay more attention to expense ratios. Expenses are a constant whose impact compounds over time. Jack Bogle calls it the “relentless rules of humble arithmetic.” In addition, a smaller part was played by the way that markets rotate favor so that lagging sectors and strategies recover while strong sectors and strategies revert to the mean. Thus, those funds with lagging five-year returns often came back to beat the funds that won the previous round.

I’d also call your attention to the success ratio. That’s a figure that tells you what percentage of a group of funds survived and outperformed over the next period in question. Here we see a 38% success ratio for the cheap laggards versus just 9% for the pricey funds. This tells me that the cheap funds not only outperformed but also were much more likely to survive than the pricey return champions. Only 9% of those seem-

Continued on Page 2



Russel Kinnel, Director of Manager Research and Editor

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U.S. Open-End Mutual Funds

U.S. Equity

Expense Quartile	Avg Exp Ratio (%)	5-Yr Return Quartile	Avg 5-Yr Return (%)	Funds With 5-Yr Return	Avg Subsequent 10-Yr Rating	Avg Subsequent 10-Yr Return (%)	10-Yr Success Ratio
1	0.73	4	-1.92	149	3.51	7.41	37.58
		3	1.68	302	3.23	6.93	42.38
		2	2.99	366	3.47	7.19	51.91
		1	7.56	303	3.21	6.77	51.16
2	1.16	4	-2.04	208	3.19	7.10	23.56
		3	1.24	231	2.90	6.75	26.84
		2	3.45	287	2.87	6.61	31.36
		1	7.18	314	2.72	6.31	31.53
3	1.56	4	-2.15	250	2.81	6.44	18.80
		3	0.89	222	2.73	6.13	17.57
		2	2.87	190	2.91	6.63	25.26
		1	7.69	196	2.37	5.78	21.43
4	2.17	4	-2.70	382	2.67	5.88	9.42
		3	0.69	223	2.68	5.80	10.31
		2	3.14	186	2.68	6.21	18.82
		1	6.95	160	2.10	5.46	9.38

International Equity

Expense Quartile	Avg Exp Ratio (%)	5-Yr Return Quartile	Avg 5-Yr Return (%)	Funds With 5-Yr Return	Avg Subsequent 10-Yr Rating	Avg Subsequent 10-Yr Return (%)	10-Yr Success Ratio
1	0.90	4	1.55	26	2.93	4.26	19.23
		3	4.32	49	3.32	4.24	51.02
		2	7.59	102	3.00	4.05	43.14
		1	12.80	101	3.04	3.80	53.47
2	1.38	4	2.29	65	2.93	3.70	24.62
		3	5.52	78	2.69	3.58	29.49
		2	8.15	69	2.88	3.66	30.43
		1	13.13	73	3.02	3.80	43.84
3	1.80	4	2.28	73	2.68	4.13	19.18
		3	4.89	76	2.48	3.43	19.74
		2	7.74	63	2.65	3.47	19.05
		1	12.48	67	3.00	3.82	44.78
4	2.43	4	0.89	145	2.42	2.89	10.34
		3	5.39	91	2.50	3.19	9.89
		2	8.51	47	3.23	4.00	42.55
		1	11.67	42	2.46	3.22	23.81

Taxable Bond

Expense Quartile	Avg Exp Ratio (%)	5-Yr Return Quartile	Avg 5-Yr Return (%)	Funds With 5-Yr Return	Avg Subsequent 10-Yr Rating	Avg Subsequent 10-Yr Return (%)	10-Yr Success Ratio
1	0.53	4	4.69	55	3.05	4.15	40.00
		3	5.61	79	3.36	4.44	41.77
		2	5.49	159	3.24	4.02	41.51
		1	7.03	200	3.60	4.69	63.50
2	0.84	4	4.30	73	2.55	3.88	17.81
		3	5.07	140	2.83	4.07	30.71
		2	5.99	136	2.94	4.34	45.59
		1	7.07	142	3.16	4.58	54.93

Excludes load waived, fund of funds, and alternatives/commodities. Ranked by expense quartile (1 cheapest, 4 most expensive), then by five-year return quartile (4 worst, 1 best) with subsequent 10-year return and star rating. Expense/five-year return data through 12/31/2005. 10-year return/rating data through 12/31/2015.

ingly appealing pricey funds delivered a good result to shareholders.

Moving out from U.S. equities, performance became less of a contrary indicator, but it was still better to bet on low fees than big returns.

For international equity, the cheapest-quartile funds with the worst past returns also had the best returns going forward. In this case, they earned an annualized 4.26% versus 3.22% for the priciest funds with the best past returns. Once again, the cheap laggards had the best results of any of the 16 groups, though the priciest funds with great past returns at least managed to finish third from the bottom.

Among taxable-bond funds, the story was a little different. Yes, the cheap laggards went on to beat the pricey return champions, but the returns part of the screen didn't seem to matter. Cheap funds did well across the board, and pricey did poorly. The best-performing group was the cheapest funds with top-quartile performance, and the worst was the priciest funds with bottom-quartile performance. So, we didn't see a snapback reversion to the mean so much as the steady hand of low costs.

For muni-bond funds, cheap funds ruled the day once more, though again it didn't help much to sort by returns. What was really dramatic, though, were the success ratios. The priciest muni funds had success ratios of a mere 2% for pricey funds with poor past performance and 0% for pricey funds with good performance.

Let's step back to look at the success ratios across the board because they have an interesting story to tell. While the top future returns generally came from low-cost laggards, the top success ratios generally came from low-cost funds that outperformed over the prior five years. The main reason would be that a fund with low costs and strong past performance is highly unlikely to be killed off and also quite likely to be a big fund, as fees are inversely related to asset size. And naturally, big funds are good bets to survive.

U.S. Open-End Mutual Funds (cont'd)

Taxable Bond (cont'd)

Expense Quartile	Avg Exp Ratio (%)	5-Yr Return Quartile	Avg 5-Yr Return (%)	Funds With 5-Yr Return	Avg Subsequent 10-Yr Rating	Avg Subsequent 10-Yr Return (%)	10-Yr Success Ratio
3	1.22	4	4.61	126	2.37	3.86	17.46
		3	5.26	118	2.64	3.95	25.42
		2	5.85	101	2.81	4.09	37.62
		1	7.26	82	2.93	4.35	39.02
4	1.77	4	3.81	216	2.00	3.21	9.26
		3	5.67	98	2.62	3.98	27.55
		2	6.65	56	2.56	4.22	12.50
		1	8.08	45	1.83	3.77	13.33

Municipal Bond

Expense Quartile	Avg Exp Ratio (%)	5-Yr Return Quartile	Avg 5-Yr Return (%)	Funds With 5-Yr Return	Avg Subsequent 10-Yr Rating	Avg Subsequent 10-Yr Return (%)	10-Yr Success Ratio
1	0.59	4	3.53	26	2.54	3.42	19.23
		3	4.27	69	3.07	3.71	39.13
		2	4.79	120	3.52	4.13	55.00
		1	5.47	188	3.79	4.23	59.57
2	0.85	4	3.67	45	2.41	3.61	17.78
		3	4.44	128	2.78	3.90	25.00
		2	4.85	122	2.99	4.06	40.16
		1	5.37	120	3.11	4.09	49.17
3	1.29	4	3.78	127	1.98	3.51	9.45
		3	4.38	124	2.27	3.57	12.10
		2	4.66	99	2.38	3.64	22.22
		1	5.34	41	2.59	3.45	31.71
4	1.67	4	3.71	207	1.67	3.22	1.93
		3	4.36	85	1.97	3.22	2.35
		2	4.91	35	1.73	2.95	0.00
		1	6.10	21	1.43	2.99	0.00

All Mutual Funds

Expense Quartile	Avg Exp Ratio (%)	5-Yr Return Quartile	Avg 5-Yr Return (%)	Funds With 5-Yr Return	Avg Subsequent 10-Yr Rating	Avg Subsequent 10-Yr Return (%)	10-Yr Success Ratio
1	0.70	4	0.18	302	3.17	5.58	33.77
		3	2.71	602	3.19	5.65	41.20
		2	4.62	863	3.30	5.43	48.67
		1	7.69	919	3.40	5.38	57.78
2	1.07	4	0.44	476	2.92	5.20	22.48
		3	3.39	661	2.83	4.93	28.29
		2	4.67	726	2.92	5.22	37.47
		1	7.74	780	3.00	5.32	43.46
3	1.48	4	0.98	686	2.49	4.50	16.91
		3	3.10	643	2.60	4.64	19.60
		2	4.45	554	2.75	4.82	27.98
		1	7.90	480	2.73	4.85	32.50
4	2.06	4	0.41	1111	2.28	4.08	8.37
		3	2.92	624	2.53	4.48	12.98
		2	4.56	398	2.65	4.88	19.10
		1	8.02	320	2.21	4.37	15.00

Take-Aways

Needless to say, expense ratios are the place to start for mutual funds. We highlight funds whose expense ratios are in the cheapest quintile with a dark-blue bolding in the fund data pages. Look for funds with strong managers, good strategies, good stewardship, and good performance over the manager's entire tenure, too. You want to understand past performance, but don't read too much into recent returns.

Cheap Funds in a Slump

If you are looking for some contrarian bets in keeping with the findings of this study, I've pulled the Morningstar 500 funds that have a Morningstar Medalist rating, expenses ratios in the cheapest quartile of their category, and bottom-quartile five-year returns. They are ranked in order of fee ranking relative to peers.

Vanguard FTSE All-World ex-US Sm Cap Idx VFSVX

This fund is super cheap, with an expense ratio of 0.31%, but it looks like a dog because of emerging markets. The fund tracks an index with 23% in emerging markets, but the typical foreign small/mid-blend fund only has 4% there.

Vanguard Short-Term Tax-Exempt VWSTX

This Silver-rated fund charges just 0.20%, and its underperformance is purely due to its short duration.

DFA Emerging Markets Value DFEVX

This fund's value tilt has held it back, but its 0.56% expense ratio may pull it ahead when its style is back in favor.

FPA New Income FPNIX

Tom Atteberry is very cautious, and he consistently has less interest-rate risk and less credit risk than his peers, so this is another one that will lag in rallies. It charges a modest 0.58%.

Perkins Mid Cap Value JMCVX

This fund's slump owes to caution, but its longer-term record is strong and 0.59% is a great expense ratio. An emphasis on cheap but lower-yielding stocks has put the fund distinctly out of favor. ■■■

Data through September 30, 2016 FINRA members: For internal or institutional use only.

Harbor Capital Appreciation Instl

Ticker HACAX **Yield** 0.1% **Total Assets** \$25,397 mil **Mstar Category** Large Growth

Benchmark 1: Russell 1000 Growth TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 09-30-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

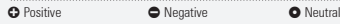
Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Pillar Spectrum



Performance 09-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	19.08	-6.87	5.62	-1.23	15.69
2013	6.91	2.35	12.38	11.94	37.66
2014	-0.12	4.59	1.91	3.26	9.93
2015	5.55	2.88	-5.44	8.09	10.99
2016	-5.49	-1.31	8.16	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	8.16	3.58	4.31	11	10,816
6 Mo	6.75	1.53	0.35	33	10,675
1 Yr	9.05	-4.71	-6.38	70	10,905
3 Yr Avg	11.28	-0.55	0.12	17	13,779
5 Yr Avg	15.99	-0.61	-0.38	29	20,999
10 Yr Avg	8.68	-0.17	1.44	21	22,985
15 Yr Avg	7.54	0.19	0.39	29	29,742

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	9.90	11	1.24	31
5 Yr (estimated)	15.11	19	0.77	26
10 Yr (estimated)	8.23	14	0.41	21

Potential Capital Gain Exposure: 42% of assets

Morningstar's Take by David Kathman, CFA 09-30-16

Harbor Capital Appreciation has seen a dramatic shift in its fortunes over the past two years. In 2015, it was one of the best-performing funds in the large-growth Morningstar Category, posting double-digit returns in a tough year, thanks to big gains by its Internet and healthcare holdings. It has been a different story in 2016, as the fund has struggled to stay in positive territory and ranks near the category's bottom decile through the year's first nine months. Such short-term slumps are no reason to be too concerned, though, as the fund still features an excellent long-term record under veteran manager Sig Segalas. It still earns a Morningstar Analyst Rating of Gold.

Segalas has led this fund for more than 25 years using a fairly traditional growth strategy, one that's disciplined but also flexible when necessary. Along with comanager Kathleen McCarragher, he looks for companies that are growing faster than the S&P 500 benchmark, especially those with strong revenue growth driven by unit sales rather than price increases. Fundamentals such as strong balance sheets are also important, as are solid competitive advantages that will allow a company to

Historical Profile

Return Above Avg
Risk Above Avg
Rating ★★★★★
Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	09-16	History
NAV	33.35	37.31	23.30	32.97	36.72	36.90	42.52	56.69	58.52	60.81	61.35	NAV
Total Return %	2.33	12.25	-37.13	41.88	11.61	0.61	15.69	37.66	9.93	10.99	0.89	Total Return %
+/- Bmark 1	-6.74	0.44	1.31	4.67	-5.10	-2.03	0.43	4.18	-3.12	5.32	-5.12	+/- Bmark 1
+/- Bmark 2	-13.47	6.76	-0.13	15.42	-3.45	-1.50	-0.31	5.27	-3.76	9.61	-6.95	+/- Bmark 2
Income Return %	0.22	0.37	0.42	0.37	0.23	0.12	0.46	0.11	0.08	0.08	0.00	Income Return %
Capital Return %	2.11	11.88	-37.55	41.51	11.37	0.49	15.23	37.55	9.85	10.91	0.89	Capital Return %
Total Rtn % Rank Cat	85	54	21	21	82	24	43	17	53	4	85	Total Rtn % Rank Cat
Income \$	0.07	0.12	0.16	0.09	0.08	0.04	0.17	0.05	0.05	0.05	0.00	Income \$
Capital Gains \$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.73	3.77	4.11	0.00	Capital Gains \$
Expense Ratio %	0.67	0.67	0.68	0.70	0.70	0.68	0.68	0.68	0.67	0.68	0.64	Expense Ratio %
Income Ratio %	0.25	0.38	0.47	0.40	0.24	0.14	0.20	0.35	0.11	0.12	0.17	Income Ratio %
Turnover Rate %	71	69	82	72	68	53	41	48	34	37	—	Turnover Rate %
Net Assets \$mil	7,939	8,348	5,039	7,957	9,749	11,115	15,081	20,516	22,329	24,466	22,273	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return%	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	9.05			
3 Yr	11.28	+Avg	High	★★★★
5 Yr	15.99	+Avg	+Avg	★★★★
10 Yr	8.68	+Avg	Avg	★★★★
Incept	11.17			

Other Measures

	Standard Index	Best Fit Index
Alpha	-0.8	-1.0
Beta	1.11	1.04
R-Squared	77	92
Standard Deviation	13.70	
Mean	11.28	
Sharpe Ratio	0.84	

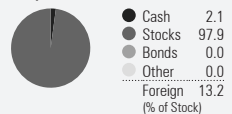
Portfolio Analysis 06-30-16

Stock	YTD Ret %	% Assets
Amazon.com Inc	23.88	6.13
Facebook Inc A	22.56	4.38
Apple Inc	8.98	4.03
Visa Inc Class A	7.18	3.54
Tencent Holdings Ltd	—	2.86
MasterCard Inc A	5.12	2.72
Bristol-Myers Squibb Comp	-20.51	2.68
Industria De Diseno Texti	—	2.43
Salesforce.com Inc	-9.02	2.43
Adobe Systems Inc	15.54	2.40
Alphabet Inc A	3.35	2.31
Alphabet Inc C	—	2.31
Microsoft Corp	5.77	2.27
O'Reilly Automotive Inc	10.53	2.14
Nike Inc B	-14.99	2.10
Celgene Corp	-12.72	2.08
Shire PLC ADR	—	2.04
Alibaba Group Holding Ltd	—	2.02
Allergan PLC	-26.30	1.95
Netflix Inc	-13.84	1.87

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large	55.2	Cyclical	37.77	1.31
Large	34.1	BasicMat	0.19	0.06
Mid	10.7	CnsmrCyc	30.56	1.65
Small	0.0	FinanSvcs	7.02	1.37
Micro	0.0	Real Est	0.00	0.00
Avg \$mil:	82,205	Sensitive	41.44	0.93
		CommSvcs	3.43	0.80
Value Measures	Rel Category	Energy	2.28	3.56
Price/Earnings	27.29	Industri	4.83	3.38
Price/Book	4.89	Technlgy	30.90	1.15
Price/Sales	3.06	Defensive	20.79	0.78
Price/Cash Flow	15.33	CnsmrDef	5.25	0.56
Dividend Yield %	0.91	Hlthcare	15.54	0.90
Growth Measures	% Rel Category	Utilities	0.00	0.00
Long-Term Emrgs	13.55			
Book Value	14.43			
Sales	10.51			
Cash Flow	18.10			
Historical Emrgs	12.00			

Composition - Net



Address:	Harbor Funds Chicago, IL 60606-4302 800-422-1050	Minimum Purchase:	\$50000	Add: —	IRA: \$50000
Web Address:	www.harborfunds.com	Min Auto Inv Plan:	—	Add: —	
Inception:	12-29-87	Sales Fees:	No-load		
Advisor:	Harbor Capital Advisors Inc	Management Fee:	0.60%		
Subadvisor:	Jennison Associates LLC	Actual Fees:	Mgt:0.60% Dist:—		
		Expense Projections:	3Yr:\$218 5Yr:\$383 10Yr:\$862		
		Income Distribution:	Annually		

Data through September 30, 2016 FINRA members: For internal or institutional use only.

Matthews Asian Growth & Inc Investor

Ticker MACSX **Yield** 1.9% **Total Assets** \$3,100 mil **Mstar Category** Pacific/Asia ex-Japan Stk

Benchmark 1: MSCI AC Far East Ex Japan NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 09-26-16

Silver

Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

★ Gold ★ Silver ★ Bronze Neutral Negative

Pillar Spectrum

+ Positive - Negative ● Neutral

Performance 09-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	11.02	-1.35	10.37	4.99	26.90
2013	4.41	-2.52	1.87	1.10	4.83
2014	0.48	4.41	-1.88	-3.49	-0.65
2015	2.00	1.43	-10.26	2.86	-4.50
2016	4.05	2.88	3.23	—	—

Trailing

	Total Return %	+/- Bmark	+/- Bmark	%Rank Cat	Growth of \$10,000
3 Mo	3.23	-7.39	-3.68	100	10,323
6 Mo	6.20	-4.47	-0.02	100	10,620
1 Yr	13.68	-4.43	4.42	79	11,368
3 Yr Avg	1.96	-0.84	1.78	86	10,601
5 Yr Avg	7.13	0.04	1.09	82	14,111
10 Yr Avg	6.81	0.79	4.65	60	19,328
15 Yr Avg	11.68	0.40	5.12	68	52,453

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	0.44	87	1.49	80
5 Yr (estimated)	5.62	85	1.41	96
10 Yr (estimated)	4.94	65	1.75	100

Potential Capital Gain Exposure: 18% of assets

Morningstar's Take by William Samuel Rocco 09-26-16

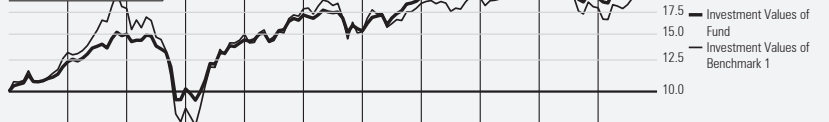
Matthews Asian Growth & Income merits a Morningstar Analyst Rating of Silver because it has several appealing traits, including an attractive strategy that is quite distinctive as well as rather conservative.

Co-lead managers Robert Horrocks and Kenneth Lowe invest in dividend-paying common stocks, preferred equities, and convertible and other bonds, whereas all of their peers focus exclusively or nearly exclusively on common stocks and many of them favor bolder, fast-growing equities. This fund's geographic range is also relatively broad, because the managers regularly invest in the region's developed markets—including Australia and Japan—while most of their counterparts do not.

But the strategy is not tamer than the Pacific/Asia ex-Japan norm in every respect. The managers readily pile into areas and sectors that are packed with securities that meet their standards, so this fund normally has several sizable country and sector overweightings versus its average peer and its benchmark, the MSCI All Country Asia ex Japan Index. And the managers normally invest in roughly 50 to 60 names, whereas their typical

Historical Profile

Return Average
Risk Low
Rating ★★★
Neutral



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	09-16	History
18.68	19.78	11.49	15.77	18.04	15.07	18.61	18.91	18.01	16.03	17.56	17.56	NAV
23.38	21.54	-32.07	41.44	19.18	-10.62	26.90	4.83	-0.65	-4.50	10.51	10.51	Total Return %
-8.36	-14.95	18.50	-27.45	-0.27	4.16	4.88	1.07	-3.81	5.01	-2.65	-2.65	+/- Bmark 1
-3.27	4.89	13.46	-0.01	8.02	3.09	10.06	-10.46	3.22	1.16	4.69	4.69	+/- Bmark 2
3.63	4.97	2.13	3.85	3.02	2.65	3.14	2.49	1.84	2.34	0.92	0.92	Income Return %
19.75	16.57	-34.20	37.59	16.16	-13.27	23.76	2.34	-2.49	-6.85	9.59	9.59	Capital Return %
84	92	1	97	60	11	24	25	96	24	65	65	Total Rtn % Rank Cat
0.62	0.90	0.41	0.44	0.47	0.47	0.47	0.46	0.35	0.42	0.15	0.15	Income \$
1.77	2.00	1.67	0.00	0.24	0.61	0.00	0.12	0.44	0.76	0.00	0.00	Capital Gains \$
1.20	1.16	1.16	1.18	1.13	1.12	1.11	1.08	1.08	1.09	1.11	1.11	Expense Ratio %
2.27	2.59	3.19	3.47	2.47	2.71	2.52	2.14	2.03	2.17	1.79	1.79	Income Ratio %
28	28	25	18	20	17	17	15	17	16	—	—	Turnover Rate %
2,021	2,273	1,085	2,545	3,922	2,344	3,206	3,277	3,055	2,053	2,043	2,043	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	13.68			
3 Yr	1.96	-Avg	Low	★★
5 Yr	7.13	-Avg	Low	★★★
10 Yr	6.81	Avg	Low	★★★★
Incept	9.58			

Other Measures

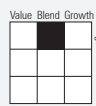
	Standard Index	Best Fit Index
Alpha	1.8	2.0
Beta	0.75	0.61
R-Squared	78	87
Standard Deviation	10.79	
Mean	1.96	
Sharpe Ratio	0.22	

Portfolio Analysis 06-30-16

Total Stocks: 53

Share change since 03-31-16	Sector	Country	% Assets
AIA Group Ltd	Finan Svcs	Hong Kong	3.65
Jardine Matheson Holdings	Industrl	Hong Kong	2.64
Genting Malaysia Bhd	Cnsmr Cyc	Malaysia	2.49
CLP Holdings Ltd	Utilities	Hong Kong	2.41
SkyCity Entertainment Gro	Cnsmr Cyc	New Zealand	2.41
Singapore Telecommunicati	Comm Svcs	Singapore	2.35
China Mobile Ltd ADR	Comm Svcs	China	2.28
Ascendas Real Estate Inve	Real Est	Singapore	2.27
KDDI Corp	Comm Svcs	Japan	2.25
Japan Tobacco Inc	Cnsmr Def	Japan	2.23
KT&G Corp	Cnsmr Def	South Korea	2.20
Guangdong Investment Ltd.	Utilities	Hong Kong	2.17
Techtronic Industries Co	Industrl	Hong Kong	2.15
United Overseas Bank Ltd	Finan Svcs	Singapore	2.06
Singapore Technologies En	Industrl	Singapore	2.05
Taiwan Semiconductor Manu	Technology	Taiwan	1.99
Kangwon Land Inc	Cnsmr Cyc	South Korea	1.98
Lg Household&Healt Pfd	—	South Korea	1.96
PT Telekomunikasi Indones	Comm Svcs	Indonesia	1.95
Yum Brands Inc	Cnsmr Cyc	United States	1.93

Current Investment Style



Avg \$mil: 14,788

Value Measures	Rel Category	Sector Weightings	% of Stocks	Rel Bmark 1
Price/Earnings	15.21 0.98	Cyclical	33.25	0.71
Price/Book	1.71 0.89	BasicMat	0.00	0.00
Price/Sales	1.79 1.10	CnsmrCyc	16.88	1.41
Price/Cash Flow	10.63 1.55	FinanSvcs	11.42	0.49
Dividend Yield %	3.80 1.36	Real Est	4.95	0.72
		Sensitive	44.37	1.03
		CommSvcs	17.77	2.89
		Energy	0.00	0.00
		Industrl	18.61	2.41
		Technlgy	7.99	0.30
		Defensive	22.39	2.21
		CnsmrDef	11.19	2.36
		Hlthcare	3.46	2.26
		Utilities	7.74	2.01

Growth Measures	% Rel Category	Regional Exposure	% Stock
Long-Term Erngs	9.38 0.76	UK/W. Europe	4 N. America
Book Value	8.37 1.42	Japan	9 Latn America
Sales	3.27 0.64	Asia X Japan	83 Other
Cash Flow	-0.60 -0.12		
Historical Erngs	0.76 0.12		

Composition - Net

	%	Country Exposure	% Stock
Cash	0.0	Hong Kong	22 Japan
Stocks	90.1	Singapore	16 Malaysia
Other	9.9	South Korea	11
Foreign (% of Stock)	95.9		

Address:	Four Embarcadero Center San Francisco CA 94111 800-789-2742	Minimum Purchase:	\$2500	Add: \$100	IRA: \$500
Web Address:	www.matthewsasias.com/	Min Auto Inv Plan:	\$2500	Add: —	
Inception:	09-12-94	Sales Fees:	No-load		
Advisor:	Matthews International Cap Mgmt LLC	Management Fee:	0.75% mrx/0.60% mn., 0.14%A		
Subadvisor:	None	Actual Fees:	Mgt:0.66% Dist:0.00%		
		Expense Projections:	3Yr:\$347 5Yr:\$601 10Yr:\$1329		
		Income Distribution:	Semi-Annually		

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PIMCO High Yield D

Benchmark 1: BofAML US HY Master II TR USD
 Benchmark 2: Barclays US Agg Bond TR USD

Morningstar Analyst Rating 09-29-16

Silver

Morningstar Pillars

- Process ➔ Positive
- Performance ➔ Positive
- People ➔ Positive
- Parent ➔ Neutral
- Price ➔ Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 09-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	5.02	1.37	4.00	3.10	14.15
2013	2.14	-1.63	1.96	2.88	5.40
2014	2.62	1.77	-1.75	0.33	2.95
2015	2.38	-0.35	-3.58	-0.58	-2.20
2016	2.63	3.23	4.88	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	4.88	-0.61	4.42	47	10,488
6 Mo	8.27	-3.42	5.59	68	10,827
1 Yr	10.47	-2.35	5.28	27	11,047
3 Yr Avg	4.80	-0.47	0.78	22	11,511
5 Yr Avg	7.41	-0.83	4.33	40	14,299
10 Yr Avg	6.38	-1.21	1.59	41	18,555
15 Yr Avg	7.11	-1.35	2.31	57	28,009

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	1.97	22	2.70	67
5 Yr (estimated)	4.70	36	2.53	56
10 Yr (estimated)	3.65	39	2.57	45

Potential Capital Gain Exposure: 0% of assets

Morningstar's Take by Sumit Desai, CFA 09-29-16

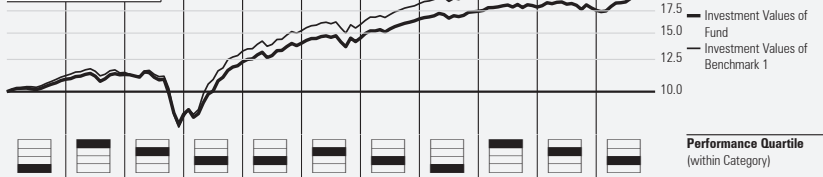
PIMCO High Yield has largely performed as expected through various market environments. Its deft navigation of the recent energy-sector troubles, along with a deep team and inexpensive price tag, support the fund's upgrade to a Morningstar Analyst Rating of Silver.

Since taking over in January 2010, lead manager Andrew Jessop has made this fund a straightforward high-yield offering. The fund uses the Bank of America Merrill Lynch U.S. High Yield BB-B Rated Constrained Index as its benchmark, which excludes bonds rated CCC or lower. Other broad-based high-yield bond indexes, like the BofAML U.S. High Yield Master II Index, tend to carry a nearly 15% allocation to CCC rated bonds.

The fund's higher-quality approach should minimize volatility over a full credit cycle relative to its high-yield bond peers that tend to take on more credit risk, but could lag during risk-on rallies. For example, the fund fell into the bottom half of the high-yield bond Morningstar Category in 2012 and 2013 when the CCC bonds it avoids rallied. On the other hand, Jessop and team were early to spot troubles in the energy and commodities sectors; its move to avoid these sectors and lower-rated bonds in

Historical Profile

Return Average
 Risk Average
 Rating ★★★
 Neutral



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	09-16	History
NAV	9.89	9.54	6.69	8.80	9.30	8.98	9.64	9.61	9.14	8.26	8.83	NAV
Total Return %	9.00	3.32	-23.98	43.56	13.84	3.64	14.15	5.40	2.95	-2.20	11.12	Total Return %
+/- Bmark 1	-2.77	1.12	2.41	-13.96	-1.35	-0.75	-1.43	-2.02	0.45	2.45	-4.20	+/- Bmark 1
+/- Bmark 2	4.67	-3.65	-29.22	37.63	7.30	-4.20	9.94	7.43	-3.02	-2.75	5.32	+/- Bmark 2
Income Return %	7.06	6.93	7.26	10.54	7.96	7.14	6.64	5.71	6.06	5.36	4.07	Income Return %
Capital Return %	1.94	-3.61	-31.24	33.01	5.88	-3.50	7.51	-0.31	-3.11	-7.55	7.05	Capital Return %
Total Rtn % Rank Cat	76	11	41	65	55	44	62	78	16	28	62	Total Rtn % Rank Cat
Income \$	0.67	0.66	0.67	0.68	0.68	0.64	0.58	0.54	0.56	0.48	0.33	Income \$
Capital Gains \$	0.01	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.19	0.22	0.00	Capital Gains \$
Expense Ratio %	0.90	0.90	0.91	0.91	0.91	0.90	0.90	0.90	0.90	0.91	0.90	Expense Ratio %
Income Ratio %	6.83	6.64	6.73	8.22	8.41	6.95	6.46	5.47	5.35	5.13	5.13	Income Ratio %
Turnover Rate %	105	75	187	354	129	36	50	39	25	39	32	Turnover Rate %
Net Assets \$mil	427	374	458	657	788	704	779	649	396	318	—	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	10.47			
3 Yr	4.80	+ Avg	Avg	★★★★
5 Yr	7.41	Avg	Avg	★★★★
10 Yr	6.38	Avg	Avg	★★★★
Incept	6.01			

Other Measures

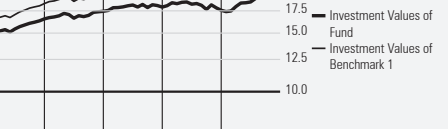
	Standard Index	Best Fit Index
Alpha	2.6	0.4
Beta	0.54	0.83
R-Squared	7	92
Standard Deviation	5.31	
Mean	4.80	
Sharpe Ratio	0.89	

Ticker PHYDX Yield 5.0% SEC Yield 4.74% Total Assets \$10,733 mil Mstar Category High Yield Bond

Investment Style

Fixed Income

Growth of \$10,000



Performance Quartile

(within Category)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	09-16	History
NAV	9.89	9.54	6.69	8.80	9.30	8.98	9.64	9.61	9.14	8.26	8.83	NAV
Total Return %	9.00	3.32	-23.98	43.56	13.84	3.64	14.15	5.40	2.95	-2.20	11.12	Total Return %
+/- Bmark 1	-2.77	1.12	2.41	-13.96	-1.35	-0.75	-1.43	-2.02	0.45	2.45	-4.20	+/- Bmark 1
+/- Bmark 2	4.67	-3.65	-29.22	37.63	7.30	-4.20	9.94	7.43	-3.02	-2.75	5.32	+/- Bmark 2
Income Return %	7.06	6.93	7.26	10.54	7.96	7.14	6.64	5.71	6.06	5.36	4.07	Income Return %
Capital Return %	1.94	-3.61	-31.24	33.01	5.88	-3.50	7.51	-0.31	-3.11	-7.55	7.05	Capital Return %
Total Rtn % Rank Cat	76	11	41	65	55	44	62	78	16	28	62	Total Rtn % Rank Cat
Income \$	0.67	0.66	0.67	0.68	0.68	0.64	0.58	0.54	0.56	0.48	0.33	Income \$
Capital Gains \$	0.01	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.19	0.22	0.00	Capital Gains \$
Expense Ratio %	0.90	0.90	0.91	0.91	0.91	0.90	0.90	0.90	0.90	0.91	0.90	Expense Ratio %
Income Ratio %	6.83	6.64	6.73	8.22	8.41	6.95	6.46	5.47	5.35	5.13	5.13	Income Ratio %
Turnover Rate %	105	75	187	354	129	36	50	39	25	39	32	Turnover Rate %
Net Assets \$mil	427	374	458	657	788	704	779	649	396	318	—	Net Assets \$mil

Portfolio Analysis 06-30-16

	Date of Maturity	Amount 000	Value \$000	% Assets
Total Fixed Income: 782				
Cdx Hy25 5y Ice	12-20-20	183,150	190,736	1.89
Renaissance Acquisition	08-15-21	80,000	73,000	0.72
Crimson Merger Sub / Or	05-15-22	83,000	68,683	0.68
Lloyds Bkg Grp Cv FRN	—	60,150	58,947	0.58
Cdx Hy23 5y Ice	12-20-19	48,500	51,607	0.51
Hca 7.5%	02-15-22	40,750	46,435	0.46
Argos Merger Sub 144A 7	03-15-23	40,900	42,229	0.42
Hd Sply 7.5%	07-15-20	40,000	41,996	0.42
Numericable Grp Sa 144A	05-15-22	43,000	41,979	0.42
Cdx Hy26 5y Ice	06-20-21	40,000	41,285	0.41
Mgm Resorts Intl 6.625%	12-15-21	36,675	40,067	0.40
Numericable Grp Sa 144A	05-15-24	42,550	40,848	0.40
Altice Sa 144A 7.75%	05-15-22	38,000	38,523	0.38
First Data Corp New 144	01-15-24	37,000	37,231	0.37
Univision Comms 144A 5.	02-15-25	37,250	36,971	0.37
Aercap Ireland Cap Limi	05-15-21	35,000	35,945	0.36
Sabine Pass Liquefactio	05-15-24	36,000	35,910	0.36
Gates Global 144A 6%	07-15-22	40,000	35,200	0.35
Hca 5.25%	06-15-26	34,000	35,381	0.35
Cco Hldgs Llc / Cco Hld	04-01-24	32,400	33,696	0.33

Current Investment Style

Duration	Ltd	Mod	Ext
Avg Eff Duration ¹	3.6	Yrs	
Avg Eff Maturity	5.5	Yrs	
Avg Credit Quality	—		
Avg Wtd Coupon	6.15%		
Avg Wtd Price	98.74%	of par	

Sector Breakdown

	% Assets
Government	0
Government Related	0
Corporate	87
Agency MBS	0
Non-Agency Residential MBS	0
Commercial MBS	0
Covered Bond	0
Asset Backed	0
Municipal	0
Cash & Equivalents	10
Other	3

Coupon Range

	% of Bonds
0% PIK	0.0
0% to 4%	3.2
4% to 6%	49.8
6% to 8%	39.3
8% to 10%	6.0
More than 10%	1.7

Composition - Net

	Cash	Bonds	Other
	5.9	92.1	2.1

Credit Analysis

	% Bonds
AAA	—
AA	—
A	—
BBB	—

Address: PIMCO Investments LLC distributor
 New York NY 10019
 888-877-4626
 Web Address: www.pimco.com
 Inception: 04-08-98
 Advisor: Pacific Investment Management Co LLC
 Subadvisor: None

Minimum Purchase: \$1000 Add: \$50 IRA: —
 Min Auto Inv Plan: — Add: —
 Sales Fees: No-load
 Management Fee: 0.25%, 0.40%
 Actual Fees: Mgt:0.65% Dist:0.25%
 Expense Projections: 3Yr:\$290 5Yr:\$504 10Yr:\$1120
 Income Distribution: Monthly

Data through September 30, 2016 FINRA members: For internal or institutional use only.

Vanguard Tax-Managed Capital App Adm

Ticker VTCLX **Yield** 1.7% **Total Assets** \$7,075 mil **Mstar Category** Large Blend

Benchmark 1: Russell 1000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 09-22-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 09-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	12.96	-3.28	6.28	0.20	16.35
2013	10.84	2.73	6.22	10.51	33.67
2014	2.13	5.02	0.35	4.54	12.52
2015	1.92	0.44	-6.84	6.61	1.68
2016	0.88	2.47	4.03	—	—

Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	4.03	0.00	0.17	42	10,403
6 Mo	6.59	-0.08	0.19	28	10,659
1 Yr	14.63	-0.30	-0.80	27	11,463
3 Yr Avg	10.78	0.00	-0.38	12	13,595
5 Yr Avg	16.47	0.06	0.10	9	21,436
10 Yr Avg	7.47	0.07	0.23	14	20,547
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	10.00	7	0.70	25
5 Yr (estimated)	15.86	5	0.53	22
10 Yr (estimated)	7.05	6	0.39	11

Potential Capital Gain Exposure: 50% of assets

Morningstar's Take by Adam McCullough 09-22-16

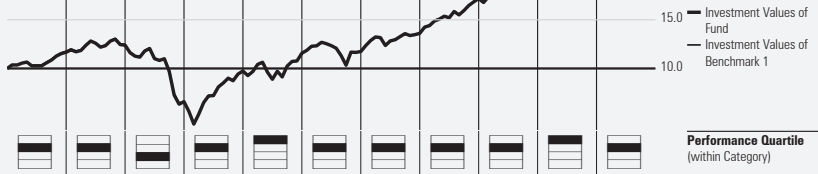
Vanguard Tax-Managed Capital Appreciation offers tax-efficient exposure to large- and mid-cap U.S. stocks. The combination of low fees, broad diversification, and effective tax management underpin its Morningstar Analyst Rating of Gold.

The fund has two competing mandates: to efficiently track the Russell 1000 Index and minimize the tax consequences. To manage taxes, managers Donald Butler and William Coleman underweight higher-dividend-paying stocks and harvest capital losses to offset realized capital gains. As dividend payments are taxed when they are distributed, a lower dividend yield reduces investors' tax bills. But this lower-yield tilt could modestly hinder performance when dividend stocks are in favor.

Although the managers have discretion around their use of tax management strategies, they are constrained by strict tracking-error limits to the Russell 1000 Index. Consequently, the fund looks a lot like this benchmark, though it does carry a lower dividend yield. This is as far as the fund strays from the index. The fund's sector allocations have been consistently within plus or minus

Historical Profile

Return Above Avg
Risk Average
Rating ★★★★★ Above Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	09-16	History
NAV	67.68	70.70	43.04	54.72	62.56	62.36	71.17	93.70	103.82	103.75	110.10	NAV
Total Return %	14.44	6.11	-37.58	29.11	16.02	1.38	16.35	33.67	12.52	1.68	7.53	Total Return %
+/- Bmark 1	-1.02	0.33	0.02	0.68	-0.08	-0.12	-0.07	0.56	-0.72	0.76	-0.39	+/- Bmark 1
+/- Bmark 2	-1.35	0.61	-0.58	2.65	0.95	-0.73	0.35	1.28	-1.17	0.29	-0.31	+/- Bmark 2
Income Return %	1.65	1.65	1.48	1.97	1.69	1.71	2.21	2.00	1.72	1.69	1.35	Income Return %
Capital Return %	12.79	4.45	-39.06	27.14	14.33	-0.33	14.14	31.67	10.79	-0.02	6.18	Capital Return %
Total Rtn % Rank Cat	49	43	51	37	19	27	28	29	37	18	28	Total Rtn % Rank Cat
Income \$	0.99	1.12	1.04	0.85	0.92	1.07	1.38	1.42	1.62	1.75	1.39	Income \$
Capital Gains \$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains \$
Expense Ratio %	0.10	0.09	0.10	0.15	0.12	0.12	0.12	0.12	0.12	0.11	0.11	Expense Ratio %
Income Ratio %	1.56	1.57	1.72	1.80	1.59	1.65	1.96	1.71	1.66	1.69	1.86	Income Ratio %
Turnover Rate %	5	5	8	26	7	2	3	4	6	10	—	Turnover Rate %
Net Assets \$mil	2,941	3,283	2,045	2,526	2,860	3,305	3,702	5,040	5,760	5,982	6,478	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	14.63			
3 Yr	10.78	+ Avg	Avg	★★★★
5 Yr	16.47	High	Avg	★★★★★
10 Yr	7.47	+ Avg	Avg	★★★★
Incept	7.13			

Other Measures

	Standard Index	Best Fit Index
Alpha	-0.5	-0.1
Beta	1.01	1.01
R-Squared	99	100
Standard Deviation	11.01	
Mean	10.78	
Sharpe Ratio	0.98	

Portfolio Analysis 08-31-16

Total Stocks: 954

Share change since 07-31-16	Sector	YTD Ret %	% Assets
Apple Inc	Technology	8.98	2.76
Microsoft Corp	Technology	5.77	2.02
Exxon Mobil Corp	Energy	14.83	1.69
Johnson & Johnson	Hlth Care	17.29	1.51
Amazon.com Inc	Cnsmr Cyc	23.88	1.42
Berkshire Hathaway Inc B	Finan Svcs	9.41	1.35
Facebook Inc A	Technology	22.56	1.33
General Electric Co	Industri	-2.70	1.25
Alphabet Inc A	Technology	3.35	1.10
Alphabet Inc C	Technology	—	1.10
Procter & Gamble Co	Cnsmr Def	15.54	1.08
JPMorgan Chase & Co	Finan Svcs	2.91	1.06
AT&T Inc	Comm Svcs	22.20	1.05
Wells Fargo & Co	Finan Svcs	-16.46	1.04
Chevron Corp	Energy	17.97	0.92
Pfizer Inc	Hlth Care	7.71	0.92
Verizon Communications In	Comm Svcs	16.13	0.87
The Home Depot Inc	Cnsmr Cyc	-1.13	0.84
Visa Inc Class A	Finan Svcs	7.18	0.79
Walt Disney Co	Cnsmr Cyc	-10.95	0.78

Current Investment Style

Value Blend Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel Bmark 1
Large	Giant	43.2	Cyclical	33.18	1.03
Mid	Large	32.1	BasicMat	3.04	1.02
Small	Mid	22.9	CnsmrCyc	12.29	1.05
Micro	Small	1.8	FinanSvcs	14.35	1.03
	Micro	0.0	Real Est	3.50	0.96
	Avg \$mil:	54,334	Sensitive	39.94	0.97
			CommSvcs	4.04	0.95
			Energy	6.80	0.97
			Industri	11.20	1.00
			Technlgy	17.90	0.97
			Defensive	26.88	1.00
			CnsmrDef	9.19	0.98
			Hlthcare	14.49	1.02
			Utilities	3.20	0.99

Value Measures	Rel Category
Price/Earnings	19.48 1.07
Price/Book	2.65 1.04
Price/Sales	1.76 1.06
Price/Cash Flow	10.27 1.07
Dividend Yield %	2.02 0.88
Growth Measures	% Rel Category
Long-Term Emrgs	8.88 0.98
Book Value	3.36 1.06
Sales	2.20 1.03
Cash Flow	3.30 0.88
Historical Emrgs	6.03 1.02

Composition - Net

	%
Cash	0.1
Stocks	99.9
Bonds	0.0
Other	0.0
Foreign	0.3
(% of Stock)	
Profitability	%
Return on Equity	20.34
Return on Assets	6.53
Net Margin	12.55

Address:	Vanguard Tax-managed Funds Valley Forge, PA 19482 800-662-7447 www.vanguard.com	Minimum Purchase:	\$10000	Add: \$1	IRA: —
Web Address:	www.vanguard.com	Min Auto Inv Plan:	—	Add: —	
Inception:	11-12-01	Sales Fees:	No-load		
Advisor:	Vanguard Group Inc	Management Fee:	0.10%		
Subadvisor:	None	Actual Fees:	Mgt:0.10% Dist:—		
		Expense Projections:	3Yr:\$35 5Yr:\$62 10Yr:\$141		
		Income Distribution:	None		

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Are Large Caps Overpriced?

Morningstar Research | Laura Lallos

After a heady rally in 2013 and double-digit gains in 2014, large-cap funds were clipped in 2015. Now that they've regained some ground so far in 2016, are there decent deals to be had? We decided to answer that question using our fair value estimates to assess the overall market and find the best bargains.

Morningstar's equity analysts have developed a measure of value, using a proprietary discounted cash flow model to assess the more than 1,200 mostly large-cap names they cover. A stock with a price/fair value ratio greater than 1.0 is considered overvalued. This is not a perfect predictor for timing purposes, but it does give some sense of overall value. At the end of 2013's rally, the median stock covered by Morningstar had a price/fair value ratio of 1.06 and remained overvalued through 2014, ending the year at 1.03. **Vanguard 500 Index** VFIAX also had a price/fair value ratio of 1.03 at the end of 2014. That was up considerably from its 0.93 ratio at the end of 2012—before the 2013 surge.

As of Sept. 23, 2016, U.S. stocks were still less expensive than they were going into 2015. The median stock covered by Morningstar was fully but not excessively valued in mid-September, with a price/fair value ratio of 1.0. Vanguard 500 Index was also at 1.0.

That does not mean most large-cap funds are now priced just about right. The median and the benchmark ratios obscure the extremes. We calculated a price/fair value ratio for all the large-cap funds in the Morningstar 500. (We limited the search to those funds for which we had a recent portfolio and fair value figures for at least 75% of the portfolio.) As we observed in the January 2015 issue of *Morningstar FundInvestor*, more than 80% of the funds in our sample back then had ratios of 1.0 or higher. Today, 50% of large-cap funds are still fully valued or overvalued, and most of the rest are close.

Less Value in Large-Cap Value

Break it down further, though, and the results look different than they did at the end of 2014. Back then, while both growth and value funds were richly valued, the funds with the highest ratios were generally growth funds, with large-value funds offering better deals. Today, most of the relatively few funds priced at 96% or less of fair value are large-growth funds. Meanwhile, most of the large-value funds in the M500 are at 99% or more of fair value.

With interest rates at record lows, investors hungry for income and security have been favoring solid dividend-payers for the past several years, and dividend-oriented strategies have been the priciest funds within the large-value Morningstar Category since before 2013's rally. Going into September, dividend strategies tended to be the priciest of all funds, period. They'd lost some value by Sept. 23, but **American Funds Washington Mutual** AWSHX, which aims for a dividend yield higher than the S&P 500's, still clocked in at 1.03, as did **Columbia Dividend Income** GSFTX. **Vanguard High Dividend Yield Index** VHDYX was up there, with a price/fair value ratio of 1.02. The best value in the category was Silver-rated **Invesco Comstock** ACSTX at 0.95. The deep-value strategy has much more than its typical category peer in financials, one of the poorer-performing sectors during the past year, and little in utilities, a dividend-seeker's favorite and one of the top-performing sectors.

Blend Funds Across the Spectrum

With the broad market index funds generally fully valued, many large-blend funds come in with price/fair value ratios at or near 1.0. The priciest are those with an explicit dividend-growth bent, including **Vanguard Dividend Appreciation Index** VDAIX and **T. Rowe Price Dividend Growth** PRDGX, which had ratios of 1.04. This underlines the point Greg Carlson made in the September issue of *FundInvestor* on high valuations in such strategies.

The best deals are in quirky, focused portfolios that prioritize value. Silver-rated **Parnassus Core Equity** PRBLX, which has a price/fair value ratio of 0.96, keeps 75% of assets in dividend-paying names. But the managers don't emphasize high dividends or

Cheapest and Priciest Portfolios

Fund	Ticker	Category	Price/Fair Value
Morningstar Medalists With the Lowest Price/Fair Value Ratios			
RiverPark/Wedgewood Retail	RWGF	Large Growth	0.93
American Century Ultra	TWCUX	Large Growth	0.95
Invesco Comstock	ACSTX	Large Value	0.95
Parnassus	PARNX	Large Growth	0.95
Morningstar Medalists With the Highest Price/Fair Value Ratios			
ClearBridge Aggressive Growth	SHRAX	Large Growth	1.06
American Funds Invmt Co of America	AIVSX	Large Blend	1.04
Fidelity Growth Company	FDGRX	Large Growth	1.04
Neuberger Berman Socially Rspns	NRAAX	Large Growth	1.04
T. Rowe Price Dividend Growth	PRDGX	Large Blend	1.04
TIAA-CREF Growth & Income Instl	TIGRX	Large Growth	1.04
Vanguard Dividend Appreciation Idx	VDAIX	Large Blend	1.04

Based on each fund's most recent portfolio, calculated as of Sept. 23, 2016.

dividend growth and buy only when a stock is undervalued based on a range of outcomes incorporating a variety of macroeconomic scenarios, holding 40 or so names. Gold-rated **Oakmark Select OAKLX**, concentrated in only about 20 names, takes an absolute value approach and comes in at 0.97.

Some Growth Funds Look Like the Best Values

Large-growth funds top the list of funds with the lowest price/fair value ratios. At the end of 2014, only one fund, Silver-rated **RiverPark/Wedgewood RWGF**, had a ratio below 1.0. That fund remains one of the better deals, with a ratio of 0.93 today. Today, however, it is joined by 24 other large-growth funds with ratios below 1.0, including Gold-rated **Harbor Capital Appreciation HACAX** at 0.96. To be sure, there are growth funds at the other extreme, with **ClearBridge Aggressive Growth SHRAX** topping the list at 1.06. Overall, though, funds in this category are more likely to be good deals, as measured by Morningstar's price/fair value ratio.

Finding Value With Less Volatility

Dividend-oriented strategies are the traditional territory for stock investors seeking stability. Current valuations pose a challenge for valuation-sensitive investors who are also wary of volatility. For example, **Morgan Stanley Institutional Growth MSEGX** looks like a better deal than most dividend-oriented

funds today, with a price/fair value ratio of 0.99, but it was also recently downgraded to Silver from Gold because its volatility has made it difficult for shareholders to stay the course. It is still an excellent choice for those who can handle the ride, but not an alternative for investors looking for core exposure that's more staid.

We sorted through those funds with price/fair value ratios of 0.96 or less—few of which were large-value funds—seeking Morningstar Medalists with lower volatility than Vanguard 500 Index. Two names stood out with lower standard deviations than the benchmark over the past five- and 10-year periods. Silver-rated **Bridgeway Blue Chip 35 Index BRLIX** has the highest average market cap of any U.S. equity mutual fund, holding mature industry titans with steadier records of profitability, stronger balance sheets, and lower volatility than their smaller-cap brethren, and the fund's strategy of equal-weighting its holdings further reduces stock-specific risk.

Parnassus Core Equity also made the cut. The managers look for companies with strong competitive advantages, increasingly relevant products or services, quality management, and temporarily depressed valuations. They argue that their environmental, social, and governance criteria help them avoid firms prone to corporate scandals and other risks.

That's not to say these funds are the best deals now or appropriate for everyone. Besides, volatile funds can pay off nicely in the long run. A ranking by Sharpe ratio, which allows for a comparison of risk-adjusted performance across categories, shows that the highly volatile Morgan Stanley Institutional Growth has bested Vanguard 500 Index on a risk-adjusted basis over the past decade. Investors planning to sit tight for another 10 years have less to fear. ■■■

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Cheap Medalists Due for a Rebound

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

Picking up on my cover story theme of laggards with low fees, I will round out the discussion with seven more Morningstar Medalists that are low-cost but have lousy five-year returns. What's intriguing is that most have a pretty clear reason for lagging that doesn't relate to manager skill. That is, they had a structural bias that worked against them.

Columbia Acorn International ACINX has low fees and solid returns over the past 10- and 15-year periods, but the past five years have been miserable. The fund had a significant overweighting in emerging-markets stocks for much of the five-year period and still has a bit more exposure to such stocks than the average foreign small/mid-growth fund. The fund has retooled its strategy a bit, but the managers who delivered solid long-term results are still there.

Fidelity Floating Rate High Income FFRHX is one of the cheapest and most cautious funds in its category. That caution explains why it has lagged and why it could well outperform the next time the economy hits a bump. With a strong economy and a big move to buy anything with a yield, taking risks in bank loans has been handsomely rewarded. But that won't always be the case, and this fund's 0.70% expense ratio gives it an edge on the competition in good years and bad.

FPA Capital FPPTX is closed to new investors, but perhaps this will encourage those in the fund to hold on. This is another story of caution. Management has 27% of assets in cash, and that has been a tailwind. In addition, if you are a value investor who doesn't focus on yield, you are probably well behind your peers. Thus, Dennis Bryan and Arik Ahitov are having a tough go of it. Most of their stocks are in energy and technology. They've also made mistakes,

such as for-profit education stocks. Still, the fund could well outperform when the stock market gets sick of dividend plays or when it sells off.

Fidelity Intermediate Bond FTHR is a great core fund, partly for what it doesn't do. It doesn't make bold macro calls or dip into currency or foreign-bond bets the way some of the best-known intermediate-bond funds do. Thus, it's a nice predictable investment-grade bond fund. Yes, that means it has lagged its peers lately. But the fund works well if you want to dial down risk or if you want to invest in separate high-yield or foreign-bond funds and seek an intermediate fund that won't enter the territory of the other two.

Matthews China MCHF is isn't lagging for caution so much as stock selection. The fund lagged on the way down in 2016 because of some financials bets. Thus, the rebound case isn't quite as clean as most of those above, but it does boast low costs and the support of a great firm that specializes in Asian investing.

AMG Yacktman YACKX has proved too cautious for the current environment. The fund has a sizable cash stake and many stable but boring business such as **Procter & Gamble** PG and **PepsiCo** PEP. We rate the fund Gold, though, because it has been a star in bear markets, and its low costs work nicely in its favor. Stephen Yacktman and Jason Subotky seek companies with strong free cash flows, reasonable debt, high returns on capital, and modest cyclicality. Combined with their emphasis on valuation, the managers' process tends to lead them to high-quality consumer staples and discretionary companies.

LKCM Small Cap Equity LKSCX has a fondness for energy and materials stocks that has killed performance in recent years. But Luther King, Steve Purvis, and the rest of the team at LKCM have a solid record finding small-cap firms that dominate their niche. The fund's 0.97% expense ratio gives it a modest edge. ■■■

Watch Out for Downgrades

Red Flags | Laura Lallo

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

Our analysts regularly review Morningstar Analyst Ratings, and sometimes even old favorites end up being downgraded. Ratings changes can serve as a signal to shareholders that it may be time to review the holding.

Risk Concerns

September saw an unusually dramatic fall from favor when **Fairholme FAIRX** dropped to Neutral from Silver. Such drops are often precipitated by manager changes, but in this case longtime manager Bruce Berkowitz remains at the helm, employing the characteristically bold, idiosyncratic strategy that made his name. Turnover on the team supporting Berkowitz is troublesome, but liquidity concerns drove the downgrade. While the fund still has a sizable cash stake, it has also suffered net outflows every month for more than five years, and the portfolio is highly concentrated in less liquid positions such as **St. Joe JOE**.

We downgraded **Fairholme Focused Income FOCIX** late last year after **Third Avenue Focused Credit** was forced to suspend redemptions, reasoning that Focused Income's strategy was also ill-suited for an open-end vehicle that must meet daily redemptions. That argument can be applied to the Fairholme stock strategy as well: Even shareholders who remain confident in Berkowitz and his picks may be at the mercy of those who leave and force untimely trades.

Risk is also the story behind the May downgrade of **Morgan Stanley Institutional Growth MSEGX**, one of the most volatile funds in the large-growth Morningstar Category, which can make it difficult for shareholders to stay the course. However, it still remains an excellent option in the category for those with the requisite risk tolerance, as its new Analyst Rating of Silver indicates. On the other hand, **Fidelity Capital Appreciation FDCA**X moved to Neutral from Bronze in April; manager Fergus

Shiel's vague process involves big bets on industries and companies that have invited excessive risk without sufficient compensation.

Less Compelling

Weitz Hickory WEHIX and **Weitz Partners Value WPVLX** were downgraded to Bronze from Silver in August, as was **Weitz Value WVALX** in May. These funds have shied away from their contrarian past, taking more of a quality-oriented bent as the managers have loosened the valuation requirements in their process. It's hard to argue with the prudence of buying quality, but quality is a crowded trade these days, and while this change could result in lower volatility, it does present additional valuation risk. The funds are now less differentiated from peers, and above-average expenses remain a hurdle.

Franklin Federal Tax-Free Income FKTIX and **Franklin High Yield Tax-Free Income FRHIX** are managed by experienced teams and feature low price tags. The buy-hold processes used are sensible and straightforward but haven't generated a significant advantage relative to rivals in the funds' respective categories in the past several years. Both funds were downgraded to Bronze from Silver this summer.

We took a fresh look at **Natixis ASG Global Alternatives GAFAX** and concluded that poor performance highlighted inherent problems with its process, leading to a downgrade to Neutral from Bronze. The fund uses a quantitative process to replicate the liquid broad market exposures of the hedge fund industry, but it is limited by its reliance on a narrow universe of liquid tradable markets and on monthly data from fragmented hedge fund indexes.

Manager Changes

Funds can thrive after the departure of even a great manager. **MFS Global Equity's MWEFX** management team won't be as strong after the upcoming retirement of longtime manager David Mannheim, so we lowered its rating to Silver from Gold in July. The fund remains a terrific source of exposure to the world's blue chips, however. The strategy will stay intact, and Roger Morley, who became a comanager on the fund in 2009, remains in place. ■■

Small Caps Rally as Fed Pauses

Market Overview | Andrew Daniels

Stocks didn't move much in September. The S&P 500 ended flat, while the Russell 2000 Index rose 1.1%. Strong economic data wasn't enough to push the Federal Reserve to raise short-term interest rates at its Sept. 21 policy meeting.

The Fed's decision helped dividend-heavy utilities be a top-performing sector for the month. Regulated utilities such as **AES AES** and **CenterPoint Energy** CNP rose more than 3%. **Franklin Utilities** FKUTX, with a Morningstar Analyst Rating of Gold, rose 1.3%. The technology sector posted a solid gain of 2.5% in September. Computer hardware players **Western Digital** WDC and **3D Systems** DDD, as well as online social-media firm **Twitter** TWTR, rose more than 19%. **Fidelity Select Technology** FSPTX climbed 3.3%.

After months of anticipation, the Organization of the Petroleum Exporting Countries announced plans to curb oil production in upcoming months to end the supply glut. OPEC's decision pushed Brent crude prices and energy stocks—which had been down for the month—into positive territory. Midstream player **Spectra Energy** SE and drillers **Rowan Companies** RDC and **Nabors Industries** NBR rose more than 20%.

Financials struggled in September after being the top-performing sector in August. Banks were led lower by **Wells Fargo's** WFC 13% decline amid the fallout from a scandal in its retail banking business. Consumer defensive stocks fell 1.5% during the month, as consumer packaged-goods firms **Campbell Soup** CPB and **General Mills** GIS fell about 10%.

Developed international markets also posted gains in September: The MSCI EAFE Index rose 1.2%. Belgian, Austrian, and Norwegian stocks all gained more than 4%, while Israeli and Danish stocks fell more than 3%. Emerging-markets stocks gained 1.3% for the month, led by South Africa's 6% gain and Russia's 4% gain. ■■■

Benchmark Performance

Total Return % Through 09-30-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	0.6	3.4	9.2	15.0	7.5
Large Blend	-0.1	6.0	8.8	14.7	6.3
Large Value	-0.2	7.8	7.7	14.0	5.4
Mid-Cap Growth	0.1	4.9	6.4	13.9	7.4
Mid-Cap Blend	0.1	7.9	6.7	14.3	6.8
Mid-Cap Value	0.2	10.2	7.3	14.9	6.9
Small Growth	1.1	7.4	5.1	14.4	7.6
Small Blend	0.6	10.1	5.6	14.5	6.6
Small Value	0.5	12.3	5.7	14.6	6.4
Allocation--70% to 85% Equity	0.4	6.6	5.6	10.2	4.8
Allocation--30% to 50% Equity	0.3	6.8	4.1	6.7	4.5
Allocation--50% to 70% Equity	0.2	6.4	5.4	9.2	5.2
Communications	0.8	10.1	6.8	11.3	4.8
Financial	-1.0	1.6	5.3	14.2	1.5
Global Real Estate	-0.7	8.2	6.2	11.5	2.5
Health	2.0	-5.0	12.3	20.2	11.2
Natural Resources	2.3	20.2	-4.9	1.6	1.0
Equity Precious Metals	4.4	92.6	4.6	-10.3	0.5
Real Estate	-1.7	9.5	12.7	14.6	5.5
Technology	2.8	10.8	13.2	16.2	9.3
Utilities	0.9	14.7	8.2	10.6	6.5
S&P 500	0.0	7.8	11.2	16.4	7.2
S&P MidCap 400	-0.6	12.4	9.4	16.5	9.1
Russell 2000	1.1	11.5	6.7	15.8	7.1
Diversified Pacific/Asia	2.6	9.0	4.4	8.9	4.0
Diversified Emerging Mkts	1.5	14.3	-0.4	3.7	3.5
Europe Stock	0.9	-1.0	0.4	8.6	2.5
Foreign Large Blend	1.3	2.9	0.5	7.1	1.7
Foreign Large Growth	1.6	3.7	2.0	8.6	3.1
Foreign Large Value	1.2	2.9	-0.7	6.3	0.7
Foreign Small/Mid Growth	2.6	3.6	3.8	10.7	5.1
Foreign Small/Mid Value	2.3	6.3	2.2	8.7	3.1
World Stock	0.9	5.8	4.7	10.8	4.6
MSCI World	0.5	5.6	5.8	11.6	4.5
MSCI Emerging Markets	1.3	16.0	-0.6	3.0	4.0
MSCI EAFE	1.2	1.7	0.5	7.4	1.8
MSCI Europe	0.9	0.0	-0.6	7.5	1.5
MSCI Latin America	-0.9	30.1	-10.3	-6.6	-0.4
MSCI Pacific	2.0	5.3	2.3	7.3	2.5
High Yield Bond	0.6	11.5	3.8	7.0	6.2
Inflation-Protected Bond	0.7	6.4	1.3	1.2	3.5
Intermediate-Term Bond	0.1	6.0	3.7	3.4	4.5
Muni National Long	-0.5	4.2	6.0	4.9	4.2
World Bond	0.2	8.2	2.1	2.4	4.4
BarCap US Agg Bond TR USD	0.1	5.7	4.0	3.0	4.6
BofAML US HY Master II TR	0.6	15.3	5.3	8.2	7.6
BarCap Municipal TR USD	-0.5	4.0	5.5	4.5	4.7

JOHCM International Surges

Leaders & Laggards | Andrew Daniels

10 Best-Performing Funds

Fund Name	YTD Cat Rank %
Artisan Value Investor	1
Champlain Mid Cap Adv	1
Longleaf Partners	1
Mairs & Power Growth Inv	1
Permanent Portfolio Perma	1
Vanguard High-Yield Tax-E	1
Champlain Small Company A	2
Fidelity New Millennium	2
Franklin Income A	2
JOHCM International Selec	2

10 Worst-Performing Funds

Fund Name	YTD Cat Rank %
Artisan International Sma	100
Matthews China Investor	100
Matthews India Investor	100
FPA US Value	99
Sequoia	99
Litman Gregory Masters In	98
Oakmark Global I	98
Scotia Dynamic U.S. Growt	98
Touchstone Sands Capital	98
Dreyfus Opportunistic Sma	97

Leaders

Royce Pennsylvania Mutual PENNX, with a Morningstar Analyst Rating of Neutral, has been a top performer for the year to date, outperforming 93% of its small-blend peers. The fund's emphasis on firms with higher returns on invested capital and low debt means its exposure to biotech and real estate investment trusts is limited. That underweighting to biotech stocks, as well as solid stock selection elsewhere in healthcare, helped results. The fund has also benefited from solid picks in technology and consumer cyclicals: computer hardware firms **Cognex** CGNX and **Coherent** COHR as well as auto suppliers **Drew Industries** DW and **Thor Industries** THO are all up more than 50% this year.

JOHCM International Select JOHAX has outperformed 99% of its foreign large-growth peers thus far in 2016. The fund's significant overweighting to high-flying basic-materials stocks—amounting to 22% of assets as of June 2016—has contributed to results. Within basic materials, metals and mining firms such as **Newcrest Mining** NCM, **South32**, and **Franco-Nevada** FNV are all up more than 50% this year. Stock selection in the consumer cyclicals space—such as apparel firm **Adidas** ADS and video-game developer **CyberAgent** CYAGF—also drove results. Furthermore, the fund has no exposure to poor-performing banks stocks, which have continued to struggle during this near-zero interest-rate environment.

Neutral-rated **USAA Income** USAIX has excelled thus far in 2016, outpacing 97% of its intermediate-term bond peers. The fund typically has heavier exposure to lower-level investment-grade corporate bonds than its peers, and those have done well this year. Furthermore, the fund's overweighting to basic materials and energy corporate bonds have helped it this year as commodity prices rebounded.

Laggards

Bronze-rated **Sequoia** SEQUX has lagged 99% of its large-growth peers in 2016—it is down 10.1%, compared with the S&P 500 benchmark's 7.8% gain. While the fund's concentrated nature contributed to its long-term success, it also brought risks that ultimately came back to bite. Nearly all of the underperformance this year can be explained by its huge position in **Valeant Pharmaceuticals** VRX, which plummeted about 80% in the first half of 2016 over questions about its business strategy. The fund sold its Valeant stake in the second quarter.

Gold-rated **Causeway International Value** CIVVX has underperformed 86% of its foreign large-blend peers for the year to date. The fund's managers are contrarians, often favoring firms that are in the midst of a short-term crisis or transition. That mindset led to sizable exposure to several poor-performing European banks: **Barclays** BARC, **Lloyds Banking Group** LLOY, and **UBS Group** UBSG are all down more than 30% this year. The fund's exposure to airlines also dented results—**International Consolidated Airlines** IAG, **Ryanair Holdings** RYAAY, and **Japan Airlines** are all down double-digits this year.

TCW Total Return TGLMX has struggled this year, underperforming 85% of its intermediate-term bond peers. The fund's lack of exposure to strong-performing investment-grade corporate bonds as well as its below-average duration has dragged on results. Additionally, its above-average nonagency stake has hurt the fund. ■■

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Fund Manager Changes

Fidelity Leveraged Company Stock FLVCX

Impact: Neutral Date: 12/31/2016

Tom Soviero will step down at the end of the year. Mark Notkin will take Soviero's place. Notkin runs Fidelity Capital & Income FAGIX, which has a Morningstar Analyst Rating of Silver. **Our Take:** Notkin has a strong record in high-yield. Like Soviero, he has tended to be an aggressive manager. We have placed the fund **Under Review**.

MFS Global Equity MWEFX

Impact: Negative Date: 2017

MFS announced that longtime lead manager David Mannheim will retire in one to two years. Ryan McAllister will join the fund as a comanager in September 2016. Roger Morley, who has been a comanager since 2009, will remain on board. **Our Take:** Mannheim has done a great job and will be missed. While Morley is a seasoned MFS veteran who has a successful record running a fund on his own, McAllister doesn't have as much experience, though he has been at the firm since 2007. Also, Morley and McAllister will continue to draw on the work of a strong group of analysts. We still have faith in the fund but have cut our rating one notch to **Silver**.

Oakmark Global OAKGX

Impact: Negative Date: 09/30/2016

Oakmark International OAKIX

Rob Taylor surprised us by announcing he will retire at age 44. At Oakmark Global, David Herro will take Taylor's spot alongside Clyde McGregor. At Oakmark International, lead manager Herro will be the sole manager, though he still has the help of senior analysts at the firm. **Our Take:** We are maintaining our **Gold** ratings on the funds as we have faith in Herro. However, the change does underline the importance of succession planning at the firm, and we'll be watching closely as McGregor and Herro draw closer to retirement age. McGregor is 63 and Herro is 55.

Perkins Global Value JGVAX

Impact: Negative Date: 07/10/2016

Tadd Chessen, who joined Perkins Investment Management in April 2013 as an international analyst and was named comanager of Perkins Global Value later that year, has left the firm. His departure comes just a year after comanager Christian Kirtley left to rejoin ICAP, his employer prior to Perkins. Firm CIO and lead manager Greg Kolb remains in place. Kolb has overseen this fund since 2005 when it was run out of parent company Janus; he and the fund moved to value subsidiary Perkins in 2010. Meanwhile, George Maglares, an analyst who joined Perkins in 2013, has been promoted to comanager. **Our Take:** Given Kolb's history with the fund, it retains its Morningstar Analyst Rating of **Bronze** and Positive People rating. However, we'll be watching turnover on the investment team.

T. Rowe Price Small-Cap Stock OTCFX

Impact: Negative Date: 10/01/2016

Greg McCrickard is set to retire in October. He will be replaced by Frank Alonso, who has been an associate portfolio manager on the fund since 2013. Alonso has been with T. Rowe Price since 2000. **Our Take:** We don't have much of a track record to go by for Alonso, so it's a big drop from the proven McCrickard. We lowered our rating to **Neutral** from Silver.

Vanguard Capital Value VCVLX

Impact: Neutral Date: 07/10/2016

Vanguard removed Peter Higgins from this fund, leaving David Palmer of Wellington as sole manager. **Our Take:** Higgins was responsible for the higher-risk half of the fund, so this may moderate the fund's profile as Palmer has more of a classic value approach. We are maintaining our **Neutral** rating.

Vanguard International Growth VWIGX

Impact: Neutral Date: 07/10/2016

Vanguard fired subadvisor M&G Investment, which was running 12% of assets. Those assets were handed to the other two subadvisors, Baillie Gifford Overseas and Schroder Investment Management. Baillie will now manage 60% of assets and Schroder 40%. **Our Take:** M&G's comanager Charles Anniss had only been on the fund since October 2014, and his predecessor was only on the fund for two years, too. It may be that turnover prompted the change, and in any case M&G wasn't why we had a Silver rating on the fund. We are maintaining our **Silver** rating.

Fund News

American Century Equity Income Closing

American Century Equity Income TWEIX will close to new investors on Oct. 24. The fund had been in outflows the prior four years but has had \$1.4 billion in inflows so far in 2016. That's not a big number, but it does take the fund to an all-time high of \$11.4 billion in total.

The likely reason for closing is that about one fourth of the portfolio is invested in convertible bonds and preferred stock, both relatively small markets. On the equity side, it's unlikely there are many liquidity constraints: Top equity holdings **Johnson & Johnson** JNJ and **Exxon Mobil** XOM represent less than one day's trading volume. The decision to close underscores management's prudent philosophy. We give the fund a Morningstar Analyst Rating of Silver.

Bogle Says Prepare for Low Returns

Christine Benz chatted with Vanguard founder Jack Bogle about the state of the investment world. Here are a couple of important thoughts from Bogle.

Christine Benz: What should investors expect from the markets?

Jack Bogle: We're looking ahead to some challenges compared to what we've had in the past. Today, the dividend yield is 2%. The growth in earnings over the past 50 years has been about 6.5%. I don't think it's going to be that high. So, I use 5% for earnings growth and that gives me a 7%, roughly, a 7% investment return on stocks. The problem is in the valuations, and today the stock market is selling at about 23 times earnings, and the long-term norm is 17 times earnings. That would mean you lose 3% of that return.

Benz: So down to 4%?

Bogle: Down to 4% and the bond returns, the 10-year Treasury, which is the basic benchmark, is at 1.6%. By going a little longer and a little less in governments

and federal securities, U.S. government securities, you could probably get a 2.5% return without an awful lot of problems. So, you've got 4% for stocks, 2.5% for bonds, and I'll use a 50-50 portfolio, because it makes the math easier, as around 3% for a balanced portfolio.

American Funds Estimates Tax Bills

American Funds has come out with an early estimate on capital gains distributions for year-end. For the most part, they are pretty mild. The highest is for **American Funds Growth Fund of America** AGTHX, which is estimated to make a 5%–7% payout on Dec. 22. The fund's trailing five-year returns are an annualized 16%, so this level of capital gains distribution is not out of line. The next highest estimate is for **American Funds Washington Mutual** AWSHX, expected to distribute a 4%–6% gain on Dec. 20.

The other major fund companies usually post their first estimates on their websites in mid- to late-October, so check the tax sections of their websites for updates.

A Mixed Quarter for Bond Funds

All eyes were once again on the Federal Reserve in the third quarter. Although the Fed didn't hike, the broader-rates environment was mixed. Perhaps the biggest story of the quarter was the continued rally in credit-sensitive bonds.

The Fed made news in July and September with its decision not to raise short-term policy rates. In her speech following the September decision, Fed chair Janet Yellen noted that economic conditions had strengthened since the first half of the year, signaling an openness to a potential hike later in the year. There were other signs that a hike might be on the table in December, including dissents from three Federal Reserve regional bank heads. As of Wednesday, Sept. 28, the Fed funds futures markets were pricing in a bit more than a 50% chance of a rate increase by December.

Despite the Fed's inaction, bond yields increased across most maturities during the third quarter before prices bounced back in the final weeks of the quarter. Yields on the 10-year Treasury note bottomed at 1.37% in early July and got as high as 1.73% on

Sept. 13 before falling again to 1.56% as of Sept. 27. That increase in yields and a strong supply of new issuance in the municipal market meant modest losses for some muni categories. That said, the modest backup in yields during the quarter hasn't had a meaningful impact on what's still been an impressive run for longer-maturity bond funds so far in 2016.

Libor was also on the rise during the quarter. Libor rates, which are widely used as a global benchmark for variable-rate loans, had been moribund for much of 2014 and 2015 before spiking at the beginning of 2016 and once again during the third quarter. As PIMCO's Jerome Schneider explained to us, one of the biggest drivers of the increase in Libor is the looming implementation of money market regulations. Assets have surged out of prime money market funds, thus lowering demand for the certificates of deposit and commercial paper that many financial institutions use for funding. That has created opportunities for ultrashort- and short-term bond funds, including Silver-rated **PIMCO Short-Term** PTSHX, which had a strong quarter.

Since oil prices bottomed on Feb. 11, credit markets have enjoyed eye-popping gains, with returns on the major high-yield indexes of roughly 20%, a touch above the return on the S&P 500 during the period. That trend continued into the third quarter as the convertibles and high-yield bond categories were poised to come out tops among U.S. fixed-income categories. The gains were more muted in investment-grade credit, although the corporate sector was once again the strongest-performing sector within the recently renamed Barclays Bloomberg U.S. Aggregate Bond Index, providing support for that benchmark's relatively modest 0.7% gain for the quarter through Sept. 27. The typical intermediate-term bond fund was up a little more than 1% during the period, and funds with large corporate stakes did particularly well.

Within high yield, funds with large allocations to energy have prospered. Energy bonds, which bore the brunt of 2015 losses together with metals and mining related names, have seen a surge in defaults, but the energy sector of the high-yield index has rebounded sharply from lows suffered earlier this year. ■■■

The Usual Suspects Might Not Help When Rates Rise

Portfolio Matters | Christine Benz

Treasury yields spiked in advance of the Federal Reserve Board's mid-September meeting to decide whether to raise short-term interest rates. In the end, the Fed decided to hold off, but the pattern of U.S. government bonds suffering when interest-rate worries are running high is a familiar one. Because the market considers government bonds to be devoid of credit risk, there aren't a lot of moving parts; their prices tend to be a direct reflection of investors' interest-rate expectations. If investors are operating under the assumption that there will be new government bonds issued with higher yields attached to them, that has an immediate negative impact on the prices of already existing bonds with lower yields attached to them. The opposite is also true: When the economy shows signs of weakness and investors are expecting that interest rates could trend down (or at least remain flat), demand for government bonds—and in turn their prices—tends to jump the most.

Yet even as long-term Treasuries are widely—and rightly—called out as the key investments to be careful of in an interest-rate uptick, other types of securities have the potential to feel a tremor, too. As yields have been depressed across the board, valuations have risen, and the duration on the Barclays Aggregate Index has extended to more than five years, investors should be aware of the potential for rate-related volatility in other pockets of their portfolios, too. Here are some spots to keep an eye on; while few are expecting rates to begin moving up with a vengeance, investors may have to put up with some price fluctuations in the months and years ahead.

Junk Bonds

Investors widely assume that very high-quality corporate bonds will react negatively to interest-rate hikes, but junk bonds are often considered to be less

vulnerable. There are a few key reasons for this. First, lower-quality bonds typically perform well in periods of economic strength, as investors become more sanguine about the ability of highly indebted companies to make good on their obligations; that's usually the same time the Fed is considering interest-rate hikes to head off higher inflation. Additionally, high-yield bonds are often considered less vulnerable to rate hikes because their yields are higher in absolute terms, so price declines have a less meaningful impact on their performance than is the case with lower-yielding high-quality bonds. A 0.25% change in short-term rates will likely have a bigger impact on the price of a bond yielding 2% than it will on the one yielding 6%.

Yet thanks to strong performance, high-yield bonds don't have as much of a yield buffer as they once did. Owing to a fairly steady stream of good news about the economy, and, perhaps more important, a dearth of decently yielding alternatives, investors have been gravitating to high-yield bonds, pushing up their prices and taking yields down in the process. The average high-yield fund has gained 6.5% on an annualized basis over the past five years, the third best of any taxable-bond category. While the yield differential—or spread—between high-yield and U.S. Treasuries spiked to more than 8 percentage points this year, it has dropped to just 5 percentage points recently.

That means that high-yield bonds are threading a fine needle. If rates go up, junk bonds might come under price pressure as investors would prefer to own higher-quality credits as higher yields come online. Moreover, senior analyst Eric Jacobson notes that higher interest rates can create headwinds for highly leveraged businesses.

"Most high-yield issuance is comparatively short (that is, new bonds usually issue at 10 years) and is frequently done under the pretense that it will be refinanced or retired ahead of time when conditions favor it. So if rates rise, even if they don't affect borrowing costs immediately, the likelihood that they will increase. That can cause problems for highly

leveraged borrowers if the market believes the rate hikes will succeed in slowing growth and thus imperiling those borrowers' future health," he said. On the other hand, if the economy softens—and economic data aren't universally strong, which is one reason the Fed hasn't yet moved aggressively to raise rates—the default rate for high-yield bonds could go up. That's not to say that you shouldn't own high-yield to serve as an aggressive complement to your high-quality fixed-income portfolio, but check your existing exposures first; portfolios with plenty of equity exposure probably don't need high-yield exposure. Also plan to have a nice long time horizon of 10 years or more.

Treasury Inflation-Protected Securities

No one has ever suggested that Treasury Inflation-Protected Securities would hold up well in times of rate increases. Holders of TIPS get an adjustment in their principal values to reflect increases in the Consumer Price Index, but when CPI is on the move, interest rates often are, too. In times of economic strength, TIPS have the potential to give with one hand (by delivering an inflationary adjustment) and take away with the other (by falling in price amid rate changes).

Yet investors might be surprised at just how rate-sensitive TIPS actually are. The Barclays Aggregate U.S. Treasury Inflation-Protected Securities Index, along with most core-type TIPS funds, has a duration (a measure of interest-rate sensitivity) of eight years or more, longer than the Barclays Aggregate Index, which has a duration of about five years today. Add in the fact that TIPS yields, as is the case with nearly every other bond type, have slunk lower, meaning they'll provide less of a buffer against price declines than was the case in the past.

As with high-yield bonds, this is not to suggest that investors should shun TIPS from their portfolios; in fact, I consider them even more central than junk bonds, especially for retirees. But it does point to the virtue of carefully considering your time horizon when deciding what type of TIPS product to buy.

If you have a shorter time horizon of, say, seven or fewer years, you may well be better off in a shorter-term TIPS fund like **Vanguard Short-Term Inflation Protected Securities** VTIPX. If your time horizon is longer, a longer-duration, core-type TIPS fund is fine, because it's apt to compensate for its higher volatility with higher returns over a longer holding period.

High-Yielding Stocks

As bond yields have declined, investors have increasingly been using dividend-paying stocks in lieu of bonds. Many high-quality dividend-payers currently feature yields that are higher than high-quality bonds'; indeed, the current yield on the S&P 500 (~2.2%) is higher than that of the Barclays U.S. Aggregate Bond Index (1.8%). Moreover, stocks have more leeway for capital appreciation than bonds, albeit with more downside potential.

In terms of interest-rate sensitivity, a feather in the cap of dividends is that the amount of dividends a company pays out is determined by its board; current market yields may play a role, but corporate strategy and capital-allocation considerations are more important. By contrast, the yield a company must pay on its bonds is largely determined by the marketplace and prevailing yields at time of issuance. Thus, bonds tend to be more directly affected by rising rates than dividend-paying stocks. Additionally, because higher interest rates are typically the product of strong economic environments, stocks may in fact behave reasonably well amid periods of rising interest rates; specific industries, such as banks, may actually benefit.

You can expect to see stocks that investors have been using mainly for current income in lieu of bonds, however, struggle in a rising-rate environment. On the short list: utilities, REITs, and higher-yielding consumer staples and pharmaceutical names. ■■■

Contact Russel Kinnel at russel.kinnel@morningstar.com

Foreign Large-Value Funds Hope to Rebound

Tracking Morningstar Analyst Ratings | Greg Carlson

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

When a bull market runs for as long as this one has, it becomes especially prudent to look closely at what's been out of favor in the hopes that you can find something with still decent return potential. The foreign large-value Morningstar Category certainly fits the bill. Of Morningstar's 15 categories of diversified all-equity funds, this one was the worst performer during the trailing five years through September, gaining just 6.3% annualized. Compare that with the 10.7% gain of foreign small/mid-growth funds, and the 13.9%-plus gains of all nine U.S. categories. There aren't many foreign large-value Morningstar Medalists in the Morningstar 500, as the Morningstar Style Box has skewed a bit toward growth, particularly among foreign funds. So we'll include some value-oriented funds in the foreign large-blend category—which happens to be the second-worst performer among the 15 categories. Moving to value has led to poor recent performance for those blend funds, but their managers are generally proved right if early. I'll go from left to right in the style box based on the funds' current positioning.

Causeway International Value CIVVX, which earns a Morningstar Analyst Rating of Gold, has struggled of late along with most value funds. (Although this fund is in the foreign large-blend category, its recent portfolios have been in the value column.) The managers have gone to the cheapest parts of the market, leading to above-average stakes in energy, materials, telecom, and banks that hurt the fund badly in 2014 and 2015. And while the former two sectors have rebounded this year, the fund has still been hurt by other picks, including three Japanese stocks: **East Japan Railway**, **Hitachi**, and **Sumitomo Mitsui Financial**. Performance is still strong during the past five and 10 years, however, and the three lead managers have been at the helm since the fund's late-2001 inception.

David Herro has led Gold-rated **Oakmark International OAKIX** since its 1992 inception, and although veteran comanager Rob Taylor retired on Sept. 30, its prospects remain bright. A hefty weighting in European banks (the fund's overall financials stake nearly doubles the 17.7% foreign large-blend norm) has hurt performance during the past three years, but Herro has continued to demonstrate conviction in most of his picks. It has slumped before only to rebound sharply, as its stellar long-term record demonstrates.

Like the Causeway and Oakmark funds, **Dodge & Cox International DODFX** is a Gold-rated foreign large-blend fund that has lately landed in the value column. However, other than a dreadful 2015 campaign that owed primarily to a large stake in emerging markets (which were clobbered), the fund has held up quite well. It's owned some of the traditional value fare that has dinged its peers, such as automakers **BMW BMW** and **Honda** and European banks **Barclays BARC** and **Credit Suisse CSGN**. But those losses have been offset in 2016 by the tailwind from a sizable weighting in tech. The fund's long-term record is superb, and its low costs and deep management team continue to warrant a Gold rating.

Bronze-rated **Vanguard International Value VTRIX** spreads its assets across three value-oriented subadvisors. That broad diversification means it's rarely at the top or bottom of the foreign large-value category. An above-average weighting in emerging markets dented returns in 2015, but the fund has otherwise held up pretty well in a tough environment for value investing. Low costs have led to fine long-term returns.

Tweedy, Browne Global Value's TBGVX policy of hedging back to the dollar means its performance can vary widely from its peer group. That's been a huge tailwind lately. However, the fund has substantially lagged its benchmark, the MSCI EAFE 100% Hedged Index, as the fund has made a contrarian move away from high-quality fare and into arguably cheaper areas such as banks and insurance companies. But the fund has still trounced that index over the long haul, and a veteran team and proven approach earn the fund a Silver rating. ■■

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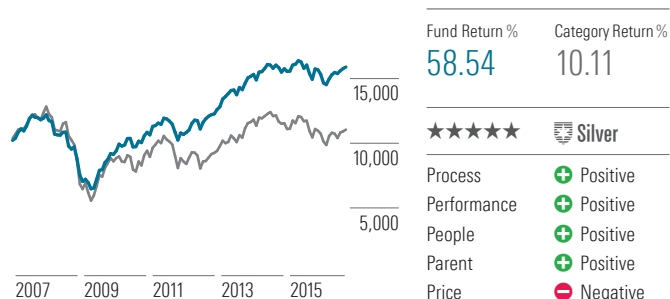
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	79.24	43.34	81.36	42.67	75.14	45.80
Taxable Bond	77.45	44.03	71.07	40.00	47.25	27.12
International Stock	72.24	45.85	71.29	46.15	59.85	34.38
Municipal Bond	58.3	34.38	31.88	16.39	32.97	5.56
Balanced	88.21	50.00	84.83	48.86	79.07	56.41

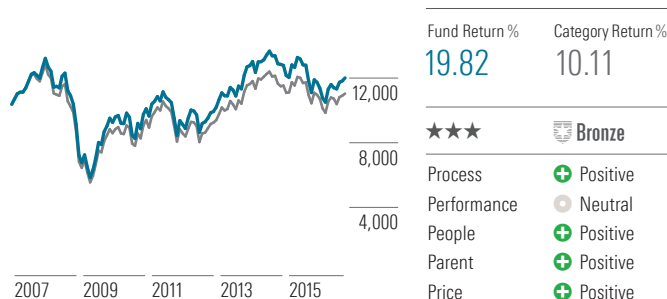
Data through Sept. 30, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

Foreign Value Plays

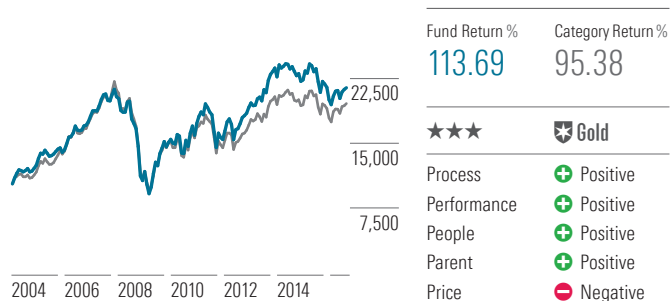
Twoedy, Browne Global Value TBGVX



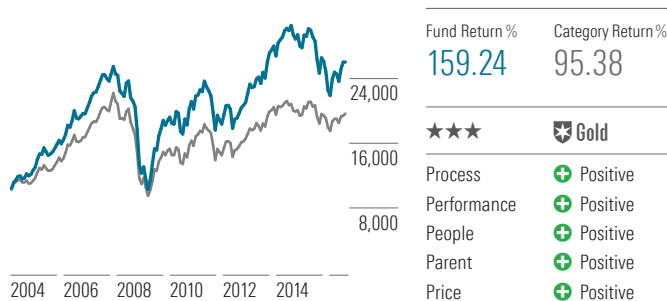
Vanguard International Value VTRIX



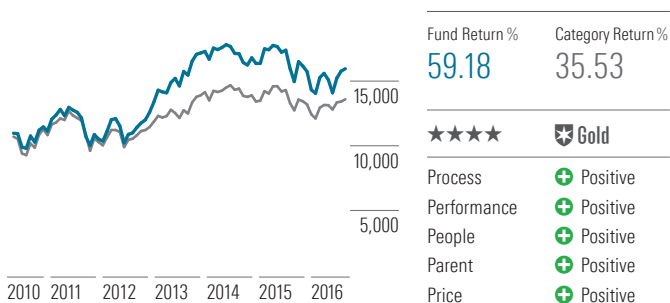
Causeway International Value CIVVX



Dodge & Cox International Stock DODFX



Oakmark International OAKIX



Return data through Sept. 30, 2016.

Funds That Use Everything but the Kitchen Sink to Produce Income

Income Strategist | Janet Yang

Where can you still find yield these days? Income-oriented funds have yield, but some come with plenty of risk, too. Of the Morningstar Medalists in this group, the lower-risk funds have yields between 2% and 3%, while the high-risk options are up around 5%.

More Income, More Volatility

When we looked at this group as a whole, we found that the typical income-focused allocation fund lagged a simple blended index after fees even though income-producing securities have been bid up. What's more, those returns came with greater volatility. Generating a higher yield has meant venturing into more-specialized and volatile areas of the market, such as high-yield bonds, foreign bonds, REITs, and even utilities stocks. Relying on racier areas of the bond market subjects the funds to more-equitylike risk, which has manifested in higher standard deviations. Income-focused funds only have, on average, a 40% equity stake, but their rolling three-year standard deviations show that their volatilities have been more similar to that of a 60% equities, 40% fixed-income portfolio during the past 10 years through March 2016. Volatility for a 40% equities, 60% fixed-income portfolio has been consistently lower than both.

What's more, multiasset income funds as a group have not justified those more-volatile results by delivering better returns. During the past 10 years through March 2016, the typical income-focused fund gained an annualized 4.8% with a 9.2% standard deviation, while the 40% equities, 60% fixed-income composite index increased 5.5% with a 6.9% standard deviation; income funds' lower returns and higher volatility result in worse risk-adjusted results, as measured by Sharpe ratios.

Income-Focused Medalists With Lower Volatility

When we rate and evaluate investment strategies, we're basically indifferent to whether returns come from income or capital appreciation. As a result, our recommended income-focused multiasset funds stand on the usual pillars of the Morningstar Analyst Rating—such as having experienced teams and sound investing processes—rather than how much yield they produce; we expect these funds' total returns to hold up well compared with their blended indexes and allocation peers over a full market cycle.

Yet investors looking to draw income from their investments should focus on volatility and credit quality in addition to total return, because they also face sequence-of-return risk that doesn't affect investors who just buy and hold their investments. We have found some keepers in this group.

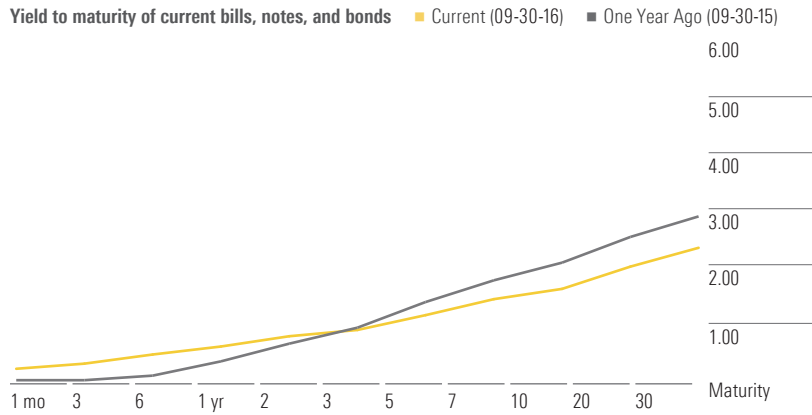
We'll tackle them in order of risk. **Vanguard Wellesley Income** VWINX earns a Morningstar Analyst Rating of Gold for its great combination of fees, management, and strategy. It's got a mild risk profile yet has produced a five-year annualized return of 8.5% and a trailing 12-month yield of 2.9%. We're also fans of **Berwyn Income** BERIX—a Silver-rated allocation fund. It boasts a 6.5% annualized five-year return through the end of August and a yield of 2.3%. It's quirkier than Wellesley but well run by experienced managers.

Moving up considerably in risk, we move to tactical allocation fund **BlackRock Multi-Asset Income** BAICX. The fund has a robust 4.8% yield and trailing returns of 7%. Management buys global dividend payers but also dabbles in high-yield, bank loans, and option-writing strategies designed to boost yield. Finally, Bronze-rated **Principal Global Diversified Income** PGBAX has a very fluffy 5.4% yield and 7.3% annualized returns. Needless to say, that yield isn't free. Management loads up on emerging-markets debt, high yield, preferreds, REITs, and darn near anything else with a yield. Principal farms out the work to various asset-class specialists, and so far they've done a fine job. ■■■

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Bond-Market Snapshot

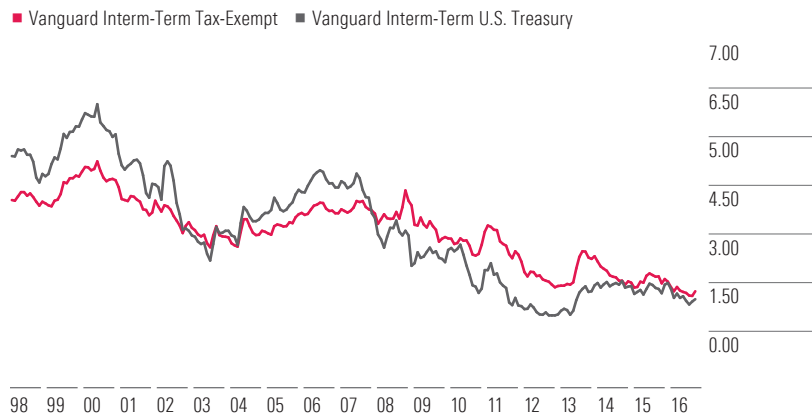
Treasury Yield Curve (%)



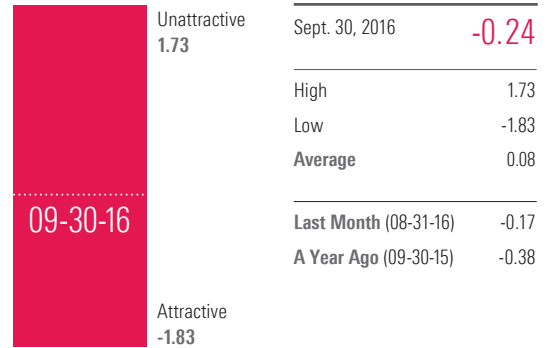
Interest-Rate Review

The bond market backed up slightly in September. The Barclays U.S. Aggregate Bond Index lost 0.06%, weighed down by a 1.61% tumble in long-dated Treasuries and a 0.25% dip in corporate credit. The mortgage-backed securities portion of the index generated a slightly positive 0.28% return for the month and provided modest buoyancy in otherwise skeptical markets. Treasury Inflation-Protected Securities rallied 0.55% in part because the Fed held steady on interest rates. Meantime, the Barclays Municipal Index declined 0.50%—its first negative monthly return in over a year.

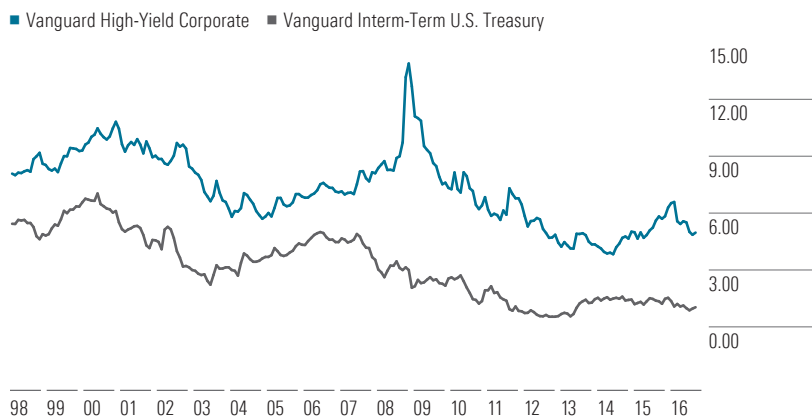
Treasury and Municipal-Bond Yields



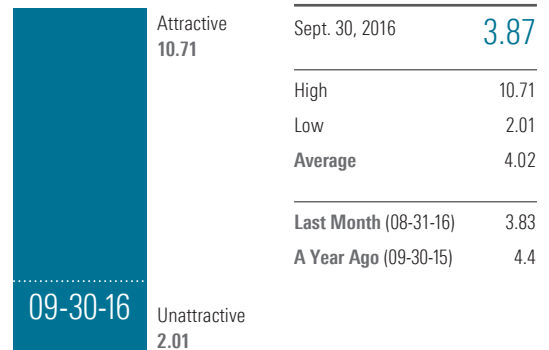
Municipal-Bond Spread Snapshot



High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Data as of Sept. 30, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

Lord Abbett Value Opportunities Joins the Morningstar 500

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds.

Use the list to get new investment ideas and track the funds you already own.

FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

Westport WPRX and **Westport Select Cap** WPSRX are merging into mediocre Hennessy funds, so I am dropping those funds from the Morningstar 500. In their place I'm adding **Hotchkis & Wiley Mid-Cap Value** HWMAX and **Lord Abbett Value Opportunities** LVOAX. Although both are load funds, they are available in some big No Transaction Fee networks without the load.

Lord Abbett Value Opportunities is a mid-blend fund with a Morningstar Analyst Rating of Bronze. The fund has been one of the top performers in its Morningstar Category since it was launched at the end of 2005 and since managers Tom Maher and Justin Maurer took over in early 2007. (Maher has been a comanager since inception.) The pair looks for small- and mid-cap stocks that are trading near the low end of historical valuations but are still producing revenue or profit growth. That explains why they end up in the middle of the Morningstar Style Box.

The fund charges a 1.17% expense ratio and has a total of \$2.7 billion in assets.

Hotchkis & Wiley Mid-Cap Value plies the same deep-value strategy found in other Hotchkis funds. It is a sound strategy, but performance is often feast or famine. In the past decade it had four top-decile returns and four bottom-decile returns. But it has seasoned managers, and this may be the low ebb for deep value. If that's true, then this would be a good point to buy. Generally, a couple of years of underperformance is a better time to buy than a couple of years of outperformance.

Managers George Davis, James Miles, and Stanley Majcher have been managing the fund since 1997. Majcher and Davis also have more than \$1 million of their own money invested. The Bronze-rated fund has an expense ratio of 1.27%. See the facing page for more details.

Fidelity Extended Market Upgraded







We upgraded **Fidelity Extended Market Index** FSEM to Gold from Silver.

The Premium shares now charge just 0.07% and require a \$10,000 minimum investment, a fraction of the median mid-cap peer. That also compares favorably with its closest index competitors in terms of price and initial-investment requirements.

Vanguard Extended Market Index VEXAX follows a similar index, but its Admiral shares charge 0.09% at a \$10,000 minimum.

For those who can't meet that minimum, the fund's Investor shares carry a 0.10% expense ratio and require only a \$2,500 initial investment, which offers an edge over Vanguard's Investor shares at 0.22%. ■■

Summary of Changes

Add	Drop	
Hotchkis & Wiley Mid-Cap Value	Westport	
Lord Abbett Value Opportunities	Westport Select Cap	
Rating Change (Upgrade)	From	To
PIMCO High Yield	 Bronze	 Silver
Fidelity Extended Market Index	 Silver	 Gold
Rating Change (Downgrades)	From	To
Fairholme	 Silver	Neutral
Rating Change (Under Review)	From	To
Fidelity Leveraged Company Stock	 Bronze	Under Review
New Ratings	To	
Janus Research	Neutral	

Data through September 30, 2016 FINRA members: For internal or institutional use only.

Hotchkis & Wiley Mid-Cap Value A

Ticker HWMAX **Yield** 0.1% **Total Assets** \$2,051 mil **Mstar Category** Mid-Cap Value

Benchmark 1: Russell Mid Cap Value TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 08-01-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price - Negative

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Bronze** Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 09-30-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	22.72	-3.30	4.62	5.33	30.77
2013	17.31	5.33	8.15	6.42	42.20
2014	5.35	5.39	-3.74	4.70	11.90
2015	0.22	-1.92	-11.30	0.07	-12.75
2016	1.23	-3.68	10.52	—	—

Trading

	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
Return%	1	2	Cat		
3 Mo	10.52	6.07	6.67	2	11,052
6 Mo	6.46	-2.97	0.06	69	10,646
1 Yr	7.84	-9.42	-7.59	91	10,784
3 Yr Avg	3.84	-6.65	-7.32	90	11,197
5 Yr Avg	18.59	1.21	2.22	2	23,457
10 Yr Avg	6.60	-1.29	-0.64	57	18,949
15 Yr Avg	10.79	0.07	3.64	17	46,534

Tax Analysis

	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-0.09	94	2.04	50
5 Yr (estimated)	15.86	9	1.24	42
10 Yr (estimated)	4.79	77	1.17	51

Potential Capital Gain Exposure: -10% of assets

Morningstar's Take by Katie Rushkewicz Reichart, CFA 08-01-16

Hotchkis & Wiley Mid-Cap Value doesn't look good at every turn, but over time it can reward investors who hold on. Despite above-average fees, the fund's consistent investment process and stable and experienced team help it earn a Morningstar Analyst Rating of Bronze.

Three managers have led the fund since its 1997 inception, and there's been little turnover on the broader investment team that contributes to all the firm's offerings. The fund has long followed a contrarian, value-oriented process that, for better and worse, goes its own way rather than closely adhering to the Russell Mid Cap Value Index. The portfolio is indeed cheaper than the benchmark on traditional valuation metrics, such as price/earnings and price/book.

Sector weightings can vary greatly depending on opportunities. The fund gravitated to the beat-up energy sector in 2015 as oil prices slid. The sector overall has weighed on results during the trailing three years through June, a period when the fund landed in the bottom decile of the mid-value Morningstar Category. Despite the sector's rebound in 2016, the fund hasn't seen as big of a bounce, as some of its picks have been slower to

Historical Profile

Return Average
Risk High
Rating **
Below Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	09-16	History
NAV	29.67	20.37	11.49	17.79	23.80	21.70	28.31	40.17	40.60	30.90	33.30	NAV
Total Return %	16.34	-17.19	-43.16	56.03	34.04	-8.82	30.77	42.20	11.90	-12.75	7.77	Total Return %
+/- Bmark 1	-3.87	-15.76	-4.71	21.82	9.29	-7.44	12.26	8.75	-2.85	-7.97	-5.95	+/- Bmark 1
+/- Bmark 2	0.55	-22.68	-6.16	29.57	18.98	-10.94	14.76	9.82	-1.79	-14.13	-0.07	+/- Bmark 2
Income Return %	0.00	0.33	0.24	1.19	0.25	0.00	0.30	0.30	0.36	0.09	0.00	Income Return %
Capital Return %	16.34	-17.52	-43.40	54.84	33.79	-8.82	30.47	41.91	11.53	-12.84	7.77	Capital Return %
Total Rtn % Rank Cat	41	99	90	3	1	92	2	8	26	94	79	Total Rtn % Rank Cat
Income \$	0.00	0.10	0.05	0.14	0.04	0.00	0.07	0.08	0.15	0.04	0.00	Income \$
Capital Gains \$	3.02	4.16	0.04	0.00	0.00	0.00	0.00	0.00	3.97	4.43	0.00	Capital Gains \$
Expense Ratio %	1.27	1.26	1.28	1.40	1.35	1.33	1.35	1.32	1.26	1.25	1.27	Expense Ratio %
Income Ratio %	0.16	0.19	0.38	0.67	0.03	-0.06	0.28	0.32	0.29	0.10	0.48	Income Ratio %
Turnover Rate %	55	45	51	85	67	62	72	66	55	54	42	Turnover Rate %
Net Assets \$mil	1,183	628	242	244	255	175	224	662	756	406	313	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	2.18			
3 Yr	1.99	Low	High	★
5 Yr	17.32	High	High	★★★★
10 Yr	6.03	-Avg	High	★
Incept	9.87			

Other Measures

	Standard Index	Best Fit Index
Alpha	-8.3	-9.2
Beta	1.18	1.24
R-Squared	69	79

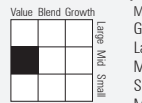
Standard Deviation	15.37
Mean	3.84
Sharpe Ratio	0.31

Portfolio Analysis 08-31-16

Total Stocks: 58
Share change since 07-31-16

Stock	Sector	YTD Ret %	% Assets
Popular Inc	Finan Svcs	—	4.74
ARRIS International PLC	Technology	-7.33	4.49
Regions Financial Corp	Finan Svcs	4.79	3.70
Citizens Financial Group	Finan Svcs	-4.35	3.47
Corning Inc	Technology	31.59	3.47
NRG Energy Inc	Utilities	-3.02	3.47
Kosmos Energy Ltd	Energy	—	3.36
Calpine Corp	Utilities	-12.65	3.29
Office Depot Inc	Cnsmr Cyc	-36.26	3.25
Goodyear Tire & Rubber Co	Cnsmr Cyc	-0.49	3.14
Cairn Energy PLC	Energy	—	2.86
Navistar International Co	Industrl	158.94	2.81
Ophir Energy PLC	Energy	—	2.75
Willis Towers Watson PLC	Finan Svcs	4.31	2.70
Royal Mail PLC	Industrl	—	2.69
Bed Bath & Beyond Inc	Cnsmr Cyc	-10.13	2.54
Whiting Petroleum Corp	Energy	-7.42	2.33
CIT Group Inc	Finan Svcs	-7.43	2.30
Brown & Brown Inc	Finan Svcs	18.62	2.24
CDW Corp	Technology	9.54	2.19

Current Investment Style



Value Measures

Measure	Value	Rel Category
Price/Earnings	13.15	0.77
Price/Book	0.92	0.51
Price/Sales	0.59	0.50
Price/Cash Flow	4.32	0.62
Dividend Yield %	1.99	0.83
Long-Term Emrgs	9.62	1.07
Book Value	-0.25	-0.14
Sales	-4.93	-6.13
Cash Flow	-15.46	-5.65
Historical Emrgs	-21.54	-6.69

Growth Measures

Measure	Value	Rel Category
Price/Earnings	13.15	0.77
Price/Book	0.92	0.51
Price/Sales	0.59	0.50
Price/Cash Flow	4.32	0.62
Dividend Yield %	1.99	0.83

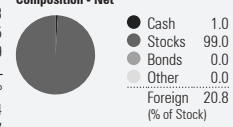
Profitability

Return on Equity	3.74
Return on Assets	-0.87
Net Margin	2.27

Sector Weightings

Sector	% of Stocks	Rel Bmark 1
Cyclical	45.84	0.94
BasicMat	0.00	0.00
CnsmrCyc	17.65	1.64
FinanSvcs	27.21	1.66
Real Est	0.98	0.06
Sensitive	45.48	1.43
CommSvcs	0.00	0.00
Energy	17.07	1.63
Industrl	8.69	0.80
Technlgy	19.72	2.24
Defensive	8.67	0.44
CnsmrDef	1.65	0.47
Hlthcare	0.20	0.04
Utilities	6.82	0.60

Composition - Net



Address:	Hotchkis & Wiley Funds Los Angeles CA 90017-5439 866-493-8637	Minimum Purchase:	\$2500	Add: \$100	IRA: \$1000
Web Address:	www.hwcm.com	Min Auto Inv Plan:	\$2500	Add: \$100	
Inception:	01-02-01	Sales Fees:	5.25%L		
Advisor:	Hotchkis & Wiley Capital Management LLC	Management Fee:	0.75% mx/0.60% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.75% Dist:0.25%		
		Expense Projections:	3Yr:\$907 5Yr:\$1185 10Yr:\$1978		
		Income Distribution:	Annually		

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		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 09-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst						(R ²)		
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	3.5	10.5	9.2	15.0	7.5	—	—	—	—	—	12.28	(85)	—
Large Growth																
Amana Growth Investor AMAGX	Bronze	↓★★★★	7.9	13.5	10.2	12.9	7.7	6	15	37	89	46	0.5	11.23	(92)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★★	4.9	12.6	10.1	14.7	8.1	27	23	39	60	35	0.3	11.56	(92)	-Avg
American Century Select Inv TWCIX	Bronze	★★★★★	4.0	11.8	11.4	15.2	8.6	39	34	16	48	24	—	11.68	(90)	Avg
American Century Ultra Inv TWCUX	Bronze	★★★★★	4.5	11.0	10.4	16.0	8.4	32	44	33	29	27	0.2	12.28	(90)	Avg
American Funds AMCAP A AMCPX	Gold	★★★★	7.2	13.1	9.9	16.1	8.0	8	18	41	27	39	0.0	10.72	(91)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	6.8	15.0	10.4	16.6	7.4	11	7	33	17	53	0.6	11.39	(90)	-Avg
American Funds New Economy A ANEFX	Gold	★★★★	3.1	9.4	7.8	16.3	8.1	56	66	75	22	35	0.4	12.3	(75)	Avg
AMG Managers Montag & Caldwell Growth N MCGFX	Bronze	★★★★	-0.4	6.8	7.8	12.2	7.3	92	88	75	93	57	0.3	10.11	(83)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	↑★★★★	5.7	10.5	8.0	17.5	7.2	22	52	72	7	60	0.0	12.55	(79)	Avg
Fidelity FFIDX	—	★★★★	3.1	11.0	9.8	14.2	6.6	55	45	44	68	75	0.9	11.29	(92)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	↑★★★★★	3.2	10.8	11.7	17.3	9.6	53	47	12	9	8	0.1	12.94	(80)	+Avg
Fidelity Capital Appreciation FDCAX	Neutral	★★★★	1.6	8.7	8.3	15.7	7.4	76	74	69	38	54	0.7	12.47	(80)	Avg
Fidelity Contrafund FCNTX	Silver	★★★★★	4.0	10.5	10.2	15.4	8.6	40	51	36	44	23	0.3	10.83	(87)	Low
Fidelity Focused Stock FTQGX	—	★★★★	7.3	13.3	7.7	14.8	8.9	7	16	76	57	18	0.2	12.02	(71)	Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	4.0	13.7	11.5	17.7	10.7	39	13	15	6	3	0.0	14.06	(77)	High
Fidelity Growth Discovery FDSVX	—	★★★★	2.3	11.1	9.7	15.9	8.1	68	44	46	33	35	0.0	11.87	(73)	Avg
Fidelity Independence FDFFX	Neutral	↑★★★	-1.8	4.8	7.0	15.0	7.3	98	97	82	52	58	0.1	14.63	(70)	High
Fidelity Magellan FMAGX	Neutral	↑★★★★	3.1	11.7	10.6	16.1	5.6	56	35	29	26	89	0.5	11.77	(93)	Avg
Fidelity New Millennium FMIIX	Bronze	★★★★	10.7	14.6	7.9	14.7	8.9	2	9	74	58	18	0.8	11.53	(85)	-Avg
Fidelity OTC FOCPX	Bronze	★★★★★	4.4	18.3	13.4	18.5	12.1	33	2	3	2	1	0.0	16.05	(66)	High
Harbor Capital Appreciation Instl HACAX	Gold	★★★★★	0.9	9.0	11.3	16.0	8.7	85	70	17	29	21	0.1	13.7	(77)	High
Janus Research T JAMRX	Neutral	★★★★★	2.4	9.4	11.2	16.1	9.0	65	67	18	26	15	0.4	11.79	(91)	Avg
Janus T JANSX	Neutral	★★★★	2.5	9.2	10.2	14.9	6.9	65	68	37	55	67	0.6	11.96	(89)	Avg
Janus Twenty T JAVLX	Neutral	★★★★	-0.5	9.2	8.2	14.9	8.5	92	69	70	55	26	0.5	12.28	(91)	Avg
Jensen Quality Growth J JENSX	Silver	★★★★★	10.7	19.2	11.7	15.6	8.1	2	2	13	41	37	1.0	10.51	(89)	Low
Lateef A LIMAX	—	↓★	1.0	8.6	5.7	13.3	—	84	76	92	85	—	0.1	14.02	(82)	+Avg
Laudus US Large Cap Growth LGILX	Bronze	★★★★★	3.6	11.9	10.4	16.2	10.2	46	31	32	25	4	0.0	13.38	(81)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	7.8	14.2	9.1	14.4	6.1	6	11	59	67	84	0.3	12.2	(91)	Avg
LKCM Equity Instl LKEQX	Silver	★★★★	9.1	15.8	7.1	13.8	7.7	3	5	82	77	48	0.8	11.82	(93)	Avg
Manning & Napier Equity Series EXEYX	—	★★	10.9	17.1	7.9	13.6	6.3	2	3	74	80	82	0.0	12.51	(86)	Avg
Marsico Focus MFOCX	Neutral	★★	-1.5	5.7	7.4	13.6	6.5	97	94	79	81	77	0.0	12.37	(75)	Avg
MFS Growth A MFEGX	Silver	★★★★★	4.1	12.9	10.3	15.9	9.6	37	20	35	31	8	0.0	11.56	(86)	-Avg
Morgan Stanley Inst Growth A MSEGX	Silver	↑★★★★★	6.2	16.1	12.4	17.2	10.4	16	4	7	10	3	0.0	14.75	(63)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	6.2	12.4	8.4	14.5	<i>6.8</i>	17	25	68	64	<i>6.9</i>	1.0	11.14	(94)	-Avg
Parnassus PARNX	Bronze	★★★★	7.2	11.1	10.3	19.6	9.7	8	44	34	1	7	—	13.19	(77)	+Avg
Polen Growth Investor POLRX	Bronze	★★★★★	1.4	9.2	14.4	14.9	—	79	69	2	55	—	0.0	11.34	(80)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	↑★★★★★	6.9	17.4	11.4	18.1	9.4	10	2	16	4	10	0.3	13.6	(70)	+Avg
RiverPark/Wedgewood Retail RWGFX	Silver	★★	2.0	4.1	4.8	12.5	—	71	97	96	92	—	0.1	11.38	(89)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	★	-0.5	0.5	6.3	12.4	—	92	98	89	92	—	0.0	16.9	(32)	High
Sequoia SEQUX	Bronze	★★	-10.1	-18.3	-0.7	9.5	5.9	99	100	99	99	87	0.0	12.91	(11)	Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	★★★★★	1.4	11.3	11.6	17.9	9.1	79	40	14	5	14	—	13.33	(79)	+Avg
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★★	1.3	10.1	11.0	17.4	8.6	80	57	21	9	23	0.0	13.23	(78)	+Avg
T. Rowe Price New America Growth PRWAX	Neutral	★★★★★	1.6	12.2	10.4	15.8	9.5	76	27	32	35	9	0.0	13.88	(83)	High
T. Rowe Price Spectrum Growth PRSGX	—	★★	6.9	13.2	7.3	13.7	6.5	10	17	80	79	76	—	11.19	(93)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★★	5.7	13.0	10.5	16.2	8.9	21	19	31	25	16	1.3	11.7	(95)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	★★	-1.6	7.2	5.1	14.8	9.5	97	85	95	58	9	—	15.58	(73)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★★	7.0	15.2	12.0	19.5	9.4	10	6	9	1	10	0.5	12.93	(68)	+Avg
Vanguard Growth Index Adm VIGAX	Silver	★★★★★	6.6	13.5	11.3	16.5	8.8	13	15	17	18	19	1.3	11.98	(95)	Avg
Russell 1000 Growth Index			6.0	13.8	11.8	16.6	8.9									
S&P 500 Index			7.8	15.4	11.2	16.4	7.2									

Legend

- Red** = Lowest return in group
- Green** = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

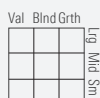
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	24.8	4.7	87,975	26	18	18	—	61	2	98	0	0	6	—	1.14	—	2,600	—
AMAGX		22.2	4.4	45,522	41	28	12	43	0	1	99	0	0	13	NL	1.09	34.25	1,753	Kaiser/Klimo (22.7/4.0)
TWCGX		20.6	4.7	69,332	25	18	16	92	49	1	98	0	1	0	NL	0.97	29.45	7,326	Brown/Woodhams (0.7/19.0)
TWCIX		19.5	4.5	75,096	26	23	16	61	24	0	98	0	2	4	NL	0.99	59.1	2,412	Management Team
TWCUX		21.1	4.6	73,856	27	23	16	75	16	0	99	0	0	3	NL	0.98	36.59	8,359	Management Team
AMCPX		20.9	3.3	31,869	25	24	11	268	31	12	82	1	6	8	5.75	0.67	27.27	49,665	Management Team
AGTHX		22.2	3.0	57,262	23	20	17	368	29	5	91	1	3	11	5.75	0.65	44.08	146,792	Management Team
ANEFX		20.8	2.4	22,551	28	28	13	201	34	3	88	0	8	29	5.75	0.78	37.06	15,127	Management Team
MCGFX		23.6	3.4	96,877	27	24	19	38	12	5	95	0	0	0	NL	1.05	19.9	1,415	Canakaris/Jung (21.9/1.6)
SHRAX		20.5	2.3	29,940	35	21	13	77	3	2	98	0	0	5	5.75	1.13	197.75	11,829	Bauman/Freeman (7.4/32.9)
FFIDX		23.3	3.2	73,728	22	15	12	98	67	1	99	0	0	4	NL	0.52	41.73	4,420	John Avery (14.6)
FBGRX		24.8	4.0	55,894	36	25	14	369	50	0	99	0	1	9	NL	0.82	70.22	19,407	Sonu Kalra (7.2)
FDCAx		19.0	3.6	36,762	27	26	16	100	126	6	94	0	0	11	NL	0.83	32.92	7,274	J. Shiel (10.9)
FCNTX		23.9	3.7	76,151	31	19	17	335	35	1	98	0	1	7	NL	0.71	102.09	108,379	William Danoff (26.0)
FTQGX		27.4	4.5	43,308	20	19	15	54	189	1	99	0	0	7	NL	0.73	19.29	1,705	Stephen DuFour (9.5)
FDGRX		25.6	4.4	40,812	38	20	18	388	18	0	99	0	1	5	Clsd	0.88	142.01	37,789	Steven Wymer (19.7)
FDSVX		28.1	4.3	46,874	33	16	15	146	57	9	91	0	0	11	NL	0.78	25.85	1,199	Jason Weiner (9.7)
FDFFX		17.0	2.7	36,248	26	18	16	104	48	1	99	0	0	12	NL	0.86	35.35	3,736	Robert Bertelson (9.8)
FMAGX		22.1	2.8	58,430	22	16	16	148	78	0	100	0	0	2	NL	0.85	91.35	14,947	Jeffrey Feingold (5.0)
FMILX		20.1	2.1	19,922	22	17	14	168	57	1	99	0	0	13	NL	0.74	36.84	3,034	John Roth (10.2)
FOCPX		24.5	3.3	33,478	54	17	16	187	56	1	98	0	1	8	NL	0.91	87.13	13,584	Gavin Baker (7.2)
HACAX		27.3	4.9	82,205	31	31	16	63	37	2	98	0	0	13	NL	0.65	61.35	25,397	McCarragher/Segalas (3.6/26.4)
JAMRX		22.6	4.0	41,208	28	18	17	104	45	1	98	0	0	1	NL	1.0	42.67	4,562	Carmel Wellso (1.7)
JANSX		24.7	4.1	48,284	30	18	15	94	53	4	95	0	1	5	NL	0.87	35.92	7,677	Barnard/Wilson (0.7/5.3)
JAVLX		17.4	3.9	78,673	23	20	15	28	68	0	100	0	0	0	Clsd	0.82	54.57	8,618	Marc Pinto (3.3)
JENSX		20.2	5.5	79,839	22	22	18	27	14	2	98	0	0	0	NL	0.88	40.12	5,497	Management Team
LIMAX		23.9	3.3	31,421	27	19	14	24	65	1	99	0	0	11	5.00	1.24	11.25	377	Management Team
LGILX		31.5	4.2	84,348	29	16	16	52	82	0	96	4	0	11	NL	0.75	17.18	1,925	Lawrence Kemp (3.0)
MSEFX		18.7	2.3	30,323	27	25	17	79	33	4	96	0	0	11	NL	1.18	17.34	316	Management Team
LKEQX		21.2	3.0	37,461	18	16	14	65	13	3	97	0	0	0	NL	0.8	23.35	279	Management Team
EXEYX		23.0	3.6	33,574	30	17	14	49	62	2	98	0	0	2	NL	1.06	12.45	103	Management Team
MFOCX		33.5	4.8	88,661	38	28	14	26	48	2	98	0	0	9	NL	1.19	15.96	618	Marsico/Witter (18.7/5.9)
MFE GX		27.9	4.5	60,643	27	16	15	91	35	1	99	0	0	2	5.75	0.97	73.19	12,869	Fischman/Sabel (14.5/2.4)
MSEGX		31.5	6.4	60,277	44	19	15	37	34	0	94	2	4	3	5.25	0.96	39.3	3,592	Management Team
NRAAX		20.0	2.9	32,369	19	16	16	44	28	1	99	0	0	11	5.75	1.05	20.09	2,290	Management Team
PARNX		18.5	2.1	25,847	34	19	15	38	68	5	95	0	0	6	NL	0.84	43.37	788	Management Team
POLRX		25.1	6.0	82,312	39	28	9	23	9	3	97	0	0	5	NL	1.25	19.4	1,223	Davidowitz/Ficklin (6.0/6.0)
POGRX		17.3	2.6	21,591	34	30	14	125	5	5	95	0	0	13	NL	0.64	29.21	6,883	Management Team
RWGFx		23.0	3.1	68,576	26	22	15	21	24	3	97	0	0	0	NL	1.16	16.72	1,546	David Rolfe (6.0)
DWUGX		61.5	6.1	13,028	49	27	22	26	297	2	98	0	0	0	NL	0.84	25.67	65	Noah Blackstein (7.5)
SEQUX		21.4	2.7	43,867	33	29	15	33	10	13	86	1	0	12	NL	1.03	168.48	4,667	Management Team
TRBCX		23.9	3.9	69,625	26	22	21	143	33	1	99	0	0	6	NL	0.71	73.36	32,462	Larry Puglia (23.2)
PRGFx		23.9	3.8	69,399	26	26	19	98	37	1	97	0	2	5	NL	0.67	54.38	45,033	Joseph Fath (2.7)
PRWAX		24.2	3.6	50,086	25	22	13	84	81	2	98	0	0	6	NL	0.79	42.65	3,813	Justin White (0.5)
PRSGX		18.0	2.0	29,128	16	15	15	13	14	3	96	0	1	35	NL	0.79	22.35	3,516	Charles Shriver (5.4)
TIGRX		21.2	2.8	52,502	23	16	12	188	90	0	100	0	0	7	NL	0.43	12.02	5,029	Susan Kempler (11.6)
PTSGX		46.1	5.1	59,497	42	19	19	32	29	1	99	0	0	8	Clsd	1.08	16.15	3,270	Management Team
VHCOX		17.1	2.8	30,586	33	31	17	141	7	4	96	0	0	13	Clsd	0.45	54.99	13,503	Management Team
VIGAX		22.7	4.2	63,832	27	18	15	335	9	0	100	0	0	0	NL	0.08	57.82	49,784	Nejman/O'Reilly (0.4/21.7)
		21.3	5.3	66,475															
		19.1	2.7	78,190															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 09-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category		
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
		Morningstar Analyst Rating			3 Yr	5 Yr	10 Yr										
Morningstar 500 Domestic Equity																	
Large Growth (cont'd)																	
		—	3.5	10.5	9.2	15.0	7.5	—	—	—	—	—	—	12.28	(85)	—	
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★	3.3	10.5	10.6	15.7	7.6	52	52	29	36	48	0.7	11.9	(89)	Avg	
Vanguard PRIMECAP Core Inv VPCCX	Gold	★★★★★	8.3	16.8	12.4	17.6	9.3	4	3	6	7	11	1.0	11.35	(89)	-Avg	
Vanguard PRIMECAP Inv VPMCX	Gold	★★★★★	7.9	17.4	13.3	18.5	9.5	6	2	3	2	9	1.0	11.56	(87)	Avg	
Large Blend																	
		—	6.0	12.0	8.8	14.7	6.3	—	—	—	—	—	—	11.17	(93)	—	
Amana Income Investor AMANX	Bronze	★★★★	9.5	16.4	8.2	12.9	8.3	8	7	70	84	5	1.3	10.74	(91)	-Avg	
American Funds Fundamental Invs A ANCFX	Gold	★★★	8.2	17.0	10.2	15.9	7.5	17	6	27	27	13	1.4	11.14	(97)	Avg	
American Funds Invmnt Co of Amer A AIVSX	Silver	★★★	11.2	17.7	10.7	15.7	6.6	3	3	14	33	43	1.6	10.79	(94)	-Avg	
AMG Yacktman Focused S YAFFX	Silver	★★★	8.6	15.4	6.9	11.7	10.0	13	11	82	92	1	0.9	10.24	(84)	Low	
AMG Yacktman I YACKX	Gold	★★★	8.1	13.3	6.7	12.0	9.6	18	43	83	91	1	1.4	9.18	(88)	Low	
BBH Core Select N BBTEX	Silver	★★★★	6.1	10.5	6.2	12.9	8.7	55	72	87	84	3	0.5	9.32	(92)	Low	
Bridgeway Blue Chip 35 Index BRLIX	Silver	★★★★★	8.9	17.5	11.3	16.0	7.4	12	4	4	21	16	2.4	10.93	(96)	Avg	
Clipper CFIMX	Bronze	★★★	8.4	17.5	11.4	15.3	5.3	15	4	4	46	85	0.7	12.49	(86)	High	
Davis NY Venture A NYVTX	Bronze	★★	6.4	13.3	9.0	14.5	5.4	51	43	55	65	82	0.4	12.99	(86)	High	
Dreyfus Appreciation Investor DGAGX	Bronze	★★	5.5	11.2	6.6	10.7	5.6	64	65	84	96	75	1.3	11.17	(93)	Avg	
Fidelity 500 Index Investor FUSEX	Gold	↓★★★★	7.8	15.3	11.1	16.3	7.2	23	12	6	13	23	1.9	10.83	(100)	Avg	
Fidelity Dividend Growth FDGFX	Neutral	↑★★★★	4.5	11.3	8.4	15.1	6.4	74	65	66	51	53	1.5	10.47	(98)	-Avg	
Fidelity Growth & Income FGRIX	Bronze	★★	8.5	15.0	8.6	16.0	3.5	14	18	64	23	98	1.9	12.07	(93)	+Avg	
Fidelity Large Cap Stock FLCSX	Silver	↑★★★★	9.2	14.8	9.0	17.1	8.1	10	22	55	5	6	1.2	12.78	(90)	High	
Fidelity Total Market Index Investor FSTMX	Gold	★★★★	8.1	14.9	10.3	16.2	7.4	18	21	25	15	15	1.8	10.98	(99)	Avg	
First Eagle US Value A FEVAX	Neutral	↑★★★★	11.3	15.4	6.8	10.0	6.9	3	11	83	97	32	0.2	8.72	(80)	Low	
FMI Large Cap FMIHX	Gold	★★★★	8.5	12.4	9.0	14.6	7.7	14	54	55	64	9	0.9	10.17	(92)	-Avg	
FPA US Value FPPFX	—	★★	-5.9	-0.1	4.3	13.1	6.7	99	99	95	82	40	0.0	13.95	(66)	High	
Gabelli Asset AAA GABAX	—	★★	8.9	12.4	5.5	13.0	7.3	12	53	92	83	17	0.3	11.67	(93)	+Avg	
Janus Growth & Income T JAGIX	Neutral	★★★★	6.2	15.0	9.3	16.0	6.0	54	17	46	23	63	2.0	10.8	(96)	-Avg	
Longleaf Partners LLPFX	Neutral	★	18.3	24.8	3.4	11.4	3.8	1	1	97	94	97	—	15.71	(77)	High	
MainStay ICAP Equity I ICAEX	Neutral	★★	2.4	9.6	6.3	13.4	5.8	89	81	86	79	70	1.0	12.09	(93)	+Avg	
MainStay ICAP Select Equity I ICSLX	Neutral	★★	-0.2	5.6	4.3	12.0	5.4	96	92	95	91	82	0.9	12.64	(94)	High	
MainStay MAP I MUBFX	Bronze	↑★★★★	4.0	10.5	6.4	13.4	5.9	79	72	85	79	65	1.2	12.05	(98)	+Avg	
Mairs & Power Growth Inv MPGFX	Silver	★★★★★	12.5	19.4	9.1	17.2	8.4	1	1	52	4	4	1.3	10.98	(88)	Avg	
MFS Research A MFRFX	Bronze	★★★	7.9	14.4	9.6	15.6	7.7	21	30	39	41	9	0.7	10.62	(97)	-Avg	
Oakmark I OAKMX	Gold	★★★★	9.3	14.4	9.3	16.6	8.5	9	30	47	8	4	0.9	12.7	(93)	High	
Oakmark Select I OAKLX	Gold	★★★	4.5	11.8	9.2	16.3	7.3	74	60	49	13	18	—	13.62	(86)	High	
Parnassus Core Equity Investor PRBLX	Silver	★★★★★	8.0	13.2	10.6	16.1	9.7	19	44	18	19	1	1.9	10.01	(90)	-Avg	
PRIMECAP Odyssey Stock POSKX	Gold	↑★★★★★	8.6	15.8	11.3	16.6	8.5	13	8	4	8	4	0.9	11.41	(91)	+Avg	
Royce Special Equity Multi-Cap Service RSEMXX	—	↓★	7.8	8.2	2.8	11.3	—	23	89	99	94	—	2.2	12.71	(80)	+Avg	
Schwab S&P 500 Index SWPPX	Silver	↓★★★★	7.7	15.3	11.0	16.2	7.2	23	12	7	14	22	2.0	10.8	(100)	Avg	
Schwab Total Stock Market Index SWTSX	Silver	★★★★	8.1	14.9	10.3	16.2	7.5	18	20	25	15	12	1.8	10.97	(99)	Avg	
Selected American Shares D SLADX	Bronze	★★★	7.0	14.4	9.1	14.6	5.8	39	30	51	63	70	—	12.82	(86)	High	
T. Rowe Price Dividend Growth PRDGX	Silver	★★★★★	9.2	17.1	11.1	16.1	7.8	10	5	5	20	8	1.2	10.12	(97)	-Avg	
T. Rowe Price Growth & Income PRGIX	—	★★★★	6.4	15.1	11.5	16.1	7.4	51	16	3	19	15	—	10.42	(95)	-Avg	
Thornburg Value A TVAFX	—	★★	4.6	10.3	10.1	14.5	5.5	73	74	29	64	77	0.3	10.64	(90)	-Avg	
TIAA-CREF Social Choice Eq Retail TICRX	Bronze	★★★	8.9	14.9	8.7	14.9	6.8	12	19	60	56	34	—	11.04	(98)	Avg	
Vanguard 500 Index Admiral VFIAX	Gold	★★★★★	7.8	15.4	11.1	16.3	7.2	22	11	5	11	21	2.0	10.82	(100)	Avg	
Vanguard Dividend Appreciation Idx Inv VDAIX	Gold	★★★★	9.5	16.1	8.6	13.8	7.2	8	7	62	75	22	2.0	10.21	(91)	-Avg	
Vanguard Dividend Growth Inv VDIGX	Gold	★★★★	6.5	13.7	10.1	14.7	8.4	49	37	31	61	4	1.8	9.74	(92)	Low	
Vanguard FTSE Social Index Inv VFTSX	Bronze	★★★★	6.4	13.1	11.2	17.1	6.3	51	44	5	5	55	1.7	11.39	(97)	+Avg	
Vanguard Growth & Income Inv VQNPX	Bronze	★★★★	7.7	14.8	11.5	16.8	6.6	25	23	3	6	42	1.9	10.56	(99)	-Avg	
Vanguard Tax-Managed Capital App Adm VTCLX	Gold	★★★★	7.5	14.6	10.8	16.5	7.5	28	27	12	9	14	1.7	11.01	(99)	Avg	
Russell 1000 Value Index			10.0	16.2	9.7	16.2	5.9										
S&P 500 Index			7.8	15.4	11.2	16.4	7.2										

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

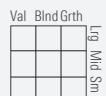
Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
VMRGX	21.8	4.2	47,639	26	18	18	311	41	2	98	0	0	5	NL	1.14	25.74	11,198	Management Team
VPCCX	16.5	2.8	51,001	29	26	18	150	10	7	93	0	0	13	Clsd	0.47	22.55	8,335	Management Team
VPMCX	17.6	3.2	64,081	35	28	15	132	9	4	96	0	0	12	Clsd	0.4	107.6	46,771	Management Team
AMANX	21.2	5.1	54,580	17	15	15	62	2	97	0	1	4	NL	0.99	46.13	1,313	Kaiser/Klimo (26.7/4.0)	
ANCFX	19.4	2.8	81,209	18	14	13	218	27	3	95	0	2	10	5.75	0.6	53.96	77,677	Management Team
AIVSX	17.7	2.7	75,550	18	15	13	270	30	5	90	0	4	8	5.75	0.58	36.64	78,527	Management Team
YAFFX	15.5	2.4	116,154	36	32	18	24	6	18	80	2	0	15	NL	1.25	21.47	4,834	Subotky/Yackman (6.7/13.7)
YACKX	16.7	2.9	97,734	35	25	13	45	3	18	80	2	0	6	NL	0.74	22.57	8,705	Subotky/Yackman (6.7/13.7)
BBTEX	19.5	2.5	81,977	24	20	15	33	8	10	90	0	0	12	NL	1.0	21.64	3,739	Hartch/Keller (11.0/7.9)
BRLIX	18.1	2.7	183,040	23	14	14	37	23	-5	105	0	0	0	NL	0.15	12.73	543	Management Team
CFIMX	18.9	2.0	66,648	40	16	11	28	31	7	93	0	0	12	NL	0.72	107.45	1,132	Davis/Goei (10.7/2.7)
NYVTX	20.3	2.0	63,339	31	15	14	61	23	1	99	0	0	13	4.75	0.86	30.64	11,844	Davis/Goei (21.0/2.7)
DGAGX	20.9	3.3	130,556	25	20	16	53	5	1	99	0	0	17	NL	0.92	38.2	2,158	Management Team
FUSEX	19.2	2.6	76,304	19	15	15	510	5	1	99	0	0	1	NL	0.09	76.63	102,856	Management Team
FDGFX	18.7	2.4	79,573	23	14	13	112	30	6	94	0	0	8	NL	0.62	31.39	7,422	Ramona Persaud (2.7)
FGRIX	17.9	2.0	65,591	24	17	14	197	29	0	98	0	1	9	NL	0.65	31.1	6,555	Matthew Fruhan (5.7)
FLCSX	17.8	1.9	56,476	24	18	15	189	31	0	100	0	0	7	NL	0.78	28.06	2,527	Matthew Fruhan (11.4)
FSTMX	19.5	2.5	43,606	18	14	14	3411	3	1	99	0	0	2	NL	0.09	63.14	35,048	Management Team
FEVAX	19.6	2.3	26,734	24	21	16	83	15	17	72	0	11	4	5.00	1.09	20.44	2,239	Management Team
FMIHX	18.6	2.8	47,664	19	17	16	31	18	8	92	0	0	13	NL	0.87	20.2	6,611	Management Team
FPPFX	12.9	2.4	21,716	36	31	13	24	109	10	90	0	0	2	Clsd	0.97	8.73	129	Gregory Nathan (1.1)
GABAX	19.6	2.5	15,456	23	21	20	475	3	0	100	0	0	17	NL	1.35	58.94	2,672	Management Team
JAGIX	17.3	3.6	64,975	17	17	15	67	30	0	97	0	3	0	NL	0.87	46.22	4,238	Buckley/Pinto (2.2/8.8)
LLPFX	16.1	1.2	20,049	38	18	12	23	46	14	79	4	3	27	NL	0.93	25.38	3,576	Cates/Hawkins (22.5/29.4)
ICAEX	17.2	1.9	53,534	21	20	17	45	76	1	99	0	0	10	NL	0.88	42.53	761	Management Team
ICSLX	16.9	1.8	63,950	21	21	20	33	86	0	98	0	2	7	NL	0.9	35.47	1,724	Management Team
MUBFX	17.5	2.0	59,510	19	17	17	156	51	3	96	0	0	12	NL	0.86	37.51	1,430	Management Team
MPGFX	19.2	3.4	25,413	31	24	12	52	9	1	99	0	0	3	NL	0.65	116.7	4,341	Adams/Henneman (1.7/10.7)
MFRFX	21.5	2.8	48,883	17	15	14	122	44	1	99	0	0	2	5.75	0.82	38.88	4,942	Joseph MacDougall (8.3)
OAKMX	14.2	1.7	57,689	35	22	14	54	33	4	96	0	0	7	NL	0.85	68.7	14,824	Grant/Nygren (16.5/16.5)
OAKLX	14.5	1.5	49,622	40	30	10	23	46	7	90	4	0	0	NL	0.95	40.99	5,000	Management Team
PRBLX	20.3	2.7	41,907	24	22	14	39	26	5	95	0	0	4	NL	0.87	39.61	14,408	Ahlsten/Allen (15.4/4.4)
POSKX	16.4	2.4	39,980	29	23	17	120	7	6	94	0	0	11	NL	0.65	25.64	5,863	Management Team
RSEMX	14.6	3.3	17,576	47	30	17	24	31	12	88	0	0	0	NL	1.24	13.34	116	Dreifus/McBoyle (5.7/2.0)
SWPPX	18.4	2.6	74,092	18	15	14	508	2	1	99	0	0	2	NL	0.09	34.0	23,118	Management Team
SWTSX	18.7	2.4	42,433	17	14	14	2463	2	1	99	0	0	1	NL	0.09	39.04	4,925	Hong/Juwono (4.6/3.6)
SLADX	18.8	2.0	59,998	31	17	13	60	27	6	94	0	0	11	NL	0.61	35.63	2,402	Davis/Goei (21.8/2.7)
PRDGX	20.5	3.2	56,830	20	17	16	106	24	7	93	0	0	4	NL	0.64	37.16	6,081	Thomas Huber (16.5)
PRGIX	19.9	2.6	85,046	22	17	13	52	76	5	94	0	1	2	NL	0.67	30.0	1,643	Jeffrey Rottinghaus (1.3)
TVAFX	18.1	2.0	23,156	22	18	16	50	59	8	92	0	1	9	4.50	1.37	54.08	897	Browne/MacDonald (10.7/1.7)
TICRX	19.0	2.8	37,501	19	14	14	815	17	0	100	0	0	1	NL	0.44	15.33	2,344	Campagna/Liao (10.7/2.3)
VFIAX	19.2	2.6	76,272	19	15	15	511	3	0	100	0	0	0	NL	0.05	200.21	229,502	Butler/Geiger (0.4/0.4)
VDAIX	20.2	4.0	48,420	23	22	15	187	22	0	100	0	0	1	NL	0.19	33.58	24,541	Nejman/O'Reilly (0.3/0.3)
VDIGX	19.6	4.0	88,222	21	21	17	48	26	0	97	0	3	9	Clsd	0.33	23.6	31,477	Donald Kilbride (10.7)
VFTSX	18.8	2.6	67,349	24	20	20	416	20	0	100	0	0	1	NL	0.25	13.87	2,311	Coleman/O'Reilly (0.7/0.7)
VQNPX	17.5	2.5	52,308	16	15	13	1063	116	3	97	0	0	1	NL	0.34	42.16	6,630	Management Team
VTCLX	19.5	2.7	54,334	18	14	14	957	10	0	100	0	0	0	NL	0.11	110.1	7,097	Butler/Coleman (0.4/0.4)
	17.4	1.7	53,836															
	19.1	2.7	78,190															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk				
		Morningstar Rating vs. Category 5=Best	Total Return % 09-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Large Blend (cont'd)		—	6.0	12.0	8.8	14.7	6.3	—	—	—	—	—	—	11.17	(93)	—
Vanguard Total Stock Mkt Idx Adm VTSAX	Gold	★★★★	8.2	15.0	10.4	16.3	7.5	17	18	22	12	12	1.9	10.96	(99)	Avg
Weitz Partners Value Investor WPVLX	Bronze	★★	4.5	3.9	3.3	12.0	5.3	75	95	98	91	83	0.0	9.89	(81)	Low
Weitz Value Investor WVALX	Bronze	★	1.7	2.6	5.0	12.1	4.2	92	97	94	90	95	0.0	9.44	(79)	Low
Large Value		—	7.8	13.1	7.7	14.0	5.4	—	—	—	—	—	—	11.13	(90)	—
AllianzGI NFJ Large-Cap Value A PNBAX	—	★	4.2	9.2	6.1	13.0	3.6	89	87	85	76	89	—	11.0	(94)	Avg
American Beacon Lg Cap Value Inv AAGPX	Bronze	★★★	6.4	10.6	6.4	14.5	5.1	68	75	80	45	58	1.5	12.2	(92)	+Avg
American Century Equity Income Inv TWEIX	Silver	↓★★★★	14.6	22.1	11.0	13.8	7.0	4	3	4	60	14	1.9	7.77	(83)	Low
American Century Value Inv TWVLX	Silver	★★★★	12.0	18.0	9.6	15.3	6.3	8	8	13	21	27	1.5	10.41	(91)	-Avg
American Funds American Mutual A AMRMX	Gold	↓★★★★	10.7	16.7	9.6	14.1	7.1	16	15	13	55	12	2.0	9.64	(94)	Low
American Funds Washington Mutual A AWSHX	Gold	★★★★	7.4	15.2	9.4	14.6	6.6	53	26	16	41	21	2.0	10.28	(97)	-Avg
Artisan Value Investor ARTLX	Bronze	★★★	21.2	24.6	7.0	12.8	6.2	1	1	70	79	30	0.4	14.29	(65)	High
Auxier Focus Inv AUXFX	—	★★★	4.8	10.7	6.2	10.2	6.4	85	74	84	95	25	1.0	9.42	(95)	Low
Becker Value Equity Retail BVEFX	Bronze	★★★★	11.0	15.2	8.3	15.2	7.0	13	25	40	25	14	1.1	11.43	(92)	Avg
Columbia Dividend Income Z GSFTX	Silver	★★★★★	8.4	16.4	10.3	14.6	7.6	39	17	7	39	6	2.2	9.96	(95)	-Avg
Diamond Hill Large Cap A DHLAX	Gold	★★★★	7.9	14.3	8.8	15.5	7.0	45	36	26	19	12	0.7	11.92	(94)	+Avg
Dodge & Cox Stock DODGX	Gold	↑★★★★	9.5	14.5	8.9	17.1	5.5	27	33	25	3	48	1.6	12.5	(89)	+Avg
Fairholme FAIRX	Neutral	★	0.6	-8.2	-2.4	9.8	4.9	99	100	100	96	64	1.9	16.58	(46)	High
Fidelity Equity Dividend Income FEQTX	—	↑★★★★	9.1	14.9	9.0	15.1	4.9	31	29	23	28	64	1.9	10.2	(96)	-Avg
Fidelity Equity-Income FEQIX	Neutral	★★★	10.4	15.8	7.5	14.3	4.6	19	21	58	50	71	2.5	10.18	(92)	-Avg
Franklin Mutual Beacon A TEBIX	Bronze	★★	10.8	14.5	6.8	13.1	4.5	15	34	73	75	72	1.6	10.83	(85)	Avg
Hotchkis & Wiley Value Opps A HWAAX	Bronze	↑★★★★	5.2	6.1	7.5	17.2	8.5	81	97	58	3	2	—	13.3	(73)	High
Invesco Comstock A ACSTX	Silver	★★	6.9	12.0	6.6	14.6	5.6	61	59	77	40	45	1.6	12.61	(89)	+Avg
Invesco Diversified Dividend A LCEAX	Silver	↓★★★★	8.9	11.7	10.5	15.7	7.6	32	63	6	16	5	1.6	8.5	(84)	Low
Invesco Growth and Income A ACGIX	Neutral	★★★	8.1	13.5	7.9	14.7	6.0	43	45	51	38	34	1.6	11.73	(88)	+Avg
JPMorgan Equity Income A OIEIX	Silver	★★★★	7.7	13.3	9.1	14.8	7.3	48	46	21	34	9	1.7	9.99	(95)	-Avg
JPMorgan Value Advantage A JVAAX	Silver	★★★	7.1	9.8	8.2	15.3	7.8	58	84	42	23	4	0.6	10.26	(93)	-Avg
Perkins Large Cap Value T JPLTX	—	↓★★	7.0	12.6	7.3	12.8	—	58	53	64	79	—	1.3	9.92	(95)	-Avg
Schwab Fundamental US Large Company Idx SFLNX	Bronze	★★★★	9.9	16.0	9.8	16.0	—	23	19	11	11	—	2.1	10.97	(97)	Avg
Sound Shore Investor SSHFX	Silver	★★★★	9.2	15.1	8.7	17.0	6.3	30	28	28	4	26	0.8	13.04	(92)	High
T. Rowe Price Equity Income PRFDX	Bronze	★★★	11.1	17.4	6.6	13.7	5.7	11	10	77	63	44	2.0	11.1	(93)	Avg
T. Rowe Price Value TRVLX	Bronze	★★★★	6.3	14.5	9.4	16.9	7.1	70	34	15	4	12	1.8	11.05	(95)	Avg
TCW Relative Value Dividend Apprec N TGIGX	—	★★★	9.3	15.6	8.0	15.9	5.7	30	23	47	12	44	1.5	11.92	(97)	+Avg
Torrey TORYX	—	↓★★★★	9.4	17.4	9.3	13.8	5.4	28	11	18	60	51	1.0	10.34	(91)	-Avg
Vanguard Equity-Income Inv VEIPX	Silver	★★★★★	9.5	17.2	10.2	15.6	7.6	28	12	8	17	5	2.8	10.06	(94)	-Avg
Vanguard High Dividend Yield Index Inv VHDYX	Silver	↓★★★★	10.4	18.7	11.2	15.7	—	19	6	3	15	—	2.9	10.16	(93)	-Avg
Vanguard US Value Inv VUVLX	Bronze	★★★★	5.8	11.1	9.6	16.6	5.8	75	70	13	5	38	2.0	10.48	(93)	Avg
Vanguard Value Index Adm VVIAX	Silver	★★★★	8.7	16.3	10.3	16.0	6.0	35	18	7	11	34	2.5	10.3	(96)	-Avg
Vanguard Windsor II Inv VWNFX	Bronze	★★★	7.3	12.1	8.1	14.7	5.8	54	58	44	37	41	—	11.05	(95)	Avg
Vanguard Windsor Inv VWNDX	Bronze	★★★	5.5	10.4	7.7	16.0	5.7	78	78	54	11	42	1.5	12.57	(91)	+Avg
Mid-Cap Growth		—	4.9	8.4	6.4	13.9	7.4	—	—	—	—	—	—	12.92	(74)	—
Akre Focus Retail AKREX	Silver	★★★★★	8.1	13.7	10.3	17.4	—	14	12	8	5	—	0.0	11.38	(85)	-Avg
American Century Heritage Inv TWHIX	Bronze	★★★★	5.3	8.6	7.3	13.7	10.1	48	50	38	53	8	0.0	12.49	(76)	Avg
Artisan Mid Cap Investor ARTMX	Silver	★★★★	3.4	8.1	5.8	14.2	9.9	69	54	62	45	10	0.0	13.96	(64)	+Avg
Baron Asset Retail BARAX	—	★★★★	6.2	11.1	8.7	15.3	7.3	36	24	22	26	56	0.0	12.43	(79)	Avg
Baron Growth Retail BGRFX	Bronze	★★★	6.2	7.6	4.6	13.9	7.6	36	59	77	50	48	0.0	11.75	(71)	-Avg
Buffalo Mid Cap BUFMX	Neutral	★★★	4.8	5.2	5.8	12.3	7.1	55	81	62	76	61	0.0	12.24	(68)	Avg
Champlain Mid Cap Adv CIPMX	Silver	★★★★	14.0	20.0	10.7	16.2	—	1	1	6	16	—	0.0	11.72	(82)	-Avg
Columbia Acorn Select Z ACTWX	—	↑★★★★	7.2	10.5	6.2	13.5	6.1	22	30	54	58	79	0.0	12.36	(72)	Avg
Russell 1000 Value Index			10.0	16.2	9.7	16.2	5.9									
Russell MidCap Growth Index			6.8	11.2	8.9	15.9	8.5									

Legend
Red = Lowest return in group ★ = New this month
Green = Highest return in group ↑↓ = Increase/decrease in rating
Italic = Extended performance NR = No Morningstar Rating; fund less than three years old.

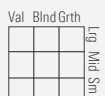
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign					
	—	19.8	2.5	105,127	17 15 15	—	62	2	97	0	1	4	—	0.99	—	4,307	—
VTSAX		19.5	2.5	43,669	18 14 14	3626	3	0	99	0	1	0	NL	0.05	54.2	453,727	Nejman/OReilly (0.4/21.7)
WPVLX		20.7	1.8	19,346	27 18 14	40	31	20	80	0	0	6	NL	1.26	28.4	769	Hinton/Weitz (10.2/33.3)
WVALX		21.4	2.2	38,863	20 18 17	35	47	19	80	0	2	7	NL	1.23	39.18	850	Hinton/Perkins (10.2/4.7)
	—	17.5	2.0	80,265	20 14 12	—	62	1	97	1	1	5	—	1.07	—	2,452	—
PNBAX		15.0	1.9	53,623	25 12 12	69	51	0	100	0	0	6	5.50	1.11	20.76	386	Management Team
AAGPX		14.1	1.5	47,746	24 14 13	210	32	1	99	0	0	15	NL	0.94	24.41	8,473	Management Team
TWEIX		18.9	2.2	51,822	20 18 15	89	88	1	81	3	16	3	NL	0.94	9.0	11,531	Management Team
TWWLX		17.1	1.8	55,599	22 19 16	119	48	2	97	0	0	5	NL	0.98	8.4	3,013	Management Team
AMRMX		18.1	3.0	73,207	16 16 11	234	27	5	89	2	4	8	5.75	0.58	36.9	39,635	Management Team
AWSHX		19.2	3.1	92,165	14 14 12	210	30	3	95	0	3	5	5.75	0.58	40.68	81,986	Management Team
ARTLX		13.9	1.4	28,673	21 18 16	38	74	1	99	0	0	19	NL	1.0	13.1	792	Management Team
AUXFX		18.2	2.4	59,736	29 26 19	113	6	10	90	0	0	10	NL	1.14	20.13	251	J. Jeffrey Auxier (17.2)
BVEFX		16.7	1.9	58,031	21 17 16	57	32	3	97	0	0	3	NL	0.79	17.92	359	Management Team
GSFTX		19.5	3.0	98,510	16 14 14	86	25	3	96	0	1	2	NL	0.77	18.78	9,473	Management Team
DHLAX		15.6	2.0	60,065	28 17 15	53	20	1	99	0	0	0	5.00	0.99	23.14	3,841	Management Team
DODGX		14.6	1.7	55,767	26 23 18	67	15	1	99	0	0	10	NL	0.52	172.69	56,553	Management Team
FAIRX		47.5	1.6	1,227	56 29 11	55	40	27	31	18	24	7	NL	1.04	18.62	2,600	Bruce Berkowitz (16.7)
FEQTX		17.4	1.9	66,088	25 15 12	101	49	4	96	0	0	9	NL	0.66	26.6	5,433	Scott Offen (4.9)
FEQIX		16.8	1.8	53,254	24 13 12	179	46	5	95	0	0	9	NL	0.71	55.12	8,212	Management Team
TEBIX		16.0	1.5	42,001	23 20 18	110	35	5	92	3	0	32	5.75	1.09	15.57	3,829	Management Team
HWAAX		13.0	1.0	20,013	39 24 14	56	62	2	89	7	2	22	5.25	1.25	24.06	455	Davis/Green (13.7/13.7)
ACSTX		14.0	1.3	53,806	30 17 14	85	15	2	98	0	0	12	5.50	0.85	22.85	11,761	Management Team
LCEAX		17.9	2.3	36,148	31 15 14	79	11	16	84	0	0	11	5.50	0.83	18.94	18,420	Management Team
ACGIX		15.1	1.5	56,441	31 14 13	85	23	3	97	0	0	11	5.50	0.84	25.21	7,763	Management Team
OIEIX		18.7	2.3	60,679	27 12 11	101	20	3	97	0	0	1	5.25	1.04	14.21	12,685	Hart/Simon (12.2/12.2)
JVAAX		16.6	1.6	31,859	32 16 10	114	26	2	98	0	0	1	5.25	1.25	29.76	10,030	Management Team
SPLTX		17.2	2.1	70,797	25 17 13	61	39	6	94	0	0	8	NL	0.87	15.97	164	Perkins/Preloger (7.7/7.7)
SFLNX		17.1	2.1	58,143	15 13 12	651	12	1	99	0	1	1	NL	0.35	15.42	4,718	Management Team
SSHFX		16.5	1.7	46,828	24 21 11	41	39	4	96	0	0	15	NL	0.93	44.85	1,908	Management Team
PRFDX		16.3	1.9	51,411	21 14 13	116	27	2	97	0	0	8	NL	0.66	31.16	22,090	John Linehan (0.9)
TRVLX		16.3	1.8	53,801	20 17 12	111	68	3	97	0	0	8	NL	0.81	33.23	23,314	Mark Finn (6.7)
TGIGX		17.3	1.9	45,385	22 18 14	54	17	0	99	0	1	7	NL	1.0	17.62	1,069	Diane Jaffee (14.8)
TORYX		14.5	1.9	42,932	24 23 19	32	10	15	85	0	0	6	NL	1.08	49.37	419	Fialco/Torrey (8.4/25.7)
VEIPX		17.2	2.4	79,143	15 14 13	228	32	2	97	0	2	9	NL	0.26	31.69	23,430	Management Team
VHDYX		18.6	2.5	81,018	15 14 14	425	11	0	100	0	0	1	NL	0.16	28.58	16,656	Coleman/OReilly (0.6/0.6)
VUVLX		13.9	1.4	21,869	23 12 11	248	66	0	100	0	0	1	NL	0.26	17.25	1,375	Management Team
VVIAX		17.2	2.0	77,032	22 15 12	325	8	0	100	0	0	1	NL	0.08	33.95	39,724	Nejman/OReilly (0.4/21.7)
VWNFX		15.2	1.8	66,157	22 21 13	277	26	2	98	0	0	9	NL	0.34	35.55	46,370	Management Team
VWNDX		14.8	1.6	35,655	25 17 15	149	28	2	97	0	2	10	NL	0.39	20.05	17,089	Management Team
	—	24.2	3.7	10,074	19 18 18	—	62	3	97	0	0	4	—	1.23	—	1,234	—
AKREX		27.8	3.1	20,539	29 24 18	43	16	5	91	2	2	5	NL	1.34	25.0	5,248	Management Team
TWHIX		23.6	4.5	12,759	21 21 15	107	62	0	99	0	0	4	NL	1.0	22.36	5,124	Management Team
ARTMX		26.0	4.5	13,775	26 21 19	67	51	5	95	0	0	3	Clsd	1.19	41.34	8,212	Management Team
BARAX		29.7	3.9	9,393	24 22 18	57	13	2	98	0	0	2	NL	1.31	60.67	2,583	Andrew Peck (13.2)
BGRFX		27.4	3.5	4,523	24 17 16	65	6	1	98	0	0	5	NL	1.29	67.13	6,170	Ronald Baron (21.7)
BUFMX		25.3	3.8	7,574	22 20 18	67	46	6	94	0	0	2	NL	1.02	16.06	394	Carlsen/Male (1.7/14.7)
CIPMX		22.3	2.9	7,357	23 18 18	63	46	6	94	0	0	0	NL	1.2	15.1	1,104	Management Team
ACTWX		24.0	3.6	5,640	24 18 17	31	55	0	100	0	0	6	NL	0.88	15.06	336	Frank/Szafrański (0.8/1.4)
		17.4	1.7	53,836													
		23.3	4.7	11,130													

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 09-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
		vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr		(R ²)	
Morningstar 500 Domestic Equity			—	4.9	8.4	6.4	13.9	7.4	—	—	—	—	—	12.92 (74)	—
Mid-Cap Growth (cont'd)															
Columbia Acorn Z ACRNX	Neutral	★★★★	6.6	9.0	4.3	12.6	6.9	29	46	80	73	66	0.0	13.17 (71)	Avg
Eventide Gilead N ETGLX	Neutral	★★★★	1.8	6.9	6.3	20.3	—	86	65	53	1	—	0.0	16.75 (59)	High
FAM Value Investor FAMVX	—	★★★★	9.2	11.7	9.3	15.3	6.8	8	20	16	26	68	0.0	10.66 (83)	Low
Fidelity Mid-Cap Stock FMCSX	Bronze	★★★★	11.2	12.9	7.7	15.0	7.5	4	14	32	29	52	0.6	11.21 (78)	-Avg
Hennessy Focus Investor HFCSX	Bronze	★★★★★	4.4	8.0	8.9	17.3	9.4	59	55	20	6	14	0.0	12.19 (81)	Avg
Janus Enterprise T JAENX	Bronze	★★★★★	11.6	17.0	11.7	16.9	10.0	4	2	2	9	9	0.2	10.58 (80)	Low
Meridian Contrarian Legacy MVALX	Bronze	★★★★	11.2	16.4	7.3	15.9	7.2	4	3	38	20	59	0.1	13.08 (78)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	Gold	★★★★★	9.8	21.7	12.7	22.5	12.6	6	1	1	1	1	0.0	15.39 (62)	High
T. Rowe Price Mid-Cap Growth RPMGX	Gold	★★★★★	5.8	11.3	11.2	17.1	10.6	41	23	3	8	2	0.0	11.66 (78)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	Bronze	★★★★	-0.3	2.2	6.3	13.6	8.1	93	92	54	55	31	0.6	12.67 (79)	Avg
Mid-Cap Blend			7.9	10.5	6.7	14.3	6.8	—	—	—	—	—	—	11.92 (78)	—
AMG Managers Fairpointe Mid Cap N CHTTX	Silver	★★★★	9.7	15.2	5.6	16.3	9.7	41	8	70	21	1	0.3	14.88 (73)	High
Ariel Appreciation Investor CAAPX	—	★★★★	8.5	13.7	7.0	16.7	8.0	54	27	53	10	30	0.9	14.47 (85)	High
Ariel Fund Investor ARGFX	Bronze	★★★★	7.3	15.5	8.8	18.4	7.0	64	6	24	3	54	0.6	15.81 (83)	High
Fidelity Extended Market Index Investor FSEMXX	Gold	★★★★★	9.9	13.3	7.5	16.1	8.3	37	34	48	26	19	1.2	13.04 (76)	+Avg
First Eagle Fund of America Y FEAFFX	Bronze	★★★★	-0.6	4.7	5.4	13.4	7.8	96	85	72	73	35	0.0	12.66 (79)	+Avg
FMI Common Stock FMIMX	Gold	★★★★	11.4	12.6	6.3	13.2	8.7	18	41	62	75	7	0.0	11.23 (77)	-Avg
Janus Contrarian T JSVAX	Neutral	★★	-0.1	2.9	4.8	13.7	4.7	94	91	76	70	87	0.3	12.68 (55)	+Avg
Longleaf Partners Small-Cap LLSCX	Silver	★★★★	16.0	24.1	9.0	16.5	8.7	2	2	19	16	10	—	12.05 (61)	Avg
★ Lord Abbett Value Opportunities A LVOAX	Bronze	★★★★	10.1	12.0	8.6	14.8	9.0	31	48	30	52	3	0.0	11.47 (79)	-Avg
Osterweis OSTFX	Neutral	★★★★	3.4	6.2	3.1	11.4	5.7	84	79	90	85	79	0.5	10.45 (82)	-Avg
Vanguard Capital Value Inv VCVLX	Neutral	★★	5.3	11.4	3.0	14.2	5.7	74	55	91	62	78	1.3	15.6 (77)	High
Vanguard Extended Market Idx Adm VEXAX	Gold	★★★★	10.0	13.4	7.5	16.3	8.3	35	31	48	20	23	1.3	13.04 (76)	+Avg
Vanguard Mid Cap Index Adm VIMAX	Gold	★★★★	8.9	12.6	9.9	16.5	8.2	50	40	6	14	26	1.4	11.55 (89)	Avg
Vanguard Strategic Equity Inv VSEQX	Bronze	★★★★	7.5	10.6	10.2	18.2	7.4	63	58	4	3	45	1.5	11.96 (83)	+Avg
Weitz Hickory WEHIX	Bronze	★★	8.6	11.1	3.1	11.9	5.4	54	56	90	81	81	0.0	11.23 (73)	-Avg
Westwood SMidCap Institutional WHGMX	—	★★★★	3.9	6.5	4.5	13.1	8.7	81	77	79	76	8	0.1	12.54 (79)	+Avg
Mid-Cap Value			10.2	13.2	7.3	14.9	6.9	—	—	—	—	—	—	11.98 (81)	—
American Century Mid Cap Value Inv ACMVX	Silver	★★★★★	14.4	19.4	12.2	17.3	9.4	11	4	2	9	6	1.1	10.0 (86)	Low
Artisan Mid Cap Value Investor ARTQX	Silver	★★★★	14.2	14.1	3.8	12.3	7.8	12	42	90	92	22	0.4	11.6 (76)	Avg
Delafield Fund DEFIX	—	★★	14.7	16.1	-0.9	10.3	6.0	9	21	98	97	74	—	16.97 (67)	High
Diamond Hill Small-Mid Cap A DHMAX	Gold	★★★★	10.7	12.0	9.3	17.0	9.3	44	63	15	12	7	0.1	11.0 (73)	-Avg
Fidelity Leveraged Company Stock FLVCX	Under Review	★★	2.9	5.4	3.5	15.4	6.2	98	98	92	49	68	1.0	13.89 (77)	High
Fidelity Low-Priced Stock FLPSX	Silver	★★★★	5.3	7.0	6.7	14.4	8.1	93	96	71	67	19	1.2	9.48 (87)	Low
Fidelity Value FDVLX	Neutral	★★★★	10.2	12.0	8.0	16.6	6.4	49	61	41	17	64	1.0	12.16 (84)	Avg
FPA Capital FPPTX	Bronze	★	12.3	8.5	-1.1	7.0	5.0	27	88	98	98	91	0.4	13.48 (48)	+Avg
GoodHaven GOODX	Neutral	★	19.2	16.1	-2.7	6.1	—	2	21	98	99	—	0.0	12.85 (31)	Avg
Harbor Mid Cap Value Investor HIMVX	Bronze	★★★★	7.5	9.8	8.8	17.8	7.1	81	83	23	5	40	1.0	12.1 (84)	Avg
★ Hotchkis & Wiley Mid-Cap Value A HWMAX	Bronze	★★	7.8	7.8	3.8	18.6	6.6	79	91	90	2	57	0.1	15.37 (69)	High
Perkins Mid Cap Value T JMCVX	Bronze	★★★★	11.9	16.3	8.0	12.5	7.2	29	20	40	91	38	1.2	10.01 (87)	Low
T. Rowe Price Mid-Cap Value TRMCX	Gold	★★★★★	16.0	19.7	10.6	16.3	8.5	2	3	9	27	14	1.1	10.9 (80)	-Avg
Vanguard Selected Value Inv VASVX	Gold	★★★★	6.9	10.5	6.3	15.2	7.4	86	78	76	52	31	—	12.24 (82)	Avg
Small Growth			7.4	10.5	5.1	14.4	7.6	—	—	—	—	—	—	15.13 (59)	—
Artisan Small Cap Investor ARTSX	Silver	★★★★	11.6	15.3	6.0	15.5	7.9	15	19	36	31	42	—	16.75 (38)	+Avg
Baron Small Cap Retail BSCFX	Bronze	★★★★	8.5	12.9	4.8	13.8	7.4	37	35	56	62	58	0.0	13.67 (74)	-Avg
Brown Capital Mgmt Small Co Inv BCSIX	Gold	★★★★★	10.0	20.1	9.7	18.6	13.7	22	4	4	3	1	0.0	14.89 (57)	Avg
Russell MidCap Growth Index			6.8	11.2	8.9	15.9	8.5								
S&P MidCap 400 Index			12.4	15.3	9.4	16.5	9.1								
Russell MidCap Value Index			13.7	17.3	10.5	17.4	7.9								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

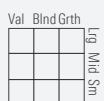
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	24.2	3.7	10,074	19	18	18	—	62	3	97	0	0	4	—	1.23	—	1,234	—
ACRNX		23.0	3.4	4,733	20	19	18	134	21	0	99	0	1	2	NL	0.82	18.48	5,384	Management Team
ETGLX		20.4	2.4	6,020	35	21	15	75	28	3	95	0	2	12	NL	1.38	26.01	1,401	Barksdale/Kuruville (5.9/8.2)
FAMVX		20.7	2.6	12,319	30	23	17	37	8	10	90	0	0	4	NL	1.18	65.56	1,039	Fox/Putnam (16.4/29.7)
FMCSX		20.6	2.1	7,157	17	16	16	162	23	6	94	0	0	9	NL	0.73	34.47	7,383	John Roth (5.6)
HFCSX		21.4	2.8	16,818	29	27	13	25	4	15	85	0	0	6	NL	1.47	72.22	2,466	Management Team
JAENX		24.0	4.2	8,770	29	26	18	85	17	6	93	0	1	11	NL	0.92	95.6	9,400	Demain/Wheaton (8.9/0.2)
MVALX		20.8	2.2	6,407	29	17	13	59	73	8	92	0	0	7	Clsd	1.11	35.66	573	Cordisco/England (3.1/14.7)
POAGX		18.4	2.2	6,127	32	30	16	154	15	3	96	0	0	13	Clsd	0.62	35.56	7,077	Management Team
RPMGX		23.0	3.5	10,360	26	19	17	132	27	6	93	0	2	2	Clsd	0.77	77.57	25,100	Brian Berghuis (24.2)
VMGRX		20.9	2.6	9,204	23	19	17	107	93	4	96	0	0	4	NL	0.43	22.39	4,190	Management Team
	—	19.0	2.1	6,878	16	16	14	—	64	3	97	0	0	2	—	1.12	—	1,618	—
CHTTX		15.8	1.4	4,146	30	22	12	45	31	1	99	0	0	4	NL	1.11	37.65	3,601	Management Team
CAAPX		15.4	2.0	10,769	30	25	18	41	22	4	95	0	2	0	NL	1.12	48.9	1,719	Fidler/Rogers (6.8/14.0)
ARGFX		14.8	1.8	3,831	29	22	19	39	25	1	99	0	0	0	NL	1.02	63.74	1,994	Management Team
FSEMX		20.6	2.1	3,588	16	14	14	3178	12	0	100	0	0	2	NL	0.1	54.65	16,731	Management Team
FEAFX		17.0	3.1	9,932	27	26	13	52	32	1	97	0	2	1	Clsd	1.31	35.4	2,782	Management Team
FMIMX		17.6	2.0	3,078	49	14	11	43	29	10	90	0	0	4	NL	1.07	25.42	945	Management Team
JSVAX		16.1	1.7	7,320	28	17	14	46	70	0	98	0	2	2	NL	1.04	18.58	2,821	Daniel Kozlowski (5.2)
LLSCX		24.4	1.3	4,339	31	20	12	22	46	25	72	3	0	8	Clsd	0.91	31.29	4,101	Management Team
LVOAX		21.4	2.2	5,539	17	16	15	75	46	0	100	0	0	0	5.75	1.17	19.43	2,741	Maher/Maurer (10.7/8.7)
OSTFX		19.2	2.6	23,972	25	18	12	33	20	18	82	0	0	13	NL	1.03	26.34	575	Management Team
VCVLX		16.9	1.5	12,598	19	17	14	154	90	0	98	0	2	11	NL	0.5	11.5	934	David Palmer (6.7)
VEVAX		20.6	2.1	3,542	16	14	14	3243	6	1	99	0	0	2	NL	0.09	69.24	45,064	Butler/Geiger (18.7/0.4)
VIMAX		20.7	2.4	11,810	18	16	15	347	15	0	100	0	0	1	NL	0.08	160.3	70,106	Butler/Johnson (18.3/0.4)
VSEQX		14.2	1.7	3,921	17	17	12	332	70	0	100	0	0	1	NL	0.21	30.41	6,043	Management Team
WEHIX		22.5	1.9	4,709	46	15	12	36	27	19	81	0	0	5	NL	1.24	50.22	283	Weitz/Weitz (4.7/13.7)
WHGMX		19.7	2.4	3,658	17	15	13	64	56	0	100	0	0	0	NL	0.96	15.05	407	Management Team
	—	16.7	1.7	9,644	20	14	13	—	61	4	96	0	0	5	—	1.16	—	1,453	—
ACMVX		17.9	1.9	13,049	22	14	13	111	66	1	98	0	1	6	Clsd	0.98	16.56	8,215	Management Team
ARTQX		15.3	1.6	8,994	22	18	16	54	31	7	93	0	0	4	Clsd	1.19	21.41	4,312	Management Team
DEFIX		14.6	1.7	2,667	37	21	18	50	19	12	88	0	0	4	NL	1.26	27.48	425	Management Team
DHMAX		19.4	1.9	5,501	27	18	14	60	21	8	91	1	0	2	Clsd	1.25	20.25	2,080	Management Team
FLVCX		13.2	1.7	15,538	24	18	12	87	9	4	96	1	0	5	NL	0.8	38.38	3,314	Mark Notkin (0.0)
FLPSX		13.8	1.6	5,427	27	16	14	906	9	12	88	0	0	36	NL	0.88	48.77	39,591	Management Team
FDVLX		16.8	1.7	9,109	19	12	12	266	80	4	96	0	0	11	NL	0.84	105.57	7,914	Management Team
FPPTX		11.9	1.2	3,380	32	31	12	30	45	27	70	2	1	0	Clsd	0.77	35.72	783	Ahitov/Bryan (3.2/8.8)
GOODX		15.5	1.0	6,781	23	18	17	25	18	1	74	0	25	19	NL	1.1	23.09	271	Pitkowsky/Trauner (5.4/5.4)
HIMVX		12.8	1.4	5,612	19	14	13	210	12	0	100	0	0	1	NL	1.25	20.3	824	Management Team
HWMAX		13.1	0.9	5,214	27	20	18	59	42	1	99	0	0	21	5.25	1.27	33.3	2,051	Management Team
JMCVX		18.4	2.2	7,555	18	16	11	73	65	6	94	0	0	4	NL	0.69	17.21	4,145	Management Team
TRMCX		17.3	1.6	8,299	23	14	12	96	45	8	92	0	0	8	Clsd	0.8	28.93	12,361	David Wallack (15.7)
VASVX		13.6	1.5	9,441	26	18	13	120	24	5	95	0	0	12	NL	0.39	27.63	9,015	Management Team
	—	27.0	3.4	3,010	24	17	17	—	78	3	97	0	0	3	—	1.31	—	879	—
ARTSX		38.2	5.2	3,428	49	16	13	63	45	6	94	0	0	4	Clsd	1.23	29.93	1,262	Management Team
BSCFX		29.3	3.4	3,843	24	21	18	79	14	4	95	0	1	3	NL	1.3	30.59	3,702	Clifford Greenberg (19.0)
BCSIX		44.5	4.1	2,762	64	27	5	40	22	5	95	0	0	0	Clsd	1.27	78.53	3,183	Management Team
		23.3	4.7	11,130															
		18.4	1.7	10,306															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 09-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	7.4	10.5	5.1	14.4	7.6	—	—	—	—	—	15.13	(59)	—
Small Growth (cont'd)																
Century Small Cap Select Inv CSMVX	—	★★	0.4	2.9	3.3	11.8	5.5	95	92	76	91	91	0.0	16.19	(59)	+Avg
Champlain Small Company Adv CIP SX	☉ Silver	★★★★★	17.1	23.6	9.1	15.6	10.1	3	2	7	31	2	0.0	14.24	(59)	Avg
Columbia Acorn USA Z AUSAX	—	★★★	5.7	8.3	4.9	13.8	6.4	68	66	53	61	81	0.0	14.59	(62)	Avg
Conestoga Small Cap Investors CCASX	☉ Silver	★★★★	8.6	18.2	6.2	15.1	9.2	34	8	32	39	10	0.0	15.38	(48)	Avg
Janus Triton T JATTX	☉ Bronze	★★★★★	9.4	16.1	9.7	16.9	12.0	26	14	4	10	1	0.1	13.12	(73)	-Avg
Janus Venture T JAVTX	☉ Bronze	↓★★★★	8.3	14.3	8.7	17.1	9.8	40	24	9	9	4	0.0	14.85	(68)	Avg
LKCM Small Cap Equity Instl LKSCX	☉ Silver	★★	4.6	3.8	1.3	9.9	5.3	76	88	91	97	94	0.0	14.62	(60)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	☉ Silver	★★★	3.2	6.6	3.5	14.0	9.1	85	76	74	59	12	0.0	15.78	(51)	+Avg
Meridian Growth Legacy MERDX	☉ Bronze	↓★★★★	14.8	18.3	8.7	14.6	9.1	5	8	10	48	11	0.0	12.77	(66)	-Avg
Meridian Small Cap Growth Investor MISGX	☉ Bronze	NR	17.3	18.1	—	—	—	2	9	—	—	—	0.0	—	(—)	
Neuberger Berman Genesis Inv NBGNX	☉ Bronze	★★★★	10.2	13.3	6.4	13.4	8.8	21	31	30	70	20	0.4	11.87	(71)	Low
Royce Premier Invmt RYPRX	☉ Bronze	★★	13.7	15.0	3.1	10.1	7.5	7	21	77	96	54	0.7	14.15	(72)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	↑★★	1.9	3.3	3.9	12.1	5.0	90	91	68	88	96	0.0	15.85	(61)	+Avg
T. Rowe Price New Horizons PRNHX	☉ Silver	★★★★★	8.6	14.2	9.4	18.9	11.5	35	25	5	2	1	0.0	13.89	(63)	Avg
T. Rowe Price QM US Small-Cap Gr Eq PRDSX	☉ Silver	★★★★★	7.3	12.1	8.5	17.6	10.3	52	38	11	6	2	0.0	13.18	(71)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	Neutral	★★★★	10.4	15.6	7.4	16.7	9.0	20	17	20	12	13	0.1	13.39	(67)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	★★★	9.8	13.4	6.1	15.5	7.5	24	31	34	32	54	0.4	14.04	(73)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	☉ Silver	★★★★	9.2	13.0	6.0	15.6	<i>8.9</i>	28	33	36	29	17	1.0	13.47	(68)	-Avg
Wasatch Core Growth WGROX	☉ Gold	★★★★	7.5	10.7	8.2	15.3	8.2	49	49	13	35	32	0.0	12.61	(62)	Low
Wasatch Small Cap Growth Investor WAAEX	☉ Gold	★★★★	5.4	11.9	4.3	13.0	8.0	70	40	63	76	40	0.0	14.2	(57)	-Avg
William Blair Small Cap Growth N WBSNX	—	★★★	13.3	18.7	6.1	17.5	6.7	9	7	34	6	76	0.0	14.02	(59)	-Avg
Small Blend																
AMG Managers Skyline Special Equities S SKSEX	☉ Bronze	↓★★★★	5.6	6.1	5.1	17.5	7.5	90	91	69	10	27	0.0	14.38	(62)	+Avg
AMG River Road Select Value N ARSMX	—	★★★	15.4	18.1	5.3	13.6	—	5	7	67	72	—	0.0	12.23	(68)	Low
AMG River Road Small Cap Value N ARSVX	—	★★★	13.1	16.2	5.5	13.5	5.3	16	22	63	74	84	0.0	11.61	(65)	Low
Berwyn BERWX	☉ Silver	★★	13.0	11.5	0.2	12.2	6.6	17	65	95	86	49	0.0	13.73	(49)	Avg
Bogle Small Cap Growth Inv BOGLX	—	↑★★★★	13.2	19.0	6.1	17.5	6.5	16	4	51	11	52	0.0	16.53	(69)	High
Bridgeway Ultra-Small Company Market BRSIX	—	↑★★★★	11.3	15.5	5.9	17.3	5.6	36	29	56	12	75	0.8	14.04	(46)	Avg
Broadview Opportunity BVAOX	☉ Silver	★★★	11.1	12.2	4.7	14.5	8.7	39	61	74	58	8	0.0	12.77	(63)	-Avg
DFA US Micro Cap I DFSCX	☉ Gold	↓★★★★	10.6	14.7	6.9	16.8	7.2	48	40	34	19	33	0.8	13.82	(62)	Avg
DFA US Small Cap I DFSTX	☉ Gold	★★★★	10.8	13.8	7.3	16.8	8.2	46	50	28	19	16	1.1	13.51	(68)	Avg
Dreyfus Opportunistic Small Cap Inv DSCVX	—	★★★★	6.8	11.5	4.8	17.5	10.8	84	65	73	9	1	0.3	17.61	(57)	High
Fidelity Small Cap Discovery FSCRX	☉ Gold	★★★★★	9.6	9.2	6.0	17.6	11.0	58	84	53	8	1	0.4	12.76	(66)	-Avg
Fidelity Small Cap Stock FSLCX	☉ Bronze	★★	5.5	9.8	7.6	13.9	6.5	90	81	23	67	51	0.2	12.17	(75)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★	7.9	12.5	6.6	14.5	6.5	74	58	41	58	54	0.4	13.12	(67)	-Avg
Mairs & Power Small Cap MSCFX	☉ Silver	★★★★★	16.5	22.0	9.3	20.9	—	4	2	4	1	—	0.3	12.77	(66)	-Avg
Perritt MicroCap Opportunities Investor PRCGX	—	★★★	12.3	18.7	5.8	15.7	6.1	23	6	58	37	63	—	12.45	(55)	Low
Royce Pennsylvania Mutual Invmt PENNX	Neutral	★★★	14.6	16.5	3.3	12.1	6.3	8	19	84	87	60	0.8	13.62	(70)	Avg
Royce Total Return Invmt RYTRX	—	★★★★	15.0	17.1	5.5	13.0	6.6	6	14	63	78	47	0.6	11.86	(73)	Low
Sterling Capital Stratton SmCp Val Instl STSCX	—	★★★★	12.3	16.9	7.0	15.1	7.3	23	15	32	50	32	0.1	12.88	(67)	-Avg
T. Rowe Price Small-Cap Value PRSVX	☉ Bronze	★★★★	14.4	18.1	6.2	14.7	7.6	9	7	49	55	26	0.7	12.75	(65)	-Avg
Vanguard Explorer Value Inv VEVFX	—	★★★★	10.9	15.8	7.3	16.3	—	45	24	27	26	—	0.8	13.08	(74)	-Avg
Vanguard Small Cap Index Adm VSMAX	☉ Gold	★★★★	11.5	15.0	7.9	16.7	8.4	32	36	18	21	12	1.5	12.92	(75)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	☉ Gold	★★★★★	13.2	17.2	9.0	17.7	8.8	16	14	5	6	8	1.1	13.2	(67)	Avg
Small Value																
AllianzGI NFJ Small-Cap Value A PCVAX	☉ Silver	★★★	9.6	10.4	3.4	10.9	7.1	73	79	81	93	29	1.4	12.06	(74)	-Avg
American Beacon Small Cp Val Inv AVPAX	☉ Bronze	★★★	11.1	13.3	6.5	16.0	7.1	58	58	44	28	29	0.4	13.43	(69)	Avg
American Century Small Cap Value Inv ASVIX	—	★★★★	10.7	14.8	7.6	15.2	8.0	62	47	24	43	12	0.7	14.41	(67)	+Avg
Russell 2000 Growth Index			7.5	12.1	6.6	16.2	8.3									
Russell 2000 Index			11.5	15.5	6.7	15.8	7.1									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

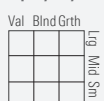
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
								Cash	Stock	Bond	Other	Foreign					
	—	27.0	3.4	3,010	24 17 17	—	78	3	97	0	0	3	—	1.31	—	879	—
CSMVX		23.6	3.1	1,808	26 23 18	60	69	3	97	0	0	5	NL	1.42	21.78	169	Alexander Thorndike (16.7)
CIP SX		23.8	2.4	2,116	20 19 18	78	37	5	95	0	0	1	Clsd	1.31	18.55	1,117	Management Team
AUSAX		25.3	3.3	2,568	21 21 19	99	35	0	100	0	0	3	NL	1.18	20.71	658	Doyle/Litfin (2.7/0.7)
CCASX		36.2	4.2	1,566	37 27 15	49	11	4	96	0	0	0	NL	1.1	38.83	837	Mitchell/Monahan (14.0/2.7)
JATX		24.8	3.7	3,337	29 23 17	113	27	5	94	0	1	2	Clsd	0.92	24.05	7,180	Coleman/Stutzman (3.3/0.2)
JAVTX		23.9	3.6	2,491	27 23 19	117	40	2	97	0	2	7	Clsd	0.92	66.7	2,803	Coleman/Stutzman (3.3/0.2)
LKSCX		25.5	2.6	2,497	24 15 14	82	62	2	98	0	0	3	NL	0.97	20.78	402	Management Team
LCGRX		30.7	3.8	2,239	28 22 14	97	78	3	97	0	0	5	Clsd	1.19	20.6	1,127	Burns/Slavik (11.7/11.5)
MERDX		25.3	3.2	2,374	29 24 19	91	67	4	96	0	0	3	Clsd	0.84	35.23	1,319	Meade/Schaub (3.1/3.1)
MISGX		25.8	2.5	998	30 24 18	111	62	10	89	0	1	4	NL	1.34	13.2	508	Meade/Schaub (2.7/2.7)
NBGNX		23.2	3.5	3,311	21 19 16	145	13	2	98	0	0	5	NL	1.01	33.94	10,562	Management Team
RYPRX		19.5	2.4	2,985	38 17 13	61	13	0	98	0	2	11	NL	1.13	16.23	2,289	Management Team
RYVPX		23.2	2.4	1,333	32 15 14	91	45	8	87	0	5	9	NL	1.48	11.41	453	James (Chip) Skinner (12.7)
PRNHX		30.4	3.8	4,244	23 20 19	255	34	5	89	0	6	8	Clsd	0.79	46.12	16,882	Henry Ellenbogen (6.6)
PRDSX		23.9	3.5	3,375	22 19 18	287	9	3	97	0	0	1	NL	0.82	27.57	2,830	Sudhir Nanda (10.0)
OTCFX		21.7	2.1	2,088	17 17 17	326	20	5	93	0	1	4	Clsd	0.9	42.62	9,426	Frank Alonso (0.0)
VEXPX		22.1	2.5	2,726	23 19 18	730	62	3	97	0	0	4	NL	0.49	88.31	11,360	Management Team
VSGAX		26.7	2.8	3,264	21 17 15	699	23	2	98	0	0	0	NL	0.08	46.35	16,059	Coleman/O'Reilly (0.4/11.7)
WGROX		22.6	3.6	2,573	24 17 16	64	39	6	92	0	1	8	NL	1.17	56.91	1,335	Lambert/Taylor (11.7/15.7)
WAAEX		25.3	3.2	2,021	28 18 18	108	31	0	96	0	4	16	Clsd	1.22	43.52	1,883	Cardon/Taylor (29.7/3.7)
WBSNX		23.7	3.0	1,453	26 18 18	83	91	4	96	0	0	5	NL	1.5	25.46	380	Management Team
	—	20.0	2.2	2,835	17 17 15	—	61	2	98	0	0	2	—	1.19	—	891	—
SKSEX		17.9	1.8	1,650	30 24 17	70	31	5	95	0	0	5	Clsd	1.33	37.7	1,365	Management Team
ARSMX		18.6	1.6	2,166	29 26 18	61	58	3	97	0	0	2	NL	1.5	7.2	41	Management Team
ARSVX		18.4	1.6	1,383	27 26 20	56	60	10	90	0	0	3	NL	1.39	12.49	274	Management Team
BERWX		17.6	1.3	635	24 23 14	42	11	12	88	0	0	3	NL	1.23	30.1	124	Management Team
BOGLX		19.1	1.5	1,614	25 20 14	211	196	2	98	0	0	9	NL	1.35	27.34	128	John Bogle (17.0)
BRSIX		14.1	1.1	151	22 16 16	627	41	0	98	0	2	1	NL	0.78	14.36	358	Management Team
BVAOX		18.8	2.0	2,356	22 21 16	79	41	13	87	0	0	3	NL	1.23	34.8	666	Management Team
DFSCX		18.8	1.8	862	21 19 17	1587	12	1	99	0	0	1	NL	0.52	19.26	5,343	Management Team
DFSTX		19.6	1.9	1,703	19 19 17	1984	11	1	99	0	0	1	NL	0.37	31.19	13,062	Management Team
DSCVX		18.4	2.1	1,890	28 22 18	76	74	2	98	0	0	8	Clsd	1.09	30.62	822	Management Team
FSCRX		17.8	1.7	2,586	27 19 14	61	25	1	99	0	0	2	Clsd	1.01	28.95	5,397	Janssen/Myers (0.5/10.5)
FSLCX		18.6	1.9	2,395	21 19 15	135	59	3	97	0	0	15	NL	1.0	17.91	1,969	Lionel Harris (4.8)
FDSCX		20.3	2.2	2,669	17 16 16	191	48	3	97	0	0	3	NL	0.77	24.89	1,486	Management Team
MSCFX		20.8	2.1	1,824	26 21 13	48	23	2	98	0	0	1	Clsd	1.06	22.69	331	Adams/Steinkopf (5.1/1.7)
PRCGX		15.3	1.3	265	21 20 16	90	20	3	97	0	0	3	NL	1.22	35.55	276	Corbett/Metrou (19.7/2.6)
PENNX		18.6	2.0	1,618	27 20 18	304	21	2	95	0	3	7	NL	0.93	10.69	2,611	Management Team
RYTRX		17.1	1.8	2,011	27 24 16	287	11	1	97	0	2	10	NL	1.22	13.6	2,805	Management Team
STSCX		18.0	2.1	3,485	26 17 12	58	6	5	93	0	1	0	NL	1.09	78.46	1,214	Management Team
PRSVX		20.0	1.7	1,509	25 13 12	311	32	2	96	0	2	2	NL	0.92	41.56	8,407	J. Wagner (2.2)
VEVFX		18.0	1.8	2,302	22 14 13	127	35	8	92	0	0	3	NL	0.65	31.56	377	Management Team
VSMAX		20.6	2.0	3,137	16 15 14	1462	11	2	98	0	0	1	NL	0.08	58.55	60,210	Coleman/O'Reilly (0.4/0.4)
VTMSX		20.5	2.0	1,527	17 17 16	604	33	0	100	0	0	0	NL	0.11	49.83	4,333	Butler/Coleman (0.4/0.4)
	—	18.0	1.5	2,629	24 18 13	—	77	3	96	0	0	3	—	1.31	—	922	—
PCVAX		15.7	1.8	2,341	24 21 10	119	48	4	93	0	2	3	Clsd	1.23	21.96	3,742	Management Team
AVPAX		16.0	1.5	2,006	25 19 18	604	47	4	96	0	0	6	NL	1.16	24.16	6,036	Management Team
ASVIX		16.7	1.5	1,399	23 18 14	139	95	3	97	0	0	4	Clsd	1.26	8.35	1,434	John/Lewis (7.7/5.7)
		23.3	3.3	1,669													
		19.7	1.8	1,504													

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Morningstar Rating	Total Return % 09-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
			vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr				10 Yr
Small Value (cont'd)			—	12.3	14.5	5.7	14.6	6.4	—	—	—	—	—	—	13.56 (64)	—
Dean Small Cap Value DASCX	—	★★★★	15.5	17.4	7.3	17.0	6.8	16	30	28	11	42	0.2	13.18 (61)	Avg	
DFA US Small Cap Value I DFSVX	★ Gold	★★★★	11.5	13.6	5.9	16.5	6.4	53	56	55	20	54	0.9	14.5 (64)	+Avg	
DFA US Targeted Value I DFFVX	★ Gold	★★★★	11.8	14.0	6.7	16.7	6.9	49	51	40	14	36	1.1	13.88 (71)	Avg	
Diamond Hill Small Cap A DHSCX	★ Gold	★★★★	5.9	4.9	4.8	13.1	6.7	93	98	74	79	44	0.3	10.16 (71)	Low	
Fidelity Small Cap Value FCPVX	★ Bronze	★★★★★	9.6	11.8	7.9	17.4	9.1	74	73	20	8	2	0.5	11.91 (65)	-Avg	
Perkins Small Cap Value T JSCVX	★ Silver	★★★★	14.6	18.1	9.4	13.7	8.6	24	23	10	69	8	0.6	11.33 (72)	Low	
Royce Opportunity Invmt RYPNX	★ Bronze	★★	16.7	18.6	3.6	15.8	6.7	7	18	80	34	43	—	15.88 (59)	+Avg	
Royce Small-Cap Value Service RYVFX	—	★★	7.7	5.9	1.1	8.3	5.5	84	94	92	97	77	0.5	12.76 (57)	-Avg	
Royce Special Equity Invmt RYSEX	★ Gold	★★★★	14.5	13.8	2.6	11.5	7.6	26	53	88	90	18	1.1	12.65 (60)	-Avg	
Third Avenue Small Cap Value Instl TASCX	—	★★★★	16.0	16.4	6.7	13.3	5.3	12	39	39	76	82	—	13.06 (68)	Avg	
Vanguard Small Cap Value Index Admiral VSIAX	★ Silver	★★★★★	13.5	16.6	9.5	17.5	<i>7.6</i>	39	37	9	7	<i>19</i>	1.9	12.86 (78)	Avg	
Allocation			—	5.2	6.9	3.9	7.0	3.8	—	—	—	—	—	6.43 (75)	—	
American Funds 2020 Trgt Date Retire A AACTX	★ Silver	TE	★★★	6.9	10.0	6.3	10.0	—	39	13	2	4	—	1.1	6.36 (95)	Avg
American Funds American Balanced A ABALX	★ Silver	MA	★★★★	6.7	12.1	8.3	12.1	6.8	35	8	3	3	9	—	7.28 (88)	Avg
American Funds Income Fund of Amer A AMECX	★ Silver	AL	★★★★	8.7	13.9	7.2	10.8	5.9	11	7	12	33	11	3.0	7.76 (92)	Low
AMG Managers Montag & Caldwell Bal N MOBAX	—	MA	★★★★	1.5	5.3	6.1	8.2	6.0	98	95	31	77	20	0.6	6.1 (63)	Low
Arbitrage R ARBFX	★ Bronze	NE	★★★★	2.7	4.5	1.8	1.5	2.9	37	19	35	52	20	—	1.79 (1)	Low
Berwyn Income BERIX	★ Silver	CA	★★★★	8.7	8.8	4.3	7.3	7.1	21	30	47	33	2	2.0	4.18 (78)	-Avg
Calamos Market Neutral Income A CVSIX	Neutral	NE	★★★★	3.7	5.6	3.1	4.5	3.2	23	9	12	8	10	1.2	3.38 (1)	Avg
Dodge & Cox Balanced DODBX	★ Gold	MA	★★★★	9.1	12.6	7.7	13.7	5.8	8	6	7	1	27	2.2	8.73 (85)	High
Fidelity Balanced FBALX	★ Bronze	MA	★★★★	6.2	10.8	8.1	11.2	6.4	48	17	4	10	13	1.5	7.86 (91)	+Avg
Fidelity Four-in-One Index FFXOX	★ Gold	AL	★★★★	6.5	11.3	6.9	12.1	5.7	48	25	16	10	22	2.0	9.29 (95)	Avg
Fidelity Puritan FPURX	★ Silver	MA	★★★★★	4.7	10.1	8.1	11.4	6.4	82	28	5	8	13	1.6	7.89 (85)	+Avg
Fidelity Strategic Real Return FSRRX	—	XY	↑★★	8.4	5.1	0.4	2.2	2.7	15	72	93	87	85	1.8	5.16 (40)	+Avg
FPA Crescent FPACX	★ Gold	MA	★★★★	5.5	8.5	5.5	10.0	6.9	68	65	52	33	7	0.6	7.5 (84)	+Avg
Franklin Income A FKINX	★ Bronze	CA	★★★	11.8	13.3	4.1	8.5	5.5	2	3	52	10	17	5.3	9.07 (88)	High
Franklin Mutual Shares A TESIX	★ Bronze	XM	★★★★	9.4	13.0	6.7	12.8	4.7	6	8	21	14	54	1.5	10.06 (91)	-Avg
Gateway A GATEX	★ Silver	XR	★★	3.2	6.1	4.1	5.5	3.1	49	43	54	70	1	1.3	4.32 (87)	-Avg
Greenspring GRSPX	—	MA	★★	12.0	13.6	1.6	7.2	5.1	4	3	97	92	51	1.7	7.98 (72)	+Avg
Invesco Equity and Income A ACEIX	★ Bronze	MA	★★★	7.7	11.2	6.9	12.0	6.1	18	13	17	4	19	2.1	8.39 (85)	High
Janus Balanced T JABAX	Neutral	MA	★★★★	1.6	5.9	5.6	10.0	7.0	97	92	47	32	6	1.7	7.02 (87)	Avg
JPMorgan Income Builder A JNBAX	★ Bronze	CA	★★★★	7.1	9.2	4.5	8.4	—	33	24	37	12	—	4.1	6.26 (90)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	★★★★	2.6	1.8	5.7	7.9	5.3	78	81	8	6	4	3.8	6.36 (59)	-Avg
Litman Gregory Masters Alt Strats Inv MASNX	★ Bronze	GY	★★★★	5.4	5.7	3.4	5.2	—	18	17	14	17	—	2.8	3.2 (81)	Low
Mairs & Power Balanced Inv MAPOX	★ Silver	MA	★★★★★	10.0	13.6	7.1	12.0	7.1	6	3	14	5	4	2.3	7.19 (90)	Avg
Manning & Napier Pro-Blend Cnsvr Term S EXDAX	★ Bronze	CA	★★★	6.3	7.1	3.3	5.3	5.0	55	69	79	86	32	1.4	4.56 (93)	-Avg
Manning & Napier Pro-Blend Extnr Term S MNBAX	★ Bronze	MA	★★★	7.9	10.1	4.1	8.6	5.2	15	28	84	67	50	0.5	7.68 (93)	+Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	★ Bronze	CA	★★★	6.8	8.0	3.2	6.9	4.7	41	45	81	44	46	0.7	6.01 (94)	+Avg
Merger Investor MERFX	★ Silver	NE	★★★★	1.5	2.8	1.2	2.4	2.5	53	46	41	29	23	0.8	2.94 (0)	-Avg
MFS Total Return A MSFRX	★ Bronze	MA	★★★	7.6	10.5	7.2	10.5	5.7	20	20	13	23	32	2.3	6.33 (93)	-Avg
Natisis ASG Global Alternatives A GAFAX	Neutral	GY	★★	-7.6	-7.7	-0.5	2.4	—	95	96	88	74	—	0.0	7.45 (33)	+Avg
Oakmark Equity & Income I OAKBX	★ Silver	MA	★★★★	5.7	7.3	4.9	9.7	6.6	63	81	68	38	11	1.1	8.25 (88)	+Avg
Pax Balanced Individual Investor PAXWX	—	MA	★★★	6.0	10.6	6.2	9.7	4.6	55	19	29	39	70	1.0	7.04 (91)	Avg
Russell 2000 Value Index				15.5	18.8	6.8	15.5	5.8								
S&P 500 Index				7.8	15.4	11.2	16.4	7.2								
BarCap US Agg Bond TR USD				5.8	5.2	4.0	3.1	4.8								
Dow Jones Moderate Portfolio Index				8.4	11.0	5.6	8.7	5.7								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- CA Allocation—30% to 50% Equity
- GY Multi-Alternative
- LO Long-Short
- MA Allocation—50% to 70% Equity
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- TD Target Date 2011–2015
- TE Target Date 2016–2020
- TG Target Date 2021–2025
- TH Target Date 2026–2030
- TI Target Date 2031–2035
- TJ Target Date 2036–2040
- TK Target Date 2041–2045
- TL Target Date 2050+
- TV Tactical Allocation
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity
- XR Option Writing

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
							Cash	Stock	Bond	Other	Foreign					
	18.0	1.5	2,629	24 18 13	77	3	96	0	0	3	—	1.31	—	922	—	
DASCX	16.3	1.7	1,668	28 24 17	62	148	0	98	0	2	NL	1.2	15.65	226	Steven Roth (8.2)	
DFSVX	16.3	1.2	1,462	26 21 13	1136	9	1	99	0	0	2	NL	0.52	33.81	13,126	Management Team
DFVFX	16.4	1.3	2,190	27 19 15	1485	15	1	99	0	0	3	NL	0.37	21.9	8,278	Management Team
DHSCX	16.7	1.7	3,045	30 28 10	73	17	17	82	1	0	3	Clsd	1.31	32.7	1,768	Management Team
FCPVX	17.0	1.6	2,375	31 20 14	57	33	1	98	0	2	4	Clsd	1.22	17.2	3,162	Derek Janssen (3.7)
JSCVX	19.7	2.0	2,144	22 20 14	89	84	5	95	0	0	2	NL	0.81	20.86	1,665	Management Team
RYPNX	17.5	1.2	631	34 19 17	243	27	6	93	0	1	3	NL	1.17	12.34	1,410	Hench/Zaino (12.4/18.5)
RYVFX	13.3	1.5	1,166	34 20 18	62	60	9	91	0	1	5	NL	1.48	9.37	458	Jay Kaplan (12.7)
RYSEX	16.3	1.7	1,243	42 20 16	42	15	9	91	0	0	0	NL	1.15	20.54	1,450	Dreifus/McBoyle (18.4/2.0)
TASCX	19.0	1.6	1,893	33 21 15	68	29	5	95	0	1	4	NL	1.14	21.75	314	Bui/Rewey (3.7/2.2)
VSIAX	17.6	1.6	3,038	18 17 12	856	16	1	99	0	0	1	NL	0.08	47.56	18,667	Coleman/O'Reilly (0.4/0.4)
	1.5	0.2	2,693	15 14 12	21	8	6	51	40	3	20	5.75	0.71	11.81	7,779	—
AACTX	18.2	2.5	61,162	15 14 12	21	8	6	51	40	3	20	5.75	0.71	11.81	7,779	Management Team
ABALX	19.4	2.6	103,899	15 14 14	1537	82	7	55	35	2	7	5.75	0.58	24.96	97,962	Management Team
AMECX	19.0	2.9	68,887	15 14 12	1734	45	5	69	22	4	19	5.75	0.56	21.48	100,956	Management Team
MOBAX	23.4	3.4	102,326	34 23 17	71	35	5	64	31	0	0	NL	1.36	22.94	33	Canakaris/Donahue (21.9/3.6)
ARBFX	26.7	3.4	5,228	28 19 17	100	321	32	67	0	1	3	NL	1.5	12.87	1,766	Management Team
BERIX	18.5	2.2	5,968	44 15 13	88	45	43	22	22	13	8	NL	0.67	13.77	1,753	Management Team
CVSIX	17.6	2.5	95,558	18 16 15	494	37	5	36	9	51	-1	4.75	1.11	13.12	3,885	Management Team
DODBX	14.6	1.7	55,741	26 23 18	384	20	2	66	31	1	11	NL	0.53	99.96	14,471	Management Team
FBALX	20.7	2.4	43,039	21 16 13	1121	128	4	65	28	3	7	NL	0.56	22.36	28,770	Management Team
FFNOX	18.3	2.1	37,970	15 15 14	4	9	1	85	14	0	27	NL	0.11	38.36	4,471	Dierdorf/Sharpe (7.7/7.2)
FPURX	22.2	2.9	65,796	23 17 14	1124	106	3	73	24	0	9	NL	0.56	21.1	25,690	Management Team
FSRRX	30.8	2.4	8,112	98 1 0	329	23	1	13	31	54	2	NL	0.8	8.85	787	Management Team
FPACX	15.8	1.3	42,011	33 30 14	125	48	34	54	6	6	9	NL	1.09	32.52	16,483	Management Team
FKINX	16.0	1.8	86,190	18 15 12	493	44	3	51	36	10	27	4.25	0.61	2.25	79,798	Management Team
TESIX	15.5	1.5	39,550	24 18 16	153	19	7	87	4	2	19	5.75	1.06	27.76	15,265	Management Team
GATEX	19.2	2.6	77,985	19 15 15	276	10	3	97	0	0	-1	5.75	0.94	30.35	8,130	Management Team
GRSPX	18.5	2.1	4,174	32 17 16	106	25	14	65	17	5	2	NL	0.96	23.61	297	Charles Carlson (29.7)
ACEIX	15.1	1.5	56,450	31 13 13	419	69	10	64	20	7	8	5.50	0.8	10.23	13,586	Management Team
JABAX	17.2	3.6	66,702	17 16 15	519	75	1	59	37	2	5	NL	0.83	29.02	13,129	Management Team
JNBAX	17.1	1.9	34,213	23 19 9	2524	48	3	32	61	3	28	4.50	0.75	10.06	12,284	Management Team
LCORX	13.4	2.2	9,212	23 19 18	330	78	27	57	14	1	12	NL	1.21	18.06	904	Management Team
MASNX	19.7	2.1	20,596	29 13 10	967	145	21	32	44	3	-6	NL	1.74	11.37	1,375	Management Team
MAPOX	18.3	3.0	52,660	23 23 17	321	14	3	65	32	0	5	NL	0.73	87.72	820	Earley/Kaliebe (1.7/10.7)
EXDAX	21.4	3.2	48,950	24 17 10	597	51	5	34	62	0	11	NL	0.9	13.49	1,202	Management Team
MNBAX	22.8	3.5	38,770	29 21 9	548	66	4	57	39	0	18	NL	1.08	16.89	1,110	Management Team
EXBAX	22.7	3.5	38,205	28 21 9	548	56	4	44	51	0	16	NL	1.07	13.55	1,003	Management Team
MERFX	20.0	1.9	17,190	33 22 11	115	157	47	47	3	3	3	NL	1.37	15.54	3,491	Behren/Shannon (9.7/9.7)
MSFRX	17.1	2.1	59,915	22 15 14	853	45	5	59	36	0	9	5.75	0.74	18.19	7,383	Management Team
GAFAX	—	—	—	—	54	0	182	120	-202	0	-83	5.75	1.53	9.68	2,055	Management Team
OAKBX	13.4	1.7	33,145	31 17 14	297	25	11	62	19	8	8	NL	0.75	30.2	16,129	Management Team
PAXWX	18.5	2.3	47,913	18 17 16	274	61	4	63	33	0	12	NL	0.93	22.72	1,910	Management Team
	17.3	1.3	1,351													
	19.1	2.7	78,190													

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk					
			Morningstar Rating	Total Return % 09-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category		
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			Morningstar Analyst Rating															
Allocation (cont'd)			—	—	5.2	6.9	3.9	7.0	3.8	—	—	—	—	—	—	6.43	(75)	—
Permanent Portfolio Permanent I PRPFX	—	CA	↑★★★★	14.2	13.1	2.0	2.6	5.7	1	4	93	98	10	1.0	7.64	(40)	High	
PIMCO All Asset All Authority D PAUDX	🥉Bronze	TV	★★★★	14.3	12.6	-1.1	2.5	4.1	6	7	85	87	39	3.4	8.57	(59)	+Avg	
PIMCO All Asset D PASDX	🥇Gold	TV	★★★★	13.4	13.2	1.5	4.4	4.6	7	5	64	66	23	2.7	8.03	(72)	Avg	
PIMCO Inflation Response MultiAsst Instl PIRMX	—	CA	★	12.0	10.8	1.3	1.5	—	2	12	95	98	—	0.9	7.27	(43)	High	
PIMCO RAE Fundamental Advantage PLUS D PFSDX	Neutral	NE	★★	3.7	2.9	-1.5	2.0	—	21	44	79	36	—	1.8	3.04	(1)	Avg	
T. Rowe Price Balanced RPBAX	🥈Silver	MA	★★★★	6.0	9.9	6.3	10.5	6.1	56	33	26	23	17	1.8	7.53	(94)	+Avg	
T. Rowe Price Capital Appreciation PRWCX	🥇Gold	MA	★★★★★	8.1	13.0	10.8	14.6	8.5	13	5	1	1	1	1.3	7.02	(84)	Avg	
T. Rowe Price Personal Strat Gr TRSGX	🥈Silver	AL	★★★★	6.5	11.7	6.9	12.6	6.4	48	21	16	7	4	1.5	9.47	(94)	+Avg	
T. Rowe Price Personal Strat Inc PRSIX	🥈Silver	CA	★★★★	7.0	9.5	5.3	8.3	5.9	36	20	13	13	7	1.9	5.44	(97)	Avg	
T. Rowe Price Retirement 2015 TRRGX	🥈Silver	TD	★★★★★	7.7	10.5	5.9	9.6	5.7	4	3	5	1	1	1.8	6.64	(98)	High	
Vanguard Balanced Index Adm VBIAX	🥇Gold	MA	★★★★★	7.5	11.2	8.0	11.0	6.8	21	13	6	13	10	2.0	6.54	(93)	-Avg	
Vanguard LifeStrategy Income Inv VASIX	🥇Gold	XY	★★★★	6.6	7.3	5.0	5.3	4.6	33	29	10	36	27	2.0	2.98	(59)	-Avg	
Vanguard Managed Payout Investor VPGDX	—	XM	★★	7.1	9.2	5.8	9.1	—	28	79	52	100	—	3.3	6.36	(96)	Low	
Vanguard STAR Inv VGSTX	🥈Silver	MA	★★★★	7.1	10.8	6.7	10.4	6.1	27	16	21	24	17	1.9	7.41	(96)	Avg	
Vanguard Target Retirement 2025 Inv VTTVX	🥇Gold	TG	★★★★	7.4	10.7	6.5	10.4	5.7	20	17	4	20	7	2.0	7.38	(98)	Avg	
Vanguard Tax-Managed Balanced Adm VTMFX	🥇Gold	CA	★★★★★	5.7	9.7	7.7	10.0	6.3	70	18	1	1	5	2.0	5.06	(91)	Avg	
Vanguard Wellesley Income Inv VWINX	🥇Gold	CA	★★★★★	8.8	11.6	7.3	8.7	7.1	20	9	3	8	1	2.8	4.37	(76)	-Avg	
Vanguard Wellington Inv VWELX	🥇Gold	MA	★★★★★	7.6	11.9	7.9	11.5	7.1	19	9	6	7	5	2.5	7.13	(93)	Avg	
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★	5.9	9.2	5.5	8.5	6.7	58	50	51	69	10	1.5	6.07	(89)	Low	
U.S. Specialty Funds																		
AllianzGI Technology Institutional DRGTX	🥉Bronze	ST	★★★★	7.7	18.4	11.5	16.2	10.9	74	62	60	57	20	0.0	14.71	(65)	Avg	
Cohen & Steers Realty Shares CCSRX	🥉Bronze	SR	★★★★	9.6	18.2	14.4	15.4	6.4	45	20	10	23	22	2.5	14.66	(18)	Avg	
Davis Financial A RPFGX	—	SF	★★★★	2.8	8.5	9.3	14.4	4.3	39	26	19	46	25	0.5	12.63	(74)	-Avg	
Fidelity Real Estate Investment Port FRESX	🥉Bronze	SR	★★★★	10.9	20.8	14.9	16.3	6.2	23	2	4	6	30	1.6	15.04	(15)	+Avg	
Fidelity Select Energy FSENX	—	EE	★★★★	25.9	24.1	-3.4	5.7	3.3	16	9	8	7	23	0.9	21.16	(40)	Avg	
Fidelity Select Health Care FSPHX	—	SH	★★★★	-2.5	6.9	16.0	23.5	12.9	24	27	1	19	28	0.0	16.22	(35)	+Avg	
Fidelity Select Technology FSPTX	—	ST	★★★★	14.4	26.6	14.0	17.2	11.1	21	15	41	32	12	0.1	14.78	(69)	Avg	
Franklin Utilities A FKUTX	🥇Gold	SU	★★★★	18.1	18.2	12.3	12.3	8.6	12	23	12	17	4	2.7	12.41	(6)	Avg	
Harbor Commodity Real Return ST Instl HACMX	—	BB	↑★★★★	11.9	-0.1	-13.0	-9.2	—	22	44	56	56	—	2.8	15.78	(91)	+Avg	
PIMCO Commodity Real Ret Strat D PCRDX	🥈Silver	BB	★★	11.6	-0.5	-13.1	-9.4	-3.9	27	51	60	59	37	2.3	15.6	(91)	+Avg	
T. Rowe Price Global Technology PRGTX	🥉Bronze	ST	★★★★★	12.1	29.4	24.0	24.8	15.4	42	12	3	1	1	0.0	15.99	(77)	+Avg	
T. Rowe Price Health Sciences PRHSX	Neutral	SH	★★★★★	-5.8	1.2	15.2	25.1	15.7	56	56	21	7	1	0.0	16.13	(29)	+Avg	
T. Rowe Price Media & Telecomms PRMTX	—	SC	★★★★★	11.0	23.0	12.7	19.1	13.4	53	28	1	1	6	0.2	13.7	(78)	High	
T. Rowe Price New Era PRNEX	—	SN	↓★★★★	21.6	23.6	-1.3	4.1	2.7	40	19	26	29	22	1.2	17.07	(54)	-Avg	
T. Rowe Price Real Estate TRREX	🥇Gold	SR	↓★★★★	8.0	15.9	13.9	15.2	5.8	88	71	24	29	46	2.2	14.03	(19)	-Avg	
T. Rowe Price Science & Tech PRSCX	—	ST	↑★★★★	16.7	32.8	17.5	18.2	11.1	9	6	18	14	13	—	15.09	(75)	Avg	
Third Avenue Real Estate Value Instl TAREX	🥈Silver	GR	↑★★★★★	7.1	8.5	6.6	14.4	4.0	71	84	56	1	4	0.6	11.75	(75)	Avg	
Vanguard Energy Inv VGENX	Neutral	EE	★★★★	26.2	25.3	-3.5	3.6	3.3	16	8	14	31	24	2.1	20.22	(47)	-Avg	
Vanguard Health Care Inv VGHGX	🥇Gold	SH	↓★★★★	-3.2	5.2	15.8	19.8	11.0	30	39	5	56	47	1.0	12.65	(47)	-Avg	
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★	80.0	69.8	2.9	-8.7	-2.0	93	94	80	17	79	1.4	34.73	(10)	Low	
Vanguard REIT Index Adm VGSXLX	🥇Gold	SR	↑★★★★	11.8	19.7	14.0	15.7	6.5	9	10	21	14	20	3.5	15.0	(14)	+Avg	
BarCap US Agg Bond TR USD				5.8	5.2	4.0	3.1	4.8										
Dow Jones Moderate Portfolio Index				8.4	11.0	5.6	8.7	5.7										
S&P 500 Index				7.8	15.4	11.2	16.4	7.2										

Legend		Categories	
Red = Lowest return in group	★ = New this month	AL Allocation—70% to 85% Equity	SF Financial
Green = Highest return in group	↑↓ = Increase/decrease in rating	BB Commodities Broad Basket	SH Health
<i>Italic</i> = Extended performance	NR = No Morningstar Rating; fund less than three years old.	CA Allocation—30% to 50% Equity	SN Natural Resources
		EE Equity Energy	SP Equity Precious Metals
		GR Global Real Estate	SR Real Estate
		IH World Allocation	ST Technology
		LO Long-Short	SU Utilities
		MA Allocation—50% to 70% Equity	TA Target-Date 2000-2010
		NE Market Neutral	TD Target Date 2011-2015
		SC Communications	TE Target Date 2016-2020
			TG Target Date 2021-2025
			TH Target Date 2026-2030
			TI Target Date 2031-2035
			TJ Target Date 2036-2040
			TK Target Date 2041-2045
			TL Target Date 2050+
			TV Tactical Allocation
			RI Retirement Income
			XM Allocation—85%+ Equity
			XY Allocation—15% to 30% Equity

Current Portfolio Style

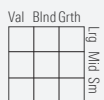
Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
	1.5	0.2	2,693						14	53	29	4	17	0.92		1,370		
PRPFX	25.4	2.3	21,829	31	14	13	137	5	5	37	30	28	12	NL	0.8	39.44	2,958	Michael Cuggino (13.4)
PAUDX	9.1	0.8					40	39	-40	19	108	13	40	NL	1.62	8.63	8,487	Robert Arnott (12.9)
PASDX	8.8	0.7					38	40	-21	31	79	11	51	NL	1.27	11.43	19,255	Robert Arnott (14.2)
PIRMX	28.0	2.5	12,831	81	4	3	365	290	40	6	28	25	-41	NL	0.7	8.75	1,004	Johnson/Worah (1.7/5.1)
PFSDX							323	602	25	0	73	2	14	NL	1.29	9.72	675	Management Team
RPBAX	17.4	1.9	47,670	17	16	14	1480	65	3	63	33	0	28	NL	0.64	22.41	3,994	Charles Shriver (5.4)
PRWCX	22.0	3.2	49,695	25	20	18	269	67	14	61	23	2	7	Clsd	0.7	27.07	26,551	David Giroux (10.2)
TRSGX	17.5	1.9	37,146	18	16	15	1617	64	3	78	19	0	36	NL	0.79	29.65	1,724	Charles Shriver (5.4)
PRSEX	17.5	1.9	36,979	18	16	15	1703	81	15	38	46	0	31	NL	0.59	18.28	1,683	Charles Shriver (5.4)
TRRGX	17.4	2.0	34,222	16	15	14	19	16	5	51	43	1	27	NL	0.62	14.73	9,685	Clark/Lee (12.6/1.2)
VBIAX	19.5	2.5	43,574	18	14	14	12206	61	2	59	39	0	4	NL	0.08	30.95	29,432	Management Team
VASIX	17.4	1.9	31,696	16	15	12	5	14	3	20	77	1	35	NL	0.12	15.32	3,789	Management Team (22.0)
VPGDY	16.4	1.9	5,205	18	15	13	10	29	11	65	17	7	38	NL	0.38	18.01	1,668	Ameriks/Shtekhman (2.5/0.4)
VGSTX	16.8	1.9	37,455	20	16	16	12	8	4	61	34	1	26	NL	0.34	24.77	19,069	Coleman/Nejman (3.6/3.6)
VTTVX	17.4	1.9	31,678	16	15	12	5	24	2	65	33	1	37	NL	0.15	16.77	31,579	Coleman/Nejman (3.6/3.6)
VTMFY	19.5	2.6	56,508	18	14	14	2358	9	1	48	51	0	0	NL	0.11	27.96	2,973	Management Team
VWINX	18.3	2.5	105,526	14	14	13	1480	59	4	36	59	2	18	NL	0.23	26.13	49,613	Keogh/Reckmeyer (8.6/9.7)
VWELX	16.3	2.1	98,596	21	20	13	1278	39	1	66	32	1	16	Clsd	0.26	38.83	92,473	Bousa/Keogh (13.7/10.5)
WHGIX	19.7	2.7	50,059	22	16	16	61	24	27	48	11	13	2	NL	0.9	14.74	2,444	Freeman/Williams (10.7/10.7)
DRGTX	25.7	4.5	60,542	73	13	6	136	171	2	98	0	0	9	NL	1.32	58.47	1,231	Chen/Price (20.7/20.7)
CSRSX	44.9	2.8	12,038	96	3	1	50	58	1	99	0	0	0	NL	0.96	74.26	6,041	Management Team
RPFGX	14.4	1.2	49,601	90	4	4	31	5	4	96	0	0	15	4.75	0.86	40.49	758	Christopher Davis (2.7)
FRESX	31.2	2.5	12,640	100	0	0	50	24	1	98	0	1	0	NL	0.78	43.75	5,311	Steve Buller (18.7)
FSENX	31.2	1.6	17,822	97	1	1	86	79	1	99	0	0	4	NL	0.8	44.16	2,468	John Dowd (10.2)
FSPHX	23.4	2.4	20,584	95	4	1	106	76	0	100	0	0	11	NL	0.73	201.9	7,543	Edward Yoon (8.0)
FSPTX	26.0	3.3	29,917	86	5	4	257	130	4	96	0	0	27	NL	0.78	135.1	3,558	Charlie Chai (9.7)
FKUTX	19.7	1.9	18,703	93	5	1	56	9	2	97	1	0	5	4.25	0.73	17.85	6,310	Kohli/Schmicker (17.7/6.7)
HACMX							186	784	9	0	65	26	8	NL	0.94	3.72	77	Management Team
PCRDY							432	111	20	0	56	24	-24	NL	1.19	6.87	6,102	Management Team
PRGTX	33.8	5.0	22,557	67	15	13	59	219	8	91	0	1	30	NL	0.91	15.2	3,109	Joshua Spencer (4.3)
PRHSX	22.2	2.7	22,928	95	2	2	137	31	2	97	0	1	3	NL	0.76	64.85	11,486	Ziad Bakri (0.5)
PRMTX	34.4	4.0	59,262	44	30	25	80	13	4	94	0	2	21	NL	0.79	78.4	3,833	Paul Greene (3.3)
PRNEX	22.0	1.8	14,320	50	27	9	118	76	1	97	1	1	35	NL	0.67	33.17	3,389	Shawn Driscoll (3.0)
TRREX	30.3	2.7	12,585	97	2	1	39	6	5	94	0	1	0	NL	0.76	29.26	6,644	David Lee (18.9)
PRSCX	25.3	2.6	33,380	67	22	8	67	82	8	89	1	2	32	NL	0.84	39.97	3,904	Kennard Allen (7.7)
TAREX	20.2	1.0	10,051	71	12	10	48	17	4	92	0	4	54	NL	1.1	30.77	1,939	Management Team
VGENX	25.5	1.4	34,320	97	2	1	148	23	2	96	0	2	29	NL	0.37	51.83	10,069	Management Team
VGHCX	24.6	2.8	45,165	95	4	1	86	18	1	97	0	1	20	NL	0.36	208.04	47,744	Jean Hynes (8.3)
VGPMX	39.2	1.4	3,445	98	2	1	64	8	2	97	0	1	89	NL	0.35	11.23	2,579	Jamie Horvat (2.6)
VGSLX	30.5	2.6	10,801	99	1	0	151	11	0	100	0	0	0	NL	0.12	122.98	53,753	Nejman/O'Reilly (0.3/20.3)

19.1 2.7 78,190

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate

- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
			Morningstar Rating	Total Return % 09-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category
			vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst						(R ²)	
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Yr %			
Morningstar 500 International Equity																
Foreign Stock			—	3.7	7.9	1.7	8.5	3.0	—	—	—	—	—	—	11.93 (83)	—
American Beacon Intl Equity Inv AAPX		FV	★★★★	0.5	3.1	-0.9	7.6	1.7	68	75	49	17	21	1.2	12.39 (91)	Avg
American Century International Gr Inv TWIEX		FG	★★★★	-0.4	2.9	0.6	8.3	3.2	87	88	80	54	48	0.5	11.84 (82)	Avg
American Funds Europacific Growth A AEPGX		FG	★★★★	5.1	8.1	3.0	8.7	3.9	33	52	26	40	28	1.6	11.28 (90)	-Avg
American Funds Intl Gr and Inc A IGAAX		FB	★★	5.5	5.7	-0.3	6.7	—	20	57	68	64	—	2.3	11.05 (94)	-Avg
Ariel International Investor AINTX		FV	★★★★★	5.2	8.8	4.0	—	—	22	20	3	—	—	0.1	10.22 (91)	Low
Artisan International Investor ARTIX		FG	★★★★	-1.3	5.4	0.3	10.1	3.6	94	77	85	15	39	0.4	11.98 (80)	Avg
Artisan International Small Cap Investor ARTJX		FR	↑★★★★	-3.9	2.5	0.9	10.9	5.9	98	100	85	35	24	0.1	14.08 (60)	High
Artisan International Value Investor ARTKX		FB	★★★★★	5.8	9.0	3.4	12.2	6.5	19	23	6	3	1	0.8	10.78 (85)	-Avg
Causeway International Value Inv CIVVX		FB	★★★★	-0.2	2.6	-1.3	8.2	2.3	86	90	85	25	29	1.7	11.72 (88)	Avg
Columbia Acorn International Z ACINX		FR	★★★★	6.8	11.4	2.3	8.9	5.7	16	23	69	85	33	1.2	10.86 (89)	-Avg
DFA International Small Company I DFISX		FQ	★★★★	8.0	13.7	4.6	10.4	4.9	27	20	24	46	27	2.8	11.96 (83)	Avg
Dodge & Cox International Stock DODFX		FB	★★★★	4.7	5.6	0.1	8.2	2.9	26	58	60	24	21	2.2	15.0 (92)	High
Fidelity Diversified International FDIVX		FG	★★★★	1.1	6.0	3.0	9.6	2.7	77	75	26	22	64	0.9	11.67 (84)	Avg
Fidelity International Discovery FIGRX		FG	★★★★	-0.2	4.5	2.0	9.3	3.1	85	83	45	28	53	1.0	11.48 (82)	Avg
Fidelity International Growth FIGFX		FG	↓★★★★	3.1	7.9	3.6	10.3	—	57	57	15	13	—	0.7	10.87 (84)	-Avg
Fidelity International Index Investor FSIX		FB	★★★★	2.6	6.5	0.6	7.6	1.9	48	44	50	37	38	—	11.99 (94)	Avg
Fidelity Overseas FOSFX		FB	★★★★★	3.1	8.6	5.2	12.6	3.1	42	27	3	2	18	1.0	11.52 (84)	Avg
First Eagle Overseas A SGOVX		FB	↓★★★★	9.3	14.2	4.4	7.3	5.8	6	4	3	46	2	0.2	8.74 (82)	Low
FMI International FMIJX		FB	★★★★★	8.8	13.1	8.0	13.5	—	6	5	1	1	—	1.7	7.65 (67)	Low
Harbor International Institutional HAINX		FB	★★★★	4.7	7.7	-0.6	7.3	3.8	26	34	72	46	11	1.7	13.11 (93)	+Avg
Harding Loevner International Eq Inv HLMNX		FG	★★★★	10.1	17.3	3.4	8.8	4.9	2	1	16	37	8	0.7	12.98 (89)	+Avg
IVA International A IVIOX		FQ	★★	4.5	5.9	3.4	6.7	—	47	75	51	85	—	2.4	6.19 (89)	Low
JOHCM International Select II JOHAX	—	FG	★★★★★	11.9	14.4	6.9	13.4	—	1	8	4	1	—	0.1	11.77 (59)	+Avg
Litman Gregory Masters Intl Instl MSILX		FB	↑★★★★	-3.4	-2.7	-2.5	6.0	2.4	95	99	94	78	28	1.7	12.62 (85)	+Avg
Longleaf Partners International LLINX	—	FB	↑★★	12.6	16.9	-1.9	6.7	1.4	2	1	91	65	56	1.6	17.34 (80)	High
Manning & Napier World Opportunities A EXWAX		FB	★★★★	6.9	12.4	-1.7	5.7	2.2	12	6	89	83	31	1.7	12.87 (89)	+Avg
Neuberger Berman International Eq Inv NIQVX		FB	★★★★	2.6	8.0	2.2	<i>8.0</i>	<i>2.6</i>	49	30	19	27	25	0.4	11.26 (83)	-Avg
Oakmark International I OAKIX		FB	★★★★	1.4	6.7	-1.2	9.8	4.5	68	42	83	6	6	2.2	15.29 (86)	High
Oakmark International Small Cap I OAKEX		FQ	★★	4.7	6.7	0.2	8.9	3.4	46	63	82	70	80	2.4	13.88 (85)	High
Oppenheimer International Growth A OIGAX		FG	↓★★★★	3.3	8.8	1.6	9.5	5.1	53	42	54	23	4	0.8	12.37 (85)	Avg
T. Rowe Price International Discovery PRIDX		FR	★★★★	5.9	13.5	7.3	13.0	6.7	32	15	12	10	13	—	10.45 (80)	-Avg
T. Rowe Price International Gr & Inc TRIGX		FV	★★★★	3.5	5.7	0.5	7.4	1.9	38	42	29	23	18	2.0	11.51 (92)	-Avg
T. Rowe Price International Stock PRITX		FG	★★★★	6.7	11.0	3.1	8.7	3.6	21	25	23	44	38	1.0	12.2 (93)	+Avg
T. Rowe Price Overseas Stock TROX		FB	★★★★	3.7	5.9	1.0	8.1	—	35	53	40	25	—	2.0	11.43 (93)	-Avg
Tweedy, Browne Global Value TBGVX		FV	★★★★★	3.7	6.4	2.8	9.2	4.7	36	34	6	8	1	0.8	7.8 (80)	Low
USAA International USIFX		FG	★★★★	2.8	6.3	1.2	8.4	3.5	61	72	65	49	39	1.3	12.14 (90)	Avg
Vanguard Developed Markets Idx Admiral VTMGX		FB	↓★★★★	3.9	8.0	1.1	8.1	2.2	33	30	38	27	31	—	11.98 (95)	Avg
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX		FB	★★★★	6.6	9.4	0.7	6.7	—	16	18	45	63	—	2.8	12.23 (98)	+Avg
Vanguard FTSE All-Wld ex-US SmCap Idx Inv VFSVX		FQ	★★	8.3	12.3	2.7	7.8	—	24	28	60	80	—	2.4	12.01 (87)	Avg
Vanguard International Explorer Inv VINEX		FQ	★★★★	2.5	8.0	5.2	10.8	4.3	72	55	17	35	50	1.5	11.56 (77)	-Avg
Vanguard International Growth Inv VWIGX		FG	↑★★★★	9.1	16.7	3.1	9.8	4.2	5	3	23	18	23	1.3	13.62 (94)	High
Vanguard International Value Inv VTRIX		FV	★★★★	5.6	8.2	-0.5	7.3	1.8	19	21	41	24	19	2.0	12.88 (95)	+Avg
Vanguard Total Intl Stock Index Admiral VTIAX		FB	↑★★★★	6.7	9.7	0.9	6.8	2.2	14	17	41	62	37	2.8	12.13 (98)	Avg
Virtus Foreign Opportunities A JVIAX		FG	★★★★	4.6	9.8	3.9	8.4	3.9	38	32	12	49	31	0.8	10.78 (76)	Low
World Stock			—	5.8	10.6	4.7	10.8	4.6	—	—	—	—	—	—	11.59 (79)	—
American Funds Capital World Gr&Inc A CWGIX		—	★★★★	6.7	11.0	5.4	11.5	5.3	37	41	38	38	33	2.2	10.7 (91)	-Avg
American Funds New Perspective A ANWPX		—	★★★★	3.9	10.9	7.0	12.9	6.8	70	42	14	18	7	0.7	11.17 (85)	Avg
American Funds SMALLCAP World A SMCWX		—	★★★★	8.3	11.7	6.1	13.5	6.8	20	31	24	10	7	0.0	12.04 (62)	+Avg
Artisan Global Equity Investor ARTHX		—	★★★★	3.1	7.4	5.1	14.6	—	77	78	44	4	—	0.0	12.22 (72)	+Avg
MSCI World Index				5.6	11.4	5.8	11.6	4.5								
MSCI EAFE Index				1.7	6.5	0.5	7.4	1.8								

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

FA Foreign-Small/Mid Value
 FB Foreign-Large Blend
 FG Foreign-Large Growth
 FQ Foreign Small/Mid Blend
 FR Foreign-Small/Mid Growth
 FV Foreign-Large Value
 SC Communications
 SF Financial
 SH Health
 SN Natural Resources
 SP Equity Precious Metals
 SR Real Estate
 SU Utilities
 ST Technology

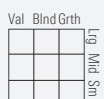
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Other													
	—	0.9	6,345	52	7	1	18	16	1	—	12	2	96	1	0	—	1.31	—	1,724	—	
AAIPX	■	4.6	33,802	55	7	0	14	8	0	181	33	8	89	0	3	NL	1.07	17.61	2,717	Management Team	
TWIEX	■	9.4	22,884	69	4	1	15	8	0	106	62	1	97	0	2	NL	1.17	11.33	1,564	Gandhi/Gendelman (8.6/1.6)	
AEPGX	■	7.2	34,077	40	5	2	14	27	2	405	30	5	90	0	4	5.75	0.83	47.69	127,270	Management Team	
IGAAAX	■	5.7	27,275	43	9	3	8	22	3	172	37	10	88	2	0	5.75	0.91	29.37	10,875	Management Team	
AINTX	■	8.5	28,509	59	9	0	11	9	0	80	34	12	88	0	0	NL	1.26	13.21	193	Rupal Bhansali (4.7)	
ARTIX	■	9.5	41,575	54	18	0	14	6	0	71	45	5	95	0	0	Clsd	1.17	28.3	15,990	Management Team	
ARTJX	■	10.6	2,180	79	3	0	7	5	0	45	43	6	94	0	0	Clsd	1.52	23.17	811	Hamker/Yockey (4.7/14.7)	
ARTKX	■	7.4	24,730	53	15	3	5	12	0	51	23	11	89	0	0	Clsd	1.21	33.55	11,944	O'Keefe/Samra (9.9/14.0)	
CIVVX	■	4.0	41,539	67	0	0	14	15	0	56	28	4	96	0	0	NL	1.15	13.96	6,295	Management Team	
ACINX	■	10.6	4,678	45	9	1	22	21	2	131	50	0	99	0	1	NL	0.99	41.53	5,512	Egan/Mendes (13.4/13.4)	
DFISX	■	4.8	1,521	51	9	0	23	12	1	4219	0	1	97	0	1	NL	0.54	18.26	10,696	Management Team	
DODFX	■	4.4	36,818	40	10	7	13	13	7	121	18	1	96	0	3	Clsd	0.64	38.21	55,456	Management Team	
FDIVX	■	6.6	28,466	51	17	1	15	11	3	221	31	2	98	0	0	NL	1.0	35.43	20,436	William Bower (15.5)	
FIGRX	■	7.1	18,171	58	7	0	16	13	3	212	60	1	99	0	0	NL	0.99	39.32	9,839	William Kennedy (11.9)	
FIGFX	■	12.8	37,680	50	22	1	14	10	2	95	26	2	98	0	0	NL	0.97	11.48	1,798	Jed Weiss (8.9)	
FSIIX	■	5.2	31,367	61	1	0	23	12	1	960	1	1	99	0	0	NL	0.19	36.82	15,388	Management Team	
FOSFX	■	7.8	14,921	63	11	0	19	6	1	175	28	1	99	0	0	NL	1.04	42.14	5,487	Vincent Montemaggiore (4.7)	
SGOVX	■	6.3	14,053	27	6	3	22	12	1	162	12	19	71	2	8	Clsd	1.16	24.01	15,264	Brooker/McLennan (6.6/8.0)	
FMIJX	■	11.8	20,160	41	22	0	13	11	0	47	9	11	87	0	2	NL	0.98	30.67	5,020	Management Team	
HAINX	■	5.9	43,787	70	11	2	8	3	0	81	25	2	94	0	4	NL	0.76	62.25	38,690	Management Team	
HLMNX	■	10.4	40,406	51	7	2	17	15	5	58	12	2	98	0	0	NL	1.16	18.8	6,816	Management Team	
IVOIX	■	8.8	7,548	17	3	0	14	17	1	96	27	36	52	4	7	Clsd	1.25	16.28	3,987	de Lardemelle/de Vaulx (8.0/8.0)	
JOHAX	■	8.2	26,070	52	4	2	18	12	2	50	50	9	91	0	0	Clsd	1.3	19.96	4,297	Lees/Richyal (7.2/7.2)	
MSILX	■	3.8	26,892	74	7	1	11	7	0	56	51	0	100	0	0	NL	0.99	15.58	832	Management Team	
LLINX	■	3.1	10,264	37	0	0	5	37	0	20	52	17	78	0	5	NL	1.28	13.9	1,071	Management Team	
EXWAX	■	11.4	36,866	49	22	8	4	13	0	42	71	5	95	0	0	NL	1.09	7.24	915	Management Team	
NIQVX	■	7.1	13,309	63	9	0	11	6	3	95	25	6	93	0	1	NL	1.25	20.81	1,527	Benjamin Segal (11.2)	
OAKIX	■	2.3	23,739	64	2	2	16	11	0	68	48	2	95	0	3	NL	0.95	21.66	23,827	Herro/Taylor (24.0/7.7)	
OAKEX	■	7.1	2,075	55	7	2	8	22	0	67	46	4	94	0	2	NL	1.35	14.84	2,373	Herro/Manelli (20.9/5.3)	
OIGAX	■	10.8	16,480	72	10	1	6	6	1	109	10	2	96	0	2	5.75	1.14	37.27	23,611	Dunphy/Evans (4.5/20.5)	
PRIDX	■	4.6	1,902	38	2	3	22	24	1	219	39	9	90	0	2	NL	1.2	57.09	4,682	Justin Thomson (17.7)	
TRIGX	■	5.2	19,366	55	3	1	19	14	2	128	25	6	94	0	0	NL	0.84	13.53	12,032	Jonathan Matthews (6.2)	
PRITX	■	6.3	29,270	45	6	2	15	25	2	130	32	4	95	0	0	NL	0.83	16.3	15,178	Richard Clattenburg (1.5)	
TROX	■	5.3	31,438	58	2	1	20	13	0	161	12	6	94	0	0	NL	0.84	9.32	12,141	Raymond Mills (9.7)	
TBGVX	■	6.1	31,848	59	11	1	1	9	0	198	1	19	81	0	0	NL	1.38	25.37	9,039	Management Team	
USIFX	■	5.8	17,423	61	6	1	20	9	1	598	62	1	98	0	2	NL	1.13	27.47	3,509	Management Team	
VTMGX	■	5.1	20,864	50	9	0	21	14	0	3765	3	2	95	0	3	NL	0.09	12.01	55,012	Franquin/Louie (3.6/0.4)	
VFWAX	■	4.9	26,122	42	7	3	17	22	3	2546	3	2	95	0	3	NL	0.13	28.18	25,564	Franquin/Hales (0.6/0.6)	
VFSVX	■	4.9	1,430	32	14	2	14	26	2	3434	9	7	90	0	3	NL	0.31	37.85	3,381	Miller/Perre (1.1/0.6)	
VINEX	■	7.3	1,664	52	1	0	24	15	0	319	42	3	93	0	4	NL	0.42	17.37	2,885	Dobbs/Thomas (16.7/6.2)	
VWIGX	■	5.9	31,949	41	9	2	12	22	1	171	29	2	94	0	4	NL	0.47	23.01	22,404	Management Team	
VTRIX	■	4.0	30,652	47	4	2	21	14	4	164	36	5	92	0	3	NL	0.46	32.84	7,928	Management Team	
VTIAX	■	4.9	19,373	41	8	3	17	23	3	6005	3	2	97	0	1	NL	0.12	25.33	218,373	Louie/Perre (0.6/8.2)	
JVIAX	■	13.4	53,632	56	19	0	5	17	2	45	32	0	100	0	0	5.75	1.41	29.61	1,444	Management Team	
	—	6.7	44,133	27	54	1	6	8	1	—	55	2	97	0	0	—	1.3	—	1,577	—	
CWGIX	■	8.3	49,236	29	46	1	3	13	1	408	35	1	93	1	5	5.75	0.77	45.48	83,694	Management Team	
ANWPX	■	11.2	55,163	28	48	1	5	7	2	337	27	5	91	0	4	5.75	0.75	37.41	61,230	Management Team	
SMCWX	■	7.4	2,761	18	43	3	6	16	2	628	33	4	87	1	9	5.75	1.07	47.24	29,885	Management Team	
ARTHX	■	12.8	29,834	23	66	0	5	6	0	59	78	0	100	0	0	NL	1.37	16.54	258	Management Team	

Equity Style Box



Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
			Morningstar Rating	Total Return % 09-30-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
						3 Yr	5 Yr	10 Yr									
Morningstar 500 International Equity																	
World Stock (cont'd)			—	5.8	10.6	4.7	10.8	4.6	—	—	—	—	—	—	—	11.59 (79)	—
Artisan Global Opportunities Inv ARTRX	☼ Silver		★★★★★	11.3	19.3	9.1	15.8	—	7	4	4	2	—	0.1	12.62 (73)	+Avg	
Artisan Global Value Investor ARTGX	☼ Silver		★★★★★	7.4	11.9	5.8	13.6	—	29	29	28	10	—	0.3	11.44 (82)	Avg	
BBH Global Core Select N BBGX	—		★★★	6.6	9.9	4.1	—	—	38	55	64	—	—	0.6	9.9 (81)	Low	
Dodge & Cox Global Stock DODWX	☼ Gold		★★★★	9.4	13.2	5.8	13.3	—	14	18	28	14	—	1.6	13.68 (91)	High	
Fidelity Worldwide FWWFX	—		★★★★	3.1	8.9	5.3	12.1	6.2	77	67	39	25	16	0.6	11.22 (71)	Avg	
Franklin Mutual Global Discovery A TEDIX	☼ Silver		★★★★	6.0	10.0	4.8	10.7	5.8	46	54	49	54	24	1.3	10.11 (85)	-Avg	
Harding Loevner Global Equity Advisor HLMGX	☼ Silver		★★★★	7.8	14.7	7.2	11.3	6.3	25	11	13	44	15	0.1	11.34 (84)	Avg	
Janus Global Research T JAWWX	☼ Bronze		★★★	3.0	7.2	5.3	11.0	6.5	78	80	38	49	12	0.7	11.97 (83)	Avg	
MFS Global Equity A MWEFX	☼ Silver		★★★★	7.8	11.9	5.9	13.4	6.4	26	28	27	13	13	0.7	11.35 (84)	Avg	
Oakmark Global I OAKGX	☼ Gold		↓★★★	-2.8	2.9	0.7	10.4	4.8	99	97	94	60	45	—	14.46 (77)	High	
Oakmark Global Select I OAKWX	☼ Silver		★★★★	2.3	9.9	4.8	13.2	—	83	55	49	16	—	0.8	13.8 (83)	High	
Old Westbury Small & Mid Cap OWSMX	—		★★★★★	8.9	14.4	6.6	12.1	8.3	16	12	18	25	1	0.7	10.32 (80)	-Avg	
Oppenheimer Global A OPPAX	☼ Silver		★★★	0.0	5.6	4.5	11.6	4.9	94	91	58	36	42	0.7	13.2 (79)	+Avg	
Perkins Global Value T JGVAX	☼ Bronze		★★★★	2.9	6.1	3.8	8.8	4.9	79	87	69	84	41	—	8.19 (85)	Low	
Tweedy, Browne Value TWEBX	☼ Silver		↓★★★★	5.5	8.9	3.2	9.9	4.9	52	66	76	68	45	1.0	9.28 (79)	Low	
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	☼ Silver		↓★	3.6	6.0	0.0	6.1	—	72	88	96	96	—	2.7	10.67 (88)	-Avg	
USAA World Growth USAWX	☼ Silver		★★★★★	7.7	11.7	5.9	13.4	6.6	26	30	27	13	11	0.7	11.4 (84)	Avg	
Vanguard Global Equity Inv VHGX	☼ Bronze		★★★★	6.5	12.1	6.4	12.5	4.5	39	26	20	22	56	1.6	10.98 (86)	Avg	
Vanguard Global Minimum Volatility Inv VMVFX	☼ Bronze		NR	8.1	11.0	—	—	—	22	41	—	—	—	1.7	— (—)		
Vanguard Total World Stock Index Inv VTWSX	☼ Silver		★★★	7.5	12.3	5.5	11.1	—	29	24	34	48	—	2.1	11.09 (93)	Avg	
Regional Stock																	
Matthews Asia Dividend Investor MAPIX	☼ Silver	DP	★★★★	12.3	17.8	5.2	9.9	—	10	23	29	10	—	1.7	11.14 (77)	Low	
Matthews Asian Growth & Inc Investor MACSX	☼ Silver	PJ	↓★★★★	10.5	13.7	2.0	7.1	6.8	65	79	86	82	60	1.9	10.79 (78)	Low	
Matthews China Investor MCHFX	☼ Bronze	CH	★★★	1.0	11.5	1.4	4.7	8.2	98	82	83	82	18	1.0	20.6 (55)	+Avg	
Matthews Emerging Asia Investor MEASX	—	PJ	★★★★★	20.3	26.0	13.4	—	—	2	8	2	—	—	0.0	8.99 (47)	Low	
Matthews India Investor MINDX	☼ Bronze	EI	★★★	6.3	5.0	24.8	12.5	9.9	100	100	7	20	1	0.1	17.58 (21)	Avg	
Matthews Pacific Tiger Investor MAPTX	☼ Silver	PJ	★★★★	10.3	19.5	7.8	9.6	9.0	68	23	8	20	10	1.5	13.34 (66)	Avg	
T. Rowe Price New Asia PRASX	☼ Bronze	PJ	★★★	10.1	16.7	4.8	7.5	8.8	70	49	48	64	15	1.2	13.63 (73)	Avg	
Vanguard European Stock Index Adm VEUSX	☼ Gold	ES	★★★	0.5	2.7	-0.1	8.1	1.8	32	41	63	63	60	3.4	12.87 (87)	+Avg	
Diversified Emerg. Mkts.																	
American Funds New World A NEWFX	☼ Gold		↓★★★★	8.7	13.3	0.8	6.3	4.9	90	65	31	12	17	0.5	11.43 (91)	Low	
Causeway Emerging Markets Investor CEMVX	☼ Bronze		★★★	13.5	10.5	-0.8	4.5	—	56	83	56	33	—	1.3	15.96 (74)	+Avg	
DFA Emerging Markets Value I DFEVX	☼ Bronze		↓★★	21.0	19.8	-1.7	2.2	4.1	9	17	72	75	33	2.7	18.23 (70)	High	
Harding Loevner Emerging Markets Advisor HLEMX	☼ Silver		★★★★	19.0	19.8	1.9	6.6	4.7	15	18	17	8	22	0.5	15.04 (78)	Avg	
Lazard Emerging Markets Equity Open LZOEK	☼ Silver		★★★	23.7	23.3	-1.4	3.4	4.4	4	7	68	56	27	1.6	18.0 (69)	High	
Oppenheimer Developing Markets A ODMAX	☼ Silver		★★★★	12.7	17.9	-1.5	4.6	6.4	65	27	69	31	3	0.4	15.23 (80)	Avg	
Parametric Emerging Markets Investor EAEMX	—		★★★	14.9	13.2	-2.0	2.5	3.4	45	65	75	70	51	1.2	14.22 (77)	-Avg	
Seafarer Overseas Gr and Income Investor SFGIX	☼ Bronze		★★★★★	16.8	18.0	4.7	—	—	28	26	2	—	—	1.1	13.88 (72)	Avg	
T. Rowe Price Emerging Markets Stock PRMSX	☼ Bronze		★★★★	20.2	22.0	3.0	5.3	4.0	11	9	10	22	37	0.4	15.98 (73)	+Avg	
Vanguard Emerging Mkts Stock Idx Adm VEMAX	☼ Bronze		★★★	16.2	15.8	0.2	3.4	3.9	34	47	40	55	40	2.4	16.4 (73)	+Avg	
Virtus Emerging Markets Opportunities A HEMZX	☼ Bronze		★★★★★	14.1	15.4	3.0	5.4	6.7	50	51	11	19	2	0.6	12.5 (60)	-Avg	
World Allocation																	
American Funds Capital Income Bldr A CAIBX	☼ Silver		★★★	8.3	11.1	5.6	8.9	5.0	23	12	6	15	32	3.4	8.33 (84)	Avg	
BlackRock Global Allocation Inv A MDLOX	☼ Gold		★★★	3.9	6.8	3.2	6.6	5.2	83	73	53	63	25	0.6	6.81 (92)	-Avg	
First Eagle Global A SGENX	☼ Bronze		★★★★★	11.0	16.0	5.9	9.1	7.1	9	1	4	11	3	0.1	8.26 (88)	Avg	
Franklin Mutual Quest A TEQIX	☼ Silver		↓★★★★	10.0	12.5	4.7	10.2	5.4	12	6	18	4	22	4.5	8.31 (87)	Avg	
IVA Worldwide A IVWAX	☼ Silver		↓★★	5.7	6.8	3.4	6.7	—	59	74	49	61	—	1.3	5.67 (89)	Low	
Loomis Sayles Global Equity and Income A LGMAX	☼ Bronze		★★★★	6.6	9.6	6.0	9.9	7.8	48	32	4	5	1	0.8	8.8 (87)	+Avg	
PIMCO Global Multi-Asset D PGMDX	—		★★	3.7	7.2	3.1	2.2	—	85	67	56	93	—	0.8	8.21 (81)	Avg	
T. Rowe Price Global Allocation RPGAX	—		★★★★★	6.9	10.1	5.2	—	—	42	24	10	—	—	0.9	7.29 (95)	Avg	
MSCI Emerging Markets Index				16.0	16.8	-0.6	3.0	4.0									
MSCI Europe Index				0.0	2.5	-0.6	7.5	1.5									
MSCI Pacific Index				5.3	14.7	2.3	7.3	2.5									

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
DP Diversified Pacific/Asia Stock
EI India Equity
ES Europe Stock
FA Foreign-Small/Mid Value

FB Foreign-Large Blend
FG Foreign-Large Growth
FR Foreign-Small/Mid Growth
FV Foreign-Large Value
JS Japan Stock

LS Latin America Stock
PJ Pacific/Asia ex-Japan Stock
TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Japan													
	—	6.7	44,133	27	54	1	6	8	1	—	55	2	97	0	0	—	1.3	—	1,577	—	
ARTRX	▣	13.7	26,501	16	56	3	7	10	0	55	55	8	92	0	0	NL	1.19	21.74	1,784	Management Team	
ARTGX	▣	6.1	47,551	26	52	3	0	8	0	50	19	9	90	0	1	NL	1.29	15.3	2,003	O'Keefe/Samra (8.7/8.7)	
BBGNX	▣	13.7	46,472	30	59	0	0	0	0	41	31	10	90	0	0	NL	1.25	11.52	117	Hartch/Lombardi (3.5/3.5)	
DODWX	▣	5.8	45,062	25	51	5	2	11	4	125	20	2	97	0	1	NL	0.63	11.44	6,398	Management Team	
FWWFX	▣	10.7	27,320	26	59	0	7	6	1	313	151	0	100	0	0	NL	0.96	22.89	1,550	DuFour/Kennedy (9.0/10.7)	
TEDIX	▣	6.5	41,148	32	52	0	0	6	1	172	21	4	91	3	3	5.75	1.24	30.1	22,102	Management Team	
HLMGX	▣	9.9	31,564	21	53	2	14	7	5	72	45	-1	101	0	0	NL	1.18	33.17	862	Management Team	
JAWWX	▣	8.5	35,770	20	66	0	4	7	0	132	51	0	96	0	4	NL	0.88	63.61	2,500	Carmel Wellso (1.7)	
MWVFX	▣	11.9	43,828	37	57	1	1	1	1	97	8	2	98	0	0	5.75	1.22	36.93	2,432	Management Team	
OAKGX	▣	3.5	24,969	35	42	2	10	8	0	38	36	2	98	0	0	NL	1.12	26.36	2,356	Management Team	
OAKWX	▣	6.4	50,820	38	51	0	4	4	0	23	48	3	97	0	0	NL	1.13	15.81	2,040	Herro/Nygren (10.0/10.0)	
OWSMX	▣	8.5	4,040	13	62	1	6	11	2	5453	50	4	95	0	1	NL	1.13	16.2	5,618	Management Team	
OPPAX	▣	5.5	40,200	33	47	0	15	5	0	82	11	0	100	0	0	5.75	1.14	75.13	9,137	Rajeev Bhaman (12.2)	
JGVAX	▣	4.9	44,892	30	45	3	6	3	0	77	25	13	87	0	0	NL	0.89	13.37	214	Kolb/Maglares (11.3/0.2)	
TWEBX	▣	4.5	70,395	43	41	0	0	4	0	70	7	12	88	0	0	NL	1.38	20.89	520	Management Team	
TBHDX	▣	7.2	68,522	64	17	0	0	8	0	30	5	11	89	0	0	NL	1.38	9.08	321	Management Team	
USAWX	▣	11.3	41,773	38	57	1	1	1	1	102	10	1	99	0	1	NL	1.17	28.16	1,209	Mannheim/Morley (14.2/7.0)	
VHGEX	▣	6.2	22,499	20	52	1	9	11	2	948	36	3	95	0	2	NL	0.57	25.18	4,374	Management Team	
VMVFX	▣	9.9	10,103	16	58	3	3	16	1	394	57	1	97	0	2	NL	0.27	12.21	1,721	Management Team	
VTWSX	▣	6.9	31,185	20	56	1	8	10	1	7449	7	1	98	0	1	NL	0.25	24.79	7,327	Franquin/Louie (3.6/0.6)	
MAPIX	▣	6.2	11,254	0	2	0	31	64	0	71	35	0	99	0	1	NL	1.05	16.98	5,028	Management Team	
MACSX	▣	10.6	14,788	3	4	0	8	75	0	59	16	0	90	0	10	NL	1.09	17.56	3,100	Horrocks/Lowe (7.4/4.7)	
MCHFX	▣	2.6	41,201	0	0	0	0	93	0	37	66	0	100	0	0	NL	1.14	18.61	641	Management Team	
MEASX	▣	7.8	682	0	0	0	0	99	0	65	12	0	100	0	0	NL	1.5	13.56	200	Harvey/Ishida (3.4/3.4)	
MINDX	▣	25.7	4,077	0	9	0	0	91	0	48	9	0	100	0	0	NL	1.11	28.1	1,692	Asnani/Shroff (5.9/10.2)	
MAPTX	▣	2.8	13,400	3	3	0	0	93	0	66	12	0	98	0	2	NL	1.07	25.97	7,569	Gupta/Shroff (1.4/8.7)	
PRASX	▣	8.6	19,439	2	0	0	0	91	0	87	53	5	94	0	2	NL	0.94	16.8	2,716	Anh Lu (2.3)	
VEUSX	▣	6.0	30,397	94	2	0	0	0	0	1248	13	1	96	0	3	NL	0.12	60.9	19,485	Franquin/Hales (0.6/0.6)	
	—	5.7	20,206	3	2	14	0	62	15	—	74	2	98	0	0	—	1.51	—	1,329	—	
NEWFX	▣	8.3	22,024	18	13	5	5	33	7	529	41	11	81	7	1	5.75	1.04	54.33	24,922	Management Team	
CEMVX	▣	2.8	16,376	0	0	10	0	71	17	145	100	1	99	0	1	NL	1.48	10.96	3,092	Management Team	
DFEVX	▣	2.4	6,830	0	0	15	0	64	13	2218	6	1	94	0	5	NL	0.56	24.31	16,206	Management Team	
HLEMX	▣	5.6	20,704	2	1	17	0	58	19	79	30	1	99	0	1	Clsd	1.45	46.66	3,036	Management Team	
LZOEX	▣	2.7	21,369	0	0	14	0	57	22	82	14	3	96	0	1	Clsd	1.37	17.0	11,376	Management Team	
ODMAX	▣	7.1	22,611	6	2	13	2	56	12	94	36	5	92	0	3	Clsd	1.3	34.27	30,191	Lech/Leverenz (1.0/9.4)	
EAEMX	▣	3.9	6,011	3	1	18	0	42	31	1692	8	0	95	0	5	NL	1.37	13.05	3,193	Atwill/Seto (2.3/9.6)	
SFGIX	▣	6.3	6,532	0	0	18	3	49	17	60	7	6	86	1	7	Clsd	1.08	12.0	1,579	Management Team	
PRMSX	▣	6.4	23,353	3	0	16	0	62	16	98	15	3	97	0	0	NL	1.24	34.25	9,075	Gonzalo Pangaro (8.0)	
VEMAX	▣	4.1	13,766	0	0	14	0	64	15	4086	7	2	96	0	2	NL	0.15	31.12	65,342	Miller/Perre (0.6/8.1)	
HEMZK	▣	13.5	43,800	18	1	17	0	58	5	57	27	0	99	0	1	5.75	1.56	9.9	7,565	Management Team	
	—	6.3	37,052	12	27	1	4	6	1	—	72	13	55	29	4	—	1.24	—	2,879	—	
CAIBX	▣	8.8	56,293	25	47	0	1	6	0	1478	63	2	79	16	2	5.75	0.59	58.93	102,145	Management Team	
MDLOX	▣	6.6	39,945	11	31	0	9	3	0	783	84	5	54	35	6	5.25	1.14	18.53	43,790	Management Team	
SGENX	▣	7.6	25,228	15	40	1	13	5	0	178	11	17	74	1	8	5.00	1.11	56.99	50,195	Brooker/McLennan (5.6/8.0)	
TEQIX	▣	3.1	20,698	16	28	0	0	2	0	160	30	15	49	25	10	5.75	1.07	15.65	5,117	Luh/Tumulty (5.7/12.8)	
IVWAX	▣	9.4	25,745	12	22	0	8	9	0	97	30	37	51	4	8	Clsd	1.25	17.26	8,283	de Lardemelle/de Vaulx (8.0/8.0)	
LGMAX	▣	15.8	49,718	15	43	0	1	7	0	592	48	4	67	26	3	5.75	1.18	19.17	1,539	Management Team	
PGMDX	▣	7.8	33,228	7	25	0	1	2	0	283	380	15	53	28	4	NL	1.49	11.25	680	Sundstrom/Worah (1.2/2.7)	
RPGAX	▣	6.6	27,600	16	25	1	5	9	1	1365	33	5	57	28	10	NL	1.2	11.24	175	Charles Shriver (3.3)	

Equity Style Box

Val	Blnd	Grth	Up Mid Sm
▣	▣	▣	
▣	▣	▣	
▣	▣	▣	

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 Bond Funds	Morningstar Analyst Rating	Morningstar vs. Category	Morningstar Rating	Total Return % 09-30-16					Total Return % Category Rank					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
			5=Best	ANNUALIZED					1=Best, 100=Worst							
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
High-Quality Bond			—	5.4	4.7	3.2	2.4	3.9	—	—	—	—	—	—	3.09 (59)	—
AMG Managers Loomis Sayles Bond S MGFIX	—	CI	★★★★	7.5	7.1	4.1	5.0	5.8	9	8	29	4	7	2.5	3.16 (36)	High
Baird Aggregate Bond Inst BAGIX	★ Silver	CI	★★★★	6.5	5.8	4.6	4.3	5.2	33	33	12	15	26	2.1	2.68 (98)	Avg
Baird Short-Term Bond Inst BSBIX	★ Silver	CS	★★★★	2.6	2.4	1.9	2.2	3.0	39	34	24	24	37	1.3	0.85 (65)	Avg
Dodge & Cox Income DODIX	★ Gold	CI	★★★★	6.9	7.1	4.3	4.3	5.4	20	7	21	16	17	3.0	2.6 (50)	Avg
DoubleLine Total Return Bond I DBLTX	Neutral	CI	★★★★★	4.1	3.6	4.3	4.5	—	90	90	22	11	—	3.4	2.12 (80)	-Avg
Fidelity GNMA FGMNX	★ Gold	GI	★★★★★	3.3	3.1	3.3	2.5	4.8	60	38	14	15	7	1.7	2.04 (65)	Avg
Fidelity Government Income FGOVX	★ Gold	GI	★★★★	4.5	3.7	3.3	2.2	4.4	12	13	17	28	23	1.2	2.71 (92)	+Avg
Fidelity Intermediate Bond FTHRX	★ Silver	CI	★★	4.8	4.1	3.0	2.8	4.2	84	83	84	80	70	1.8	2.0 (91)	Low
Fidelity Investment Grade Bond FBNDX	★ Silver	CI	★★★	8.0	6.6	4.1	3.5	4.4	5	12	30	46	60	2.0	2.93 (80)	+Avg
Fidelity Mortgage Securities FMSFX	—	CI	↑★★★★	3.8	3.5	3.6	3.0	3.9	93	90	57	72	79	2.0	1.98 (78)	Low
Fidelity Total Bond FTBFX	★ Gold	CI	★★★★	8.1	7.3	4.5	4.1	5.3	4	5	14	23	20	2.4	2.85 (74)	+Avg
Fidelity US Bond Index Investor FBIDX	—	CI	★★★	5.7	5.1	3.8	2.9	4.4	56	55	44	75	62	1.8	2.78 (99)	+Avg
Harbor Bond Institutional HABDX	★ Bronze	CI	★★★★	5.7	5.8	3.6	4.0	5.6	58	34	59	24	12	2.2	2.96 (73)	+Avg
Harbor Real Return Instl HARRX	—	IP	★★★★	7.3	6.7	1.7	1.6	4.3	27	21	33	21	13	0.2	4.75 (58)	+Avg
Janus Flexible Bond T JAFIX	Neutral	CI	★★★★	5.3	4.4	3.6	3.8	5.8	71	78	58	33	7	2.6	2.45 (92)	-Avg
Loomis Sayles Investment Grade Bond A LIGRX	★ Gold	CI	★★★	8.4	8.1	3.0	4.3	5.9	4	3	84	16	5	2.2	4.54 (15)	High
Metropolitan West Total Return Bd M MWTRX	★ Gold	CI	★★★★★	5.1	4.5	3.8	4.6	6.3	80	77	51	10	3	1.5	2.27 (97)	-Avg
PIMCO Investment Grade Corp Bd Instl PIGIX	★ Silver	TW	★★★★★	9.9	9.9	6.5	6.8	7.8	37	23	17	9	10	2.9	4.0 (71)	Avg
PIMCO Low Duration D PLDDX	★ Bronze	CS	★★★★	1.7	2.1	1.0	1.8	3.3	78	41	68	41	25	1.9	1.29 (11)	+Avg
PIMCO Real Return D PRRDX	★ Silver	IP	★★★★	7.2	6.3	1.5	1.6	4.3	30	37	45	24	15	3.9	4.81 (63)	+Avg
PIMCO Short-Term D PSHDX	★ Silver	UB	★★★★★	1.5	2.3	1.2	1.5	2.1	22	6	9	18	9	1.3	1.05 (14)	High
PIMCO Total Return Instl PTTRX	★ Bronze	CI	★★★★	5.2	5.7	3.5	4.2	6.0	76	35	64	20	5	—	3.02 (73)	+Avg
Scout Core Plus Bond Instl SCPZX	★ Silver	CI	★★★★	6.6	5.4	3.2	4.4	6.8	28	43	76	15	1	1.0	2.28 (48)	-Avg
T. Rowe Price Corporate Income PRPIX	—	TW	★★★	9.0	8.6	5.8	5.6	5.8	52	50	30	38	46	2.5	3.84 (79)	Avg
T. Rowe Price GNMA PRGMX	—	GI	★★★	2.9	2.8	2.9	2.1	4.2	76	53	44	35	32	1.6	1.91 (61)	Avg
T. Rowe Price New Income PRCIX	★ Bronze	CI	★★★	5.9	5.4	4.0	3.3	5.0	49	46	35	55	35	1.9	2.53 (94)	Avg
T. Rowe Price Short-Term Bond PRWBX	Neutral	CS	★★★	2.0	1.8	1.2	1.3	2.7	62	56	60	65	49	1.1	0.83 (48)	Avg
TCW Total Return Bond I TGLMX	★ Bronze	CI	★★★★★	4.8	4.3	4.3	5.2	6.9	85	80	21	3	1	2.3	2.14 (83)	-Avg
USAA Income USAIX	Neutral	CI	★★★★	8.8	7.7	4.6	4.3	5.4	3	3	12	16	14	2.8	2.86 (78)	+Avg
Vanguard GNMA Inv VFIIIX	★ Gold	GI	★★★★	3.8	3.7	3.7	2.6	4.7	37	11	4	9	12	2.0	2.07 (70)	Avg
Vanguard Inflation-Protected Secs Inv VIPSX	★ Gold	IP	★★★★	7.4	6.5	2.3	1.8	4.3	26	29	12	12	15	-0.1	4.21 (74)	Avg
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	7.3	6.3	4.9	4.1	5.9	12	20	7	23	6	2.0	3.81 (97)	High
Vanguard Interm-Term Invmt-Grade Inv VFICX	★ Silver	TW	★★★	7.0	6.8	4.9	4.7	5.7	84	82	59	64	48	2.2	2.92 (91)	-Avg
Vanguard Interm-Term Treasury Inv VFITX	—	GI	★★★★	4.8	3.5	3.1	2.2	4.8	8	22	24	31	7	1.1	3.36 (84)	High
Vanguard Long-Term Investment-Grade Inv VWESX	★ Silver	TW	★★★★★	15.3	15.4	10.5	7.4	7.8	5	5	1	4	9	3.3	7.35 (84)	High
Vanguard Long-Term Treasury Inv VUSTX	—	GL	↑★★★★	15.1	13.2	11.0	5.3	7.8	26	24	34	39	45	2.0	10.63 (84)	Avg
Vanguard Short-Term Bond Index Adm VBIRX	★ Silver	CS	★★★★	2.6	2.0	1.6	1.5	3.2	38	46	34	58	29	1.1	1.29 (79)	+Avg
Vanguard Short-Term Federal Inv VSGBX	★ Silver	GS	★★★★	2.0	1.6	1.3	1.1	2.9	24	11	28	22	23	0.9	0.97 (71)	Avg
Vanguard Short-Term Investment-Grade Inv VFSTX	★ Silver	CS	★★★★	3.6	3.3	2.3	2.5	3.5	15	15	9	17	21	1.5	1.18 (68)	Avg
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★	1.7	1.1	0.9	0.8	2.5	39	36	51	46	42	0.6	1.0 (63)	Avg
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	★★	2.9	2.5	0.4	—	—	94	94	88	—	—	-0.4	1.74 (31)	Low
Vanguard Total Bond Market Index Adm VBTIX	★ Silver	CI	★★★	6.0	5.3	4.0	3.0	4.8	48	47	38	70	44	1.9	2.76 (99)	+Avg
Western Asset Core Bond I WATFX	★ Silver	CI	★★★★	7.1	6.8	5.3	4.3	5.4	17	10	4	16	16	2.0	2.75 (89)	+Avg
Western Asset Core Plus Bond I WACPX	★ Silver	CI	★★★★★	7.2	7.5	5.5	5.0	6.0	13	4	3	4	5	2.7	3.0 (78)	+Avg
High-Yield Bond			—	11.5	9.1	3.8	7.0	6.2	—	—	—	—	—	—	5.58 (4)	—
Eaton Vance Income Fund of Boston A EVIBX	★ Silver	—	★★★	11.0	9.8	4.9	7.5	6.6	63	45	20	34	34	4.4	4.82 (6)	-Avg
Fairholme Focused Income FOCIX	Neutral	—	★★★★	15.1	4.0	4.2	9.6	—	5	96	40	1	—	—	11.03 (1)	High
Fidelity Capital & Income FAGIX	★ Silver	—	★★★★★	9.1	9.1	6.5	9.0	8.0	85	59	1	5	2	4.2	6.3 (1)	+Avg
BarCap US Agg Bond TR USD				5.8	5.2	4.0	3.1	4.8								
BofAML US HY Master II TR				15.3	12.8	5.3	8.2	7.6								

Legend
Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories
CI Intermediate-Term Bond
CL Long-Term Bond
CS Short-Term Bond
GI Intermediate Government Bond
GL Long Government Bond
GS Short Government Bond
IP Inflation-Protected Bond
TW Corporate Bond
UB Ultrashort Bond

Current Portfolio Style										Costs			Operations				
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.1	—	—	8	4	0	0	22	12	0	87	0	—	0.75	—	1,796	—
MGFIX	5.3	5.0	BBB	21	67	12	0	10	13	0	83	4	NL	0.99	27.46	2,114	Management Team
BAGIX	5.5	5.0	A	56	44	1	0	39	3	0	97	0	NL	0.3	11.1	10,087	Management Team
BSBIX	1.9	2.2	A	39	60	1	0	37	15	0	85	0	NL	0.3	9.74	3,828	Management Team
DODIX	4.0	5.0	BBB	48	41	11	0	24	3	0	96	1	NL	0.43	13.86	46,972	Management Team
DBLTX	2.3	5.0	BB	75	4	13	7	15	11	0	88	0	NL	0.47	10.92	61,747	Barach/Gundlach (6.4/6.4)
FGMNX	2.2	3.8	AAA	100	0	0	0	304	6	0	94	0	NL	0.45	11.68	6,398	Castagliuolo/Irving (6.7/11.9)
FGOVX	5.2	3.8	AA	99	0	0	1	83	3	0	97	0	NL	0.45	10.64	4,914	Castagliuolo/Irving (6.8/9.7)
FTHRX	4.0	5.0	A	49	48	4	0	53	4	0	93	3	NL	0.45	11.07	3,218	Foley/Galusza (2.9/7.2)
FBNDX	5.5	5.0	A	55	37	8	0	182	7	0	88	5	NL	0.45	8.03	8,725	Jeffrey Moore (11.8)
FMSFX	2.6	5.0	A	95	2	0	3	439	1	0	99	0	NL	0.45	11.48	1,119	Castagliuolo/Irving (6.7/8.5)
FTBFX	5.1	5.0	BBB	47	36	17	0	140	8	0	92	0	NL	0.45	10.86	26,000	Management Team
FBIDX	5.5	5.0	AA	78	22	0	0	75	6	0	94	0	NL	0.15	11.94	26,304	Bettencourt/Small (2.3/1.4)
HABDX	—	5.0	—	—	—	—	—	586	9	0	89	2	NL	0.51	11.93	2,529	Management Team
HARRX	—	6.9	—	—	—	—	—	531	3	0	95	2	NL	0.54	9.52	113	Banet/Worah (1.7/8.7)
JAFIX	5.6	5.0	BBB	53	37	8	2	99	3	0	93	3	NL	0.69	10.64	9,612	Management Team
LIGRX	4.3	5.0	BBB	30	55	10	5	23	16	1	71	12	4.25	0.83	11.59	6,823	Management Team
MWTRX	4.8	5.0	BBB	71	24	5	0	303	7	0	92	1	NL	0.67	11.02	80,946	Management Team
PIGIX	6.8	7.2	—	—	—	—	—	87	-40	0	135	5	NL	0.5	10.59	10,640	Mark Kiesel (13.8)
PLDDX	2.0	2.2	—	—	—	—	—	186	-39	0	131	7	NL	0.75	9.9	9,857	Mather/Schneider (2.0/2.0)
PRRDX	8.0	6.9	—	—	—	—	—	102	4	0	94	2	NL	0.85	11.23	11,752	Banet/Worah (1.7/8.7)
PSHDX	0.0	0.6	—	—	—	—	—	1753	-42	0	136	7	NL	0.7	9.76	10,210	Jerome Schneider (5.7)
PTTRX	5.7	5.0	—	—	—	—	—	478	-27	0	121	6	NL	0.46	10.36	85,798	Management Team
SCPZX	3.0	5.0	A	75	21	3	0	480	54	0	72	-26	NL	0.4	33.06	975	Management Team
PRPIX	7.8	7.2	BBB	10	85	5	0	48	5	0	93	2	NL	0.62	9.86	883	David Tiberii (13.2)
PRGMX	2.9	3.8	AAA	100	0	0	0	467	3	0	97	0	NL	0.59	9.5	1,570	Andrew McCormick (8.5)
PRCIX	5.4	5.0	BBB	63	28	8	1	73	10	0	89	1	NL	0.6	9.73	30,787	Daniel Shackelford (13.8)
PRWBX	1.8	2.2	A	52	43	5	0	44	15	0	85	0	NL	0.52	4.75	5,308	Reinartz/Wiese (1.7/21.7)
TGLMX	4.7	5.0	BBB	87	5	11	-3	287	15	0	85	0	NL	0.49	10.43	10,922	Management Team
USAIX	6.3	5.0	BBB	34	56	7	2	10	2	1	91	6	NL	0.53	13.37	6,833	Management Team
VFIIX	1.9	3.8	AAA	101	0	0	-1	706	2	5	92	2	NL	0.21	10.87	27,059	Michael Garrett (9.7)
VIPSX	8.3	6.9	AAA	100	0	0	0	43	0	0	100	0	NL	0.2	13.79	24,913	Gemma Wright-Casparius (5.1)
VBILX	6.6	5.0	A	59	41	0	0	51	1	0	99	0	NL	0.09	11.85	24,018	Joshua Barrickman (8.4)
VFICX	5.5	7.2	A	35	63	0	2	70	2	0	98	0	NL	0.2	10.1	27,926	Gregory Nassour (8.3)
VFITX	5.2	3.8	AA	99	0	0	1	142	0	0	99	1	NL	0.2	11.65	6,933	Gemma Wright-Casparius (1.7)
VWESX	13.8	7.2	A	42	57	0	1	35	4	0	96	0	NL	0.21	11.04	15,847	Nassour/St. John (2.7/2.3)
VUSTX	17.2	17.8	AA	100	0	0	0	117	0	0	100	0	NL	0.2	13.76	4,270	Gemma Wright-Casparius (1.7)
VBIRX	2.8	2.2	AA	74	26	0	0	52	2	0	98	0	NL	0.09	10.59	42,970	Barrickman/Pu (3.6/3.6)
VSGBX	2.2	2.3	A	96	0	0	4	314	11	0	89	0	NL	0.2	10.84	5,675	Brian Quigley (1.7)
VFSTX	2.6	2.2	A	47	49	2	2	75	14	0	86	0	NL	0.2	10.78	57,301	Gregory Nassour (8.3)
VFISX	2.2	2.3	AA	100	0	0	0	211	13	0	87	0	NL	0.2	10.76	7,726	Gemma Wright-Casparius (1.7)
VTIPX	2.7	6.9	AAA	100	0	0	0	26	18	0	82	0	NL	0.17	24.83	15,454	Barrickman/Wright-Casparius (3.9/3.9)
VBTLX	6.0	5.0	AA	72	28	0	0	84	4	0	96	0	NL	0.06	11.07	164,139	Joshua Barrickman (3.6)
WATFX	5.7	5.0	BBB	61	28	2	9	85	7	0	93	0	NL	0.45	12.74	7,175	Management Team
WACPX	5.9	5.0	BB	51	29	13	7	93	5	0	93	2	NL	0.45	11.96	18,359	Management Team
—	3.8	—	B	2	6	89	3	71	5	1	93	1	—	1.07	—	1,349	—
EVIBX	—	3.8	B	0	6	92	2	36	7	0	89	4	4.75	1.0	5.73	6,421	Concannon/Weilheimer (1.9/20.7)
FOCIX	—	3.8	—	—	—	—	—	67	28	8	46	18	Clsd	1.01	10.77	209	Bruce Berkowitz (6.7)
FAGIX	—	3.8	B	4	5	68	23	35	4	20	75	1	NL	0.75	9.68	10,488	Mark Notkin (13.2)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk						
		Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 09-30-16					Total Return % Category Rank 1=Best, 100=Worst					30-Day Yield %	Standard Deviation (R ²)	Risk Relative to Category		
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr					
Morningstar 500 Bond Funds																		
High-Yield Bond (cont'd)																		
Fidelity High Income SPHIX		Silver	★★★★	11.5	9.1	3.8	7.0	6.2	—	—	—	—	—	—	5.58	(4)	—	
Hotchkis & Wiley High Yield A HWHAX		Bronze	★★★★	13.9	11.0	4.2	7.4	6.9	12	16	41	43	23	5.9	6.28	(3)	+Avg	
Janus High-Yield T JAHYX		Neutral	★★★★★	13.2	9.6	4.2	8.1	—	20	49	43	15	—	7.0	6.0	(2)	+Avg	
Metropolitan West High Yield Bond M MWHYX		Neutral	★★★★	10.5	8.7	4.4	7.3	6.8	71	68	35	44	26	5.9	4.86	(5)	-Avg	
PIMCO High Yield D PHYDX		Silver	★★★★	6.6	6.3	2.5	6.1	6.5	95	90	86	84	37	3.2	4.2	(5)	-Avg	
T. Rowe Price High Yield PRHYX		Gold	★★★★★	11.1	10.5	4.8	7.4	6.4	62	27	22	40	41	4.7	5.31	(7)	Avg	
Vanguard High-Yield Corporate Inv VVHEX		Silver	★★★★★	12.2	10.7	4.7	8.2	7.1	41	22	25	14	16	5.2	5.48	(3)	Avg	
Specialty Bond																		
American Funds Capital World Bond A CWBFX		Neutral	IB	★★★★	9.1	8.9	2.3	4.3	4.1	—	—	—	—	—	5.97	(22)	—	
Calamos Convertible A CCVIX	—	—	CV	★★	9.4	8.1	2.2	2.3	4.2	42	49	43	51	57	1.4	4.27	(38)	Avg
Dodge & Cox Global Bond DODLX	—	—	IB	NR	4.7	7.0	3.7	6.8	4.9	79	62	74	86	75	—	8.95	(80)	Avg
Eaton Vance Floating Rate A EVBLX		Bronze	BL	★★★★	9.1	9.1	2.0	—	—	46	34	—	—	—	—	5.24	(8)	—
Fidelity Floating Rate High Income FFRHX		Bronze	BL	★★★★★	8.2	5.7	2.6	4.3	3.5	25	30	58	66	41	3.8	3.15	(1)	Avg
Fidelity New Markets Income FNMIX		Silver	EB	★★★★★	7.9	5.8	2.8	4.1	3.9	31	23	46	79	19	—	3.15	(1)	Avg
Fidelity Strategic Income FSICX		Silver	MU	★★★★★	17.4	18.9	7.3	7.8	7.9	14	16	7	8	8	5.5	7.51	(6)	Avg
FPA New Income FPNIX		Bronze	NT	★★★★	10.2	9.6	4.5	5.2	6.2	23	25	22	48	22	3.3	4.13	(15)	Avg
Janus Global Unconstrained Bond D JUCDX	—	—	NT	NR	2.2	1.5	1.3	1.3	2.6	76	82	61	85	78	2.8	0.74	(36)	Low
Loomis Sayles Bond Retail LSBRX		Gold	MU	★★★★	4.7	6.1	—	—	—	38	25	—	—	—	3.6	—	(—)	—
Loomis Sayles Global Bond Retail LSLGX		Bronze	IB	★★★★	9.9	8.9	3.0	5.8	6.0	27	31	76	35	27	3.1	5.82	(4)	High
PIMCO Emerging Local Bond Instl PELBX		Neutral	XP	★★★★	10.8	9.5	1.6	2.2	4.2	27	28	59	53	54	1.3	4.58	(25)	Avg
PIMCO Foreign Bond (Unhedged) D PFBDX		Bronze	IB	★★★★	17.4	16.6	-3.3	-0.7	—	19	18	55	59	—	5.6	12.09	(10)	+Avg
PIMCO Foreign Bond (USD-Hedged) D PFODX		Bronze	IB	★★★★★	13.0	12.6	1.6	1.3	5.1	8	6	58	74	30	1.6	6.55	(14)	High
PIMCO Income D PONDY		Silver	MU	★★★★★	7.6	8.2	6.5	6.3	6.3	58	47	2	3	4	0.9	3.01	(54)	-Avg
PIMCO Unconstrained Bond D PUBDX		Neutral	NT	★★	7.0	7.4	5.9	8.6	—	59	46	7	3	—	3.7	2.7	(10)	-Avg
T. Rowe Price International Bond RPIBX		Neutral	IB	★★	3.8	4.6	0.9	1.9	—	51	40	72	73	—	3.6	3.16	(0)	Avg
T. Rowe Price Spectrum Income RPSIX		Bronze	MU	★★★★	13.9	13.1	1.0	1.1	3.6	4	3	73	76	73	1.2	6.41	(12)	+Avg
Templeton Global Bond A TPINX		Gold	IB	★★★★	9.6	10.0	4.3	5.7	5.6	30	20	27	39	46	2.8	3.8	(18)	Avg
Vanguard Convertible Securities Inv VCVSX		Bronze	CV	★★★★	-1.7	0.5	-0.6	2.7	6.2	97	97	92	40	7	3.8	5.92	(0)	+Avg
Vanguard Total Intl Bd Idx Investor VTIBX	—	—	IB	★★★★★	6.0	6.2	3.5	8.9	6.3	52	82	83	69	20	1.9	7.12	(73)	-Avg
Municipal Bond National																		
American Funds Tax-Exempt Bond A AFTEX		Bronze	MI	★★★★★	3.8	5.2	5.0	4.2	3.6	—	—	—	—	—	—	2.2	(80)	—
Baird Quality Intermediate Muni Bd Inst BMBIX	—	—	MI	★★★★	4.0	5.5	5.7	4.9	4.4	24	29	15	13	15	1.3	2.24	(97)	Avg
Fidelity Interm Muni Inc FLTMX		Gold	MI	★★★★	2.4	3.0	3.1	2.6	4.0	90	94	90	91	49	1.2	1.94	(88)	-Avg
Fidelity Limited Term Municipal Income FSTFX		Gold	MS	★★★★★	3.2	4.5	4.1	3.5	4.0	55	57	60	64	43	1.3	1.97	(98)	-Avg
Fidelity Municipal Income FHIGX		Gold	ML	★★★★★	1.5	2.0	1.8	1.6	2.8	32	33	25	26	27	0.7	1.15	(78)	Avg
Fidelity Tax-Free Bond FTABX		Gold	ML	★★★★★	4.7	6.5	6.3	5.0	4.8	30	35	39	48	21	1.6	2.61	(98)	Avg
Franklin Federal Tax-Free Income A FKTIX		Bronze	ML	★★★★	4.8	6.6	6.3	5.1	5.0	25	29	37	41	11	1.7	2.64	(98)	Avg
Franklin High Yield Tax-Free Inc A FRHIX		Bronze	HM	★★★★	3.9	5.2	5.9	4.7	4.6	64	76	62	59	36	1.1	2.55	(96)	Avg
T. Rowe Price Summit Municipal Intm PRSMX		Gold	MI	★★★★★	6.0	8.2	7.6	5.7	4.9	55	57	70	81	22	2.0	3.18	(88)	Avg
T. Rowe Price Tax-Free High Yield PRFHX		Gold	HM	★★★★★	3.3	4.6	4.5	3.8	4.3	52	52	40	40	21	—	2.1	(98)	Avg
T. Rowe Price Tax-Free Income Inv PRTAX		Gold	ML	★★★★★	6.0	8.2	8.4	7.0	5.1	57	58	48	39	10	2.2	3.0	(89)	Avg
T. Rowe Price Tax-Free Shrt-Interm PRFSX		Gold	MS	★★★★★	3.9	5.6	6.0	4.9	4.7	62	63	53	52	31	1.3	2.44	(96)	-Avg
USAA Tax Exempt Intermediate-Term USATX		Bronze	MI	★★★★★	1.3	1.5	1.6	1.6	2.8	40	44	32	27	26	0.5	1.3	(70)	+Avg
Vanguard High-Yield Tax-Exempt VWAHX		Silver	MI	★★★★★	3.8	5.3	4.8	4.4	4.5	28	32	33	21	10	1.5	1.93	(97)	-Avg
Vanguard Interm-Term Tx-Ex Inv VWITX		Silver	MI	★★★★★	5.6	7.9	7.2	5.8	5.0	1	1	5	4	2	2.2	2.76	(96)	High
Vanguard Long-Term Tax-Exempt VWLTX		Silver	ML	★★★★★	3.5	4.9	4.7	4.0	4.3	40	42	35	36	20	1.3	2.1	(98)	Avg
Vanguard Ltd-Term Tx-Ex VMLTX		Silver	MS	★★★★★	4.8	7.0	6.7	5.3	4.9	24	24	23	36	19	1.8	2.74	(97)	+Avg
Vanguard Short-Term Tx-Ex VWSTX		Silver	MS	★★	1.4	1.8	1.7	1.5	2.6	37	36	28	32	32	1.0	1.11	(70)	Avg
BarCap Municipal TR USD																		
				4.0	5.6	5.5	4.5	4.8										
BofAML US HY Master II TR																		
				15.3	12.8	5.3	8.2	7.6										

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance
★ = New this month
↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
CI Intermediate-Term Bond
CV Convertibles Bond
EB Emerging Market Bond
HM High-Yield Muni
IB World Bond
MI Muni National, Intermediate
ML Muni National, Long
MS Muni National, Short
MU Multisector Bond
NT Nontraditional Bond
XP Emerging Market Local Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	3.8	—	B	2	6	89	3	71	5	1	93	1	—	1.07	—	1,349	—
SPHIX	—	3.8	B	8	1	90	1	33	7	0	90	2	NL	0.73	8.68	4,748	Fred Hoff (16.3)
HWHAX	4.2	3.8	B	0	4	89	6	45	5	1	91	2	3.75	0.95	11.86	2,597	Management Team
JAHYX	3.8	3.8	B	6	8	82	4	66	9	0	88	3	NL	0.87	8.41	2,005	Meyer/Watters (0.7/8.2)
MWHYX	2.6	3.8	B	17	5	78	0	139	14	0	86	0	NL	0.86	9.43	927	Management Team
PHYDX	3.6	3.8	—	—	—	—	—	32	6	0	92	2	NL	0.9	8.83	10,733	Arif/Jessop (0.2/6.7)
PRHYX	3.6	3.8	B	5	1	91	3	68	7	1	90	3	Clsd	0.75	6.63	9,990	Mark Vaselkiv (20.2)
VWEHX	4.5	3.8	B	3	4	91	2	34	5	1	92	2	NL	0.23	5.87	20,129	Michael Hong (8.6)
—	0.7	—	—	1	9	3	1	—	9	2	78	12	—	0.99	—	1,091	—
CWBFX	6.8	5.6	BBB	41	52	6	1	185	4	0	95	1	3.75	0.93	20.52	12,614	Management Team
CCVIX	4.3	3.2	B	0	21	28	52	63	2	8	4	86	4.75	1.13	16.3	709	Management Team
DODLX	3.0	5.6	BBB	21	59	20	0	55	4	0	89	7	NL	0.6	10.55	76	Management Team
EVBLX	0.3	0.4	B	0	6	90	4	19	13	0	86	0	2.25	1.03	9.12	6,936	Page/Russ (15.7/8.8)
FFRHX	—	0.4	B	8	3	85	4	26	11	0	89	0	NL	0.7	9.56	9,246	Eric Mollenhauer (3.5)
FN MIX	—	5.8	BB	8	29	56	6	110	6	4	90	0	NL	0.86	16.34	4,993	John Carlson (21.2)
FSICX	4.7	4.2	BB	27	15	54	4	88	7	2	80	11	NL	0.71	10.9	7,677	Management Team
FPNIX	1.3	1.6	BBB	82	1	7	10	29	9	0	91	0	NL	0.49	10.06	5,083	Atteberry/Patwardhan (11.8/0.8)
JUCDX	1.8	1.6	BB	5	42	34	19	149	42	11	47	1	NL	0.96	9.75	1,538	William Gross (1.9)
LSBRX	3.6	4.2	BB	28	30	32	10	22	16	9	62	14	NL	0.89	13.97	14,850	Management Team
LSGLX	6.6	5.6	BBB	33	59	7	1	117	8	0	87	5	NL	1.0	16.23	1,222	Management Team
PELBX	5.3	5.2	—	—	—	—	—	58	-13	0	104	9	NL	0.9	7.48	4,266	Michael Gomez (9.7)
PFBDX	7.8	5.6	—	—	—	—	—	327	-19	1	109	9	NL	0.9	10.1	1,256	Management Team
PFODX	7.8	5.6	—	—	—	—	—	313	-28	0	119	9	NL	0.9	10.58	7,807	Management Team
PONDX	2.5	4.2	—	—	—	—	—	52	-23	0	115	8	NL	0.79	12.06	64,495	Ivascyn/Murata (9.5/3.5)
PUBDX	-0.6	1.6	—	—	—	—	—	389	58	0	38	4	NL	1.3	10.55	3,987	Management Team
RPIBX	8.2	5.6	BBB	27	62	9	2	60	2	0	96	2	NL	0.83	9.31	5,097	Husain/Orchard (2.7/0.7)
RPSIX	5.2	4.2	BB	40	27	32	1	17	6	12	81	1	NL	0.69	12.71	6,380	Charles Shriver (5.4)
TPINX	0.2	5.6	BB	15	54	31	0	43	41	-2	58	3	4.25	0.89	11.16	43,868	Desai/Hasenstab (5.7/14.7)
VCSVX	4.0	3.2	B	0	7	21	72	95	3	2	5	91	Clsd	0.38	12.71	1,543	Management Team
VTIBX	8.2	5.6	A	45	55	0	0	13	2	0	95	2	NL	0.17	11.17	60,763	Barrickman/Pu (3.3/3.3)
—	0.7	—	—	18	6	0	1	8	5	0	96	-1	—	0.85	—	1,879	—
AFTEX	5.6	5.1	BBB	49	41	4	5	14	6	0	94	0	3.75	0.54	13.3	13,756	Management Team
BMBIX	4.4	5.1	AA	98	1	0	0	9	3	0	97	0	NL	0.3	11.82	1,244	Management Team
FLTMX	4.7	5.1	A	60	36	1	4	14	15	0	85	0	NL	0.36	10.65	6,298	Management Team
FSTFX	2.8	2.8	A	63	33	0	4	30	25	0	75	0	NL	0.48	10.68	4,096	Management Team
FHIGX	6.6	6.3	A	56	41	1	3	14	2	0	98	0	NL	0.48	13.73	5,830	Management Team
FTABX	6.5	6.3	A	66	32	0	2	9	1	0	96	3	NL	0.25	11.93	3,598	Management Team
FKTIX	—	6.3	A	71	27	2	0	6	2	0	98	0	4.25	0.61	12.51	11,320	Management Team
FRHIX	—	6.3	BBB	36	47	11	6	11	1	0	99	0	4.25	0.67	10.8	8,694	Management Team
PRSMX	4.9	5.1	A	53	42	3	2	11	2	0	98	0	NL	0.5	12.16	4,174	Charles Hill (22.9)
PRFHX	6.9	6.3	BB	9	56	17	18	13	1	0	99	0	NL	0.69	12.34	4,515	James Murphy (15.7)
PRTAX	5.6	6.3	A	35	57	2	6	8	1	0	99	0	NL	0.52	10.49	2,718	Konstantine Mallas (9.2)
PRFSX	3.0	2.8	A	67	32	0	1	14	12	0	88	0	NL	0.49	5.65	2,143	Charles Hill (21.7)
USATX	—	5.1	A	41	57	1	1	10	1	0	99	0	NL	0.54	13.71	4,734	Hoffmann/Shafer (0.8/13.3)
VWAHX	6.2	5.1	BBB	35	51	7	7	21	3	0	97	0	NL	0.2	11.64	11,300	Mathew Kiselak (6.2)
VWITX	4.8	5.1	A	76	22	1	1	12	5	0	95	0	NL	0.2	14.46	53,058	James D'Arcy (3.2)
VWLTX	6.0	6.3	A	71	27	1	2	18	1	0	99	0	NL	0.2	12.0	10,435	Mathew Kiselak (6.2)
VMLTX	2.4	2.8	A	74	24	1	1	16	10	0	90	0	NL	0.2	11.05	23,705	Marlin Brown (8.6)
VWSTX	1.2	2.8	A	79	18	0	2	32	18	0	82	0	NL	0.2	15.81	13,247	Justin Schwartz (0.6)

Fixed Income Style Box

Ltd	Mod	Ext

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

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The Story of Two Bears and Two Bulls

The 2008–09 bear market made a bonfire of financials stocks, but all the other sectors were hit fairly hard, too. The 2000–02 bear market crushed tech stocks, but other areas held up fairly well. As Kevin McDevitt points out in the Morningstar Research article on Page 8, no two bear markets are the same. Kevin explains why and what that means for building a defensive portfolio.

I've taken a different tack here by looking instead at what that earlier bear market tells us about some fund managers. The 2000–02 bear market has fallen out of the standard trailing return figures now, so I thought "Why not add them back in?" We now have two big bear markets and two ensuing rallies to measure when we go back to March 2000, and I was curious to see which funds look best when viewed through that broad lens.

I only wanted active managers who were there at the beginning of that first bear market. I looked at funds by Morningstar Category versus an index fund on a total-return basis and on a risk-adjusted basis as measured by the Sortino ratio. Sortino isn't too different from the Morningstar Rating, but it does allow custom time periods whereas the star rating stops at 10 years.

What emerged is a better picture of funds that have delivered for investors over full market cycles. To be sure, there are no guarantees that past is prologue, but some solid funds rose to the top while others failed to keep up with a comparable index fund. For many, the

path to better risk-adjusted returns was through superior risk-reduction rather than high returns, and that's worth remembering this long into the current market rally.

Because I am focusing on funds with manager tenure over the whole period, I am slightly skewing results to the positive side as poor-performing managers are more likely to have been fired. But I think this is a revealing look at those fund managers who have had the longevity to stick around.

Large Growth

So few large-growth funds are beating their benchmark lately that it is truly striking to see how many large-growth funds have beaten the **Vanguard Growth Index** VIGAX over this time period. One key part to that story is that the earlier bear market was a perfect storm for large growth in general and large-growth indexes in particular. The indexes are market-cap-weighted, and when you have an extreme growth rally like we saw in the late '90s, that can mean that large-growth indexes skew heavily to overpriced growth stocks. The ensuing bear market was pretty much the opposite of the current environment when a few names dominate performance in a way that makes the benchmark very tough to beat. The common theme among the funds that beat the index by a significant margin is fundamentals.

All of these funds stayed focused on deep research on company fundamentals including valuation, and that helped stock-picking shine through. On the other hand, funds that chased hot trends or ignored valuation got crushed.

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Russel Kinnel, Director of Manager Research and Editor

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Vanguard Capital Opportunity VHCX has a Morningstar Analyst Rating of Gold and is closed to new investors. It was the total-return star, with returns that nearly doubled that of **Vanguard Growth Index** VIGAX. Great stock selection, especially in healthcare, has made the fund a winner.

Jensen Quality Growth JENSX had the highest Sortino ratio thanks to its emphasis on high-quality stocks. These stocks tend to be well-known brand names with significant barriers to entry, which makes them less volatile and helps them hold up in recessions.

Also noteworthy are great stock-pickers at **Fidelity Contrafund** FCNTX, **American Funds AMCAP** AMCPX, and **LKCM Equity** LKEQX. These strategies vary in how cautious or aggressive they are—but it is the superior stock-picking that matters in the end.

As for the funds lagging the index fund, none are too far off, but Neutral-rated **Marsico Focus** MFOCX and **American Century Growth** TWCGX are near the back. Both have suffered from poor stock selection. Marsico had the added problems of poor macro calls and high fees. That's a tough trio of problems to overcome.

Large Blend

Once again, quite a few funds beat the index funds in an area where few expect it. Attention to valuations and strong stock selection set the winners apart. Some of those winners were big investors and financials, meaning they were stalwarts in the 2000–02 bear market but lagged in the 2008–09 bear market. **Oakmark** OAKMX and **Oakmark Select** OAKLX were the top performers and had the best and third-best risk-adjusted returns. Bill Nygren has had his ups and downs, as you'd expect from focused portfolios, but the successes outweigh the failures by quite a bit.

T. Rowe Price Dividend Growth PRDGX illustrates a different winning strategy. Rather than a focused portfolio, manager Tom Huber's key to success was a dividend appreciation strategy that was rather unusual back in 2000. To find companies that are likely to boost

their dividends, you need companies with low debt and solid growth characteristics. Thus, you end up with some great defensive names even though you took a different path than Jensen did with its emphasis on quality.

One fund where quality is a focus slightly lagged, however. **Dreyfus Appreciation** DGAGX is a little behind **Vanguard Total Stock Market Index** VTSAX because it includes energy companies in its strategy, whereas most of the other successful quality funds avoid commoditylike businesses.

Large Value

For value funds, the 2000–02 bear market was a cakewalk compared with 2008–09, which crushed many value funds that favored financials. Thus, you see more great stock-pickers at the top, but this time underweighting financials was the key to success, though there was an exception.

Phil Davidson had the most impressive risk-adjusted performance at his two Silver-rated funds. **American Century Equity Income** TWEIX and **American Century Value** TWVLX posted Sortino ratios of 1.2 and 0.89, respectively, versus 0.51 for **Vanguard Value Index** VVIAX. American Century Equity Income tones down equity risk with convertibles and preferreds, which also boost yields.

We don't rate **Auxier Focus** AUXAX, but it is clear to see that holding a big cash stake has given the fund much less volatility than its peers and benchmark. **Neutral-rated Fairholme** FAIRX and Gold-rated **Dodge & Cox Stock** DODGX hold down the next two spots. The wide gulf between those funds' ratings reflect our view that Dodge & Cox Stock remains the same solid value gem it was back in 2000, but Fairholme's risks have risen over the years in a way that worries us. Fairholme was much better than Dodge & Cox Stock in 2008, however, as Dodge got burned by some bank stocks.

Large-Growth Funds Over 2 Full Market Cycles

Name	Ticker	Morningstar Analyst Rating	Sortino Ratio 03/01/00 to 09/30/16	Return % 03/01/00 to 09/30/16	Manager Tenure (Longest), Years
Jensen Quality Growth	JENSX	Silver	0.66	6.94	23.75
Fidelity Contrafund	FCNTX	Silver	0.63	6.82	26.08
Vanguard Capital Opportunity	VHCOX	Gold	0.55	7.33	18.67
American Funds AMCAP	AMCPX	Gold	0.55	6.35	20.42
LKCM Equity	LKEQX	Silver	0.52	5.93	20.75
Vanguard Primecap	VPMCX	Gold	0.51	6.46	31.33
T. Rowe Price Blue Chip Growth	TRBCX	Silver	0.42	5.42	23.33
American Funds Growth Fund of Amer	AGTHX	Bronze	0.42	5.29	22.92
Amana Growth	AMAGX	Bronze	0.42	5.22	22.67
Litman Gregory Masters Equity	MSEFX	—	0.41	5.34	19.83
Parnassus	PARNX	Bronze	0.40	5.17	31.83
ClearBridge Aggressive Growth	SHRAX	Silver	0.38	5.12	33.00
American Funds New Economy	ANEFX	Gold	0.30	4.01	25.75
AMG Managers Montag & Caldwell Grw	MCGFX	Bronze	0.29	3.71	21.92
Vanguard Growth Index	VIGAX	Silver	0.29	3.79	21.83
Fidelity Growth Company	FDGRX	Silver	0.26	3.50	19.75
Harbor Capital Appreciation	HACAX	Gold	0.22	3.05	26.42
American Century Growth	TWCGX	Neutral	0.21	2.89	19.08
Marsico Focus	MFOCX	Neutral	0.20	2.81	18.83

Large-Blend Funds Over 2 Full Market Cycles

Name	Ticker	Morningstar Analyst Rating	Sortino Ratio 03/01/00 to 09/30/16	Return % 03/01/00 to 09/30/16	Manager Tenure (Longest), Years
Oakmark	OAKMX	Gold	0.86	9.89	16.58
Amana Income Investor	AMANX	Bronze	0.82	7.84	26.75
Oakmark Select	OAKLX	Gold	0.79	9.61	19.92
T. Rowe Price Dividend Growth	PRDGX	Silver	0.68	7.29	16.58
Gabelli Asset	GABAX	—	0.60	7.19	30.58
Weitz Partners Value Investor	WPVLX	Bronze	0.59	6.66	33.33
American Funds Fundamental Invs	ANCFX	Gold	0.58	6.93	23.58
Longleaf Partners	LLPFX	Neutral	0.58	7.66	29.50
American Funds Invmt Co of Amer	AIVSX	Silver	0.57	6.25	24.58
Selected American Shares	SLADX	Bronze	0.47	5.63	21.83
Davis NY Venture	NYVTX	Bronze	0.45	5.45	21.00
Vanguard Total Stock Mkt Idx	VTSAX	Gold	0.39	5.00	21.83
Vanguard 500 Index	VFIAX	Gold	0.39	4.82	0.50
Dreyfus Appreciation	DGAGX	Bronze	0.37	4.34	25.83
Bridgeway Blue Chip 35 Index	BRLIX	Silver	0.35	4.31	19.25

Torrey TORYX is our one laggard. The fund got burned on some financials and vulnerable cyclical stocks in the 2008-09 bear market. It has bounced around quite a bit from year to year, hurting risk-adjusted results.

Small Growth

Most long-tenured small-growth funds in the Morningstar 500 have outlegged **Vanguard Small**

Cap Growth Index VSGAX, including some that were recently mired in slumps.

Neuberger Berman Genesis NBGNX stands at the head of the pack, though it takes a fairly bumpy ride to get there. Judy Vale and Bob D'Alelio tilt a little to the value side, more than most small-growth funds, and that gave the fund a real edge back in 2000–02. Worries about the fund's hefty \$10 billion asset base have led us to hold the rating to Bronze, but it certainly has rewarded patient investors.

I was surprised to see **Royce Premier** RYPRX so high on the list given its poor five-year returns. However, the fund held up quite nicely in the two bear markets, and it is actually having a good 2016. Two things have changed about the fund over that time. First, comanager Whitney George, whose fondness for materials stocks was a big cause of the recent slump, was let go. Chuck Royce has remained as the other comanager throughout the time, however. Second, the fund long held a lot of cash, which reduced volatility quite nicely, but a flood of outflows has brought cash down to nearly zero. So, the first change may have reduced risk but the second clearly raised risk. This rocky road tempers our enthusiasm despite the strong record over the two full cycles, leading us to a Bronze rating.

Small Blend

Small caps are where it is easiest to beat the index, right? Well, in the heart of small blend, the answer is clear as mud. **Bridgeway Ultra-Small Company Market** BRSIX had the third-best Sortino ratio, **Vanguard Tax-Managed Small Cap** VTMSX was fifth, and **Vanguard Small Cap Index** VSMAX finished in ninth place out of nine funds. That's kind of strange, isn't it? (I have published the small-blend and small-value tables on mfi.morningstar.com.)

Continued on Page 4

Large-Value Funds Over 2 Full Market Cycles

Name	Ticker	Morningstar Analyst Rating	Sortino Ratio 03/01/00 to 09/30/16	Return % 03/01/00 to 09/30/16 (Longest), Years	Manager Tenure, Years
American Century Equity Income	TWEIX	Silver	1.20	9.53	21.83
American Century Value	TWVLX	Silver	0.89	9.21	23.08
Auxier Focus	AUXFX	—	0.83	7.17	17.25
Fairholme	FAIRX	Neutral	0.82	10.34	16.83
Dodge & Cox Stock	DODGX	Gold	0.73	8.95	24.75
American Beacon Lg Cap Value	AAGPX	Bronze	0.68	8.01	29.25
American Funds Washington Mutual	AWSHX	Gold	0.67	7.27	19.25
Sound Shore Investor	SSHFX	Silver	0.67	7.88	31.42
Invesco Comstock	ACSTX	Silver	0.66	8.01	17.17
Invesco Growth and Income	ACGIX	Neutral	0.62	7.01	17.42
Vanguard Value Index	VVIAX	Silver	0.51	6.21	21.83
Torrey	TORYX		0.42	5.11	25.83

Small-Growth Funds Over 2 Full Market Cycles

Name	Ticker	Morningstar Analyst Rating	Sortino Ratio 03/01/00 to 09/30/16	Return % 03/01/00 to 09/30/16 (Longest), Years	Manager Tenure, Years
Neuberger Berman Genesis	NBGNX	Bronze	1.04	11.41	22.67
Royce Premier	RYPRX	Bronze	0.86	10.34	24.83
Wasatch Core Growth	WGROX	Gold	0.85	11.29	15.83
Century Small Cap Select	CSMVX	—	0.83	9.99	16.83
Wasatch Small Cap Growth	WAAEX	Gold	0.63	8.14	29.83
William Blair Small Cap Growth	WBSNX	—	0.60	8.58	16.83
LKCM Small Cap Equity	LKSCX	Silver	0.59	7.55	22.25
Brown Capital Mgmt Small Co	BCSIX	Gold	0.56	7.76	24.25
Baron Small Cap	BSCFX	Bronze	0.52	6.97	19.08
Vanguard Small Cap Growth Index	VSGAX	Silver	0.51	7.08	11.83
Vanguard Explorer	VEXPX	Neutral	0.44	5.97	22.67

Let's start by dismissing the Bridgeway part of the story. The fund focuses on a micro-cap slice of the market as represented by the smallest decile of the CRSP 10 Index. With a tiny average market cap of just \$150 million, the fund's performance relative to peers is primarily about micro-caps versus small caps. As the record shows, micro-caps can behave rather differently than small caps.

The two Vanguard passive funds differ in two key ways. They follow different indexes, and the tax-managed fund will vary from its benchmark a little more in order to harvest tax losses and minimize fundholders' tax bills. But their annualized returns are nearly 2 percentage points apart, mainly because the tax-managed fund's index skews much smaller, giving that fund an average market cap of \$1.5 billion versus \$3 billion for

Vanguard Small Cap Index. Now it all starts to make sense. Much of the trailing period, especially the first bear market, favored smaller stocks. I'm not sure we learned much about active versus passive, but it's clear that small was mighty.

As for our top two small-blend funds, **Royce Total Return RYTRX** is another Chuck Royce-comanaged fund that has been a bit sluggish of late, though not nearly as bad as Royce Premier. The fund's dividend focus has worked nicely over the long run even though there have been bumps.

Berwyn BERWX has had great success because of good stock selection and a bias toward micro-caps.

Small Value

Small-value funds fared well against the index. Look at its record in a rally and you might not be impressed by **Royce Special Equity RYSEX**, but it had the best Sortino ratio. Charlie Dreifus' fund has been a champ through two market cycles. The devil is in the details, and Dreifus learns quite a lot about a company by diving through the minutiae of its accounting. He steers the fund to good companies with healthy balance sheets, and, when you factor in bear markets, the fund is a champ.

AllianzGI NFJ Small-Cap Value PCVAX places a great value on dividends, and that has worked quite nicely over the long haul; it has the second-best Sortino ratio. The fund is currently closed, but redemptions might pry the door open to new investors once more. ■■

Data through October 31, 2016 FINRA members: For internal or institutional use only.

Fidelity® Mortgage Securities

Benchmark 1: BBgBarc US Agg Bond TR USD
 Benchmark 2: BBgBarc US Agg Bond TR USD

Morningstar Analyst Rating 10-19-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Silver** Bronze Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 10-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	1.09	1.32	1.74	0.03	4.23
2013	0.08	-2.42	1.18	-0.61	-1.80
2014	1.82	2.28	0.37	1.73	6.34
2015	1.14	-0.68	1.33	-0.31	1.47
2016	1.89	1.28	0.60	—	—

Trailing	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	0.14	1.08	1.08	10	10,014
6 Mo	1.46	-0.05	-0.04	76	10,146
1 Yr	3.35	-1.02	-1.02	83	10,335
3 Yr Avg	3.39	-0.09	-0.09	39	11,051
5 Yr Avg	2.91	0.01	0.01	64	11,544
10 Yr Avg	3.84	-0.80	-0.80	78	14,572
15 Yr Avg	4.04	-0.56	-0.56	69	18,111

Tax Analysis	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	2.32	23	1.03	32
5 Yr (estimated)	1.93	43	0.95	20
10 Yr (estimated)	2.53	74	1.26	31

Potential Capital Gain Exposure: -5% of assets

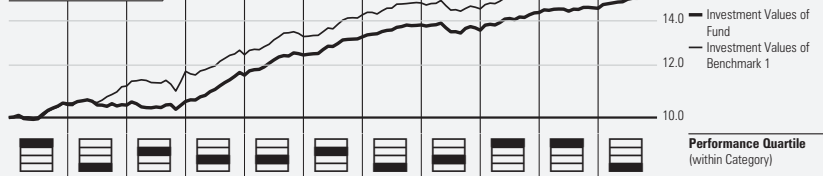
Morningstar's Take by Sarah Bush 10-19-16

Fidelity Mortgage Securities benefits from an experienced team, a thoughtful, well-resourced strategy, and low fees. It thus earns a Morningstar Analyst Rating of Silver.

Manager Bill Irving and comanager Franco Castagliuolo have distinguished themselves running pure government options, including Fidelity GNMA FGMNX, and take a similar approach here. This mortgage-focused fund is dominated by government-backed mortgages but has the flexibility to invest modestly in nongovernment fare. At 10% to 15% of the portfolio, the latter's mix of asset-backed and residential- and commercial-mortgage-backed securities is enough to push it into the intermediate-term bond Morningstar Category. The managers avoid significant interest-rate bets and instead focus on individual security selection. In recent years, for example, they have exploited regulatory changes and nuances in the performance of mortgage pools with different loan/value ratios to good effect in their effort to identify loans that are less likely to prepay than their prices imply. The pair has also shown a willingness to venture into less traveled and therefore higher-yielding corners of

Historical Profile

Return Average Low
 Risk Low
 Rating **★★★**
 Neutral



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	10-16	History
11.05	10.45	10.07	10.47	10.83	11.17	11.36	10.95	11.35	11.25	11.45	NAV	Total Return %
4.86	-0.42	1.29	9.57	7.26	6.52	4.23	-1.80	6.34	1.47	3.70	+/- Bmark 1	Total Return %
0.53	-7.38	-3.95	3.64	0.72	-1.32	0.02	0.22	0.38	0.92	-1.29	+/- Bmark 2	Income Return %
0.53	-7.38	-3.95	3.64	0.72	-1.32	0.02	0.22	0.38	0.92	-1.29	1.78	Capital Return %
4.89	5.18	4.97	5.51	3.80	3.32	2.53	1.84	2.63	2.32	1.91	89	Total Rtn % Rank Cat
-0.03	-5.60	-3.68	4.06	3.45	3.19	1.71	-3.64	3.71	-0.95	1.78	6	Income \$
17	97	28	72	55	42	82	55	17	6	89	0.01	Capital Gains \$
0.53	0.56	0.51	0.54	0.39	0.35	0.28	0.21	0.28	0.26	0.21	0.00	Expense Ratio %
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	Income Ratio %
0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	Turnover Rate %
4.73	5.10	4.91	4.99	3.74	3.33	2.84	1.85	2.51	2.33	2.26	404	Net Assets \$mil
232	409	397	476	527	490	451	474	398	439	404	951	
1,613	1,263	936	803	793	753	1,082	761	790	886	951		

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	3.35			
3 Yr	3.39	Avg	Low	★★★
5 Yr	2.91	Avg	-Avg	★★★
10 Yr	3.84	-Avg	Low	★★
Incept	6.58			

Other Measures	Standard Index	Best Fit Index
Alpha	1.1	0.1
Beta	0.65	1.02
R-Squared	78	97
Standard Deviation	1.98	
Mean	3.39	
Sharpe Ratio	1.64	

Portfolio Analysis 09-30-16

Total Fixed Income: 469	Date of Maturity	Amount '000	Value \$'000	% Assets
Fannie Mae 4% 30 Year	—	126,185	136,214	10.87
Fannie Mae 3.5% 30 Year	—	120,688	127,894	10.21
GNMA 3.5%	—	88,244	94,295	7.53
Freddie Mac 3.5% 30 Yea	—	82,444	87,618	6.99
Fannie Mae 3% 30 Year	—	80,973	84,367	6.73
FHLLB 4%	—	46,051	49,744	3.97
Freddie Mac 3% 30 Year	—	45,663	47,564	3.80
Ginnie Mae 3% 30 Year	—	39,351	41,220	3.29
GNMA 4.5%	—	31,333	34,686	2.77
Fannie Mae 4.5% 30 Year	—	31,245	34,361	2.74
GNMA 4%	—	29,544	32,069	2.56
Fannie Mae 3.5% 15 Year	—	29,912	31,826	2.54
Fannie Mae 2.5% 15 Year	—	24,936	25,836	2.06
Fannie Mae 3% 15 Year	—	19,141	20,146	1.61
Freddie Mac 3.5% 20 Yea	—	14,241	15,185	1.21
Freddie Mac 3% 15 Year	—	14,025	14,778	1.18
GNMA CMO 2.5%	08-20-64	12,709	12,877	1.03
Gahr Conml Mtg Tr 2015-N	12-15-34	12,633	12,665	1.01
FHLLB 5%	—	9,806	11,063	0.88
Fannie Mae 4% 20 Year	—	9,641	10,454	0.83

Current Investment Style

Duration	Ltd	Mod	Ext
Avg Eff Duration ¹	2.9 Yrs		
Avg Eff Maturity	—		
Avg Credit Quality	A		
Avg Wtd Coupon	3.59%		
Avg Wtd Price	104.70% of par		

Sector Breakdown

	% Assets
Government	0
Government Related	13
Corporate	15
Agency MBS	57
Non-Agency Residential MBS	4
Commercial MBS	5
Covered Bond	0
Asset Backed	4
Municipal	0
Cash & Equivalents	2
Other	0

Coupon Range

% of Bonds	
0% PIK	0.0
0% to 4%	81.7
4% to 6%	15.8
6% to 8%	2.3
8% to 10%	0.2
More than 10%	0.1

Composition - Net

	Bonds	Other	%
Cash	2.2		97.9
Stocks	0.0		0.0

Special Securities

Restricted/Illicit Secs	9
Emerging-Markets Secs	0
Options/Futures/Warrants	0

Credit Analysis

% bonds	09-30-16
AAA	92
AA	4
A	1
BBB	0
Not Rated	3

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		Expense Projections:	3Yr:\$144 5Yr:\$252 10Yr:\$567				
		Income Distribution:	Monthly				

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Data through October 31, 2016 FINRA members: For internal or institutional use only.

T. Rowe Price International Discovery

Ticker PRIDX **Yield** 0.6% **Total Assets** \$4,934 mil **Mstar Category** Foreign Small/Mid Growth

Benchmark 1: MSCI World Ex USA SMID NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 10-28-16

Silver

Morningstar Pillars

- Process ⊕ Positive
- Performance ⊕ Positive
- People ⊕ Positive
- Parent ⊕ Positive
- Price ⊕ Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Silver** Bronze Neutral Negative

Pillar Spectrum

⊕ Positive ⊖ Negative ○ Neutral

Performance 10-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	17.23	-5.42	7.86	5.35	26.00
2013	6.03	-0.47	10.42	6.73	24.37
2014	2.57	3.18	-5.22	-0.73	-0.43
2015	4.15	6.16	-7.29	7.20	9.88
2016	-1.72	-1.24	9.14	—	—

Trailing	Total	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	0.98	2.48	0.57	6	10,098
6 Mo	4.60	5.10	2.59	8	10,460
1 Yr	5.40	3.57	5.18	13	10,540
3 Yr Avg	5.49	3.97	6.98	9	11,738
5 Yr Avg	10.94	4.25	7.30	10	16,801
10 Yr Avg	6.05	3.25	4.44	13	17,995
15 Yr Avg	10.77	2.26	4.50	16	46,380

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	3.96	11	1.45	69
5 Yr (estimated)	9.74	11	1.08	70
10 Yr (estimated)	4.81	13	1.17	69

Potential Capital Gain Exposure: 23% of assets

Morningstar's Take by William Samuel Rocco 10-28-16

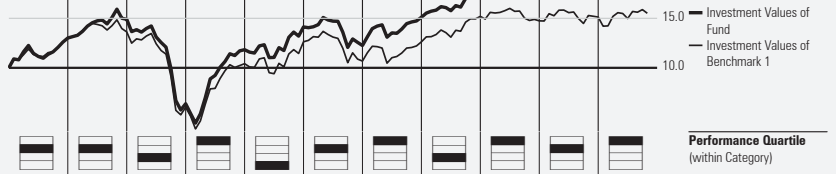
T. Rowe Price International Discovery complements many core foreign holdings quite nicely, and it earns a Morningstar Analyst Rating of Silver.

This foreign small/mid-growth fund has relatively limited overlap with most foreign large-cap offerings. Justin Thomson and his comanagers focus well down the market-cap ladder as they pursue profitable growers with strong fundamentals, and this fund's average market cap is generally lower than those of the typical foreign small/mid-growth, -blend, and -value funds. And the managers readily invest in superior growers that are based in emerging or small developed markets, so this fund has geographic diversification value as well.

Meanwhile, despite its commitment to small caps and taste for emerging-markets stocks, this fund is not very aggressive overall. Thomson and his comanagers pay ample attention to valuations and move at a measured pace. They also invest in many more names and devote far fewer assets to their top 10 holdings than most foreign small/mid-cap managers. Therefore, this fund takes on less much price risk and less company-specific risk than many of its rivals.

Historical Profile

Return Above Avg
Risk Below Avg
Rating ★★★★★ Above Avg



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	10-16	History
NAV	47.48	48.82	24.08	36.95	43.90	37.31	46.10	55.74	51.58	53.95	55.73	NAV
Total Return %	27.65	16.57	-49.93	55.69	20.47	-14.08	26.00	24.37	-0.43	9.88	3.40	Total Return %
+/- Bmark 1	0.16	11.30	-3.84	12.70	0.79	0.54	8.95	1.21	3.14	6.73	0.25	+/- Bmark 1
+/- Bmark 2	1.00	-0.08	-4.40	14.24	9.31	-0.38	9.17	9.09	3.44	15.54	-0.90	+/- Bmark 2
Income Return %	0.75	0.72	0.76	1.00	0.46	0.87	1.37	1.34	0.81	0.72	0.00	Income Return %
Capital Return %	26.90	15.85	-50.68	54.69	20.01	-14.95	24.63	23.03	-1.23	9.16	3.40	Capital Return %
Total Rtn % Rank Cat	46	34	58	17	77	31	11	60	15	29	14	Total Rtn % Rank Cat
Income \$	0.31	0.34	0.37	0.24	0.17	0.38	0.51	0.62	0.45	0.37	0.00	Income \$
Capital Gains \$	4.91	5.95	0.00	0.30	0.43	0.02	0.39	0.92	3.38	2.33	0.05	Capital Gains \$
Expense Ratio %	1.24	1.21	1.24	1.29	1.24	1.23	1.23	1.23	1.21	1.20	1.21	Expense Ratio %
Income Ratio %	0.79	0.76	0.92	0.94	0.48	0.78	1.38	1.32	0.76	0.75	0.29	Income Ratio %
Turnover Rate %	82	68	67	65	55	49	40	51	42	40	—	Turnover Rate %
Net Assets \$mil	2,310	3,013	1,316	2,208	2,734	2,219	2,910	3,519	3,563	4,315	—	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	5.40			
3 Yr	5.49	+ Avg	- Avg	★★★★
5 Yr	10.94	+ Avg	- Avg	★★★★
10 Yr	6.05	+ Avg	- Avg	★★★★
Incept	10.03			

Other Measures

	Standard Index	Best Fit Index
Alpha	6.4	5.3
Beta	0.74	0.79
R-Squared	79	81
Standard Deviation	10.50	
Mean	5.49	
Sharpe Ratio	0.55	

Portfolio Analysis 09-30-16

Share change since 06-30-16	Sector	Country	% Assets
⊕ T. Rowe Price Reserve Inv	—	United States	6.70
MercadoLibre Inc	Cnsmr Cyc	Brazil	1.27
Partners Group Holding AG	Finan Svcs	Switzerland	1.16
Fisher & Paykel Healthcar	Hlth Care	New Zealand	0.95
YOOX Net-A-Porter Group S	Cnsmr Cyc	Italy	0.94
Tecan Group Ltd	Hlth Care	Switzerland	0.89
Ambu A/S B	Hlth Care	Denmark	0.87
Abcam PLC	Hlth Care	United Kingdom	0.85
Playtech PLC	Cnsmr Cyc	United Kingdom	0.85
Axiare Patrimonio SOCIMI	Real Est	Spain	0.83
⊕ Fujitech Co Ltd	Industrl	Japan	0.83
⊕ Nippon Seiki Co Ltd	Cnsmr Cyc	Japan	0.83
NORMA Group SE	Industrl	Germany	0.82
Victrex PLC	Basic Mat	United Kingdom	0.81
DCC PLC	Energy	United Kingdom	0.78
⊖ Sanwa Holdings Corp	Basic Mat	Japan	0.77
TAL Education Group ADR	Cnsmr Def	China	0.76
Gecina	Real Est	France	0.75
Obara Group Inc	Industrl	Japan	0.73
XXL ASA	Cnsmr Cyc	Norway	0.72

Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
Large Mid Small	Giant 0.0 Large 20.3 Mid 51.7 Small 25.9 Micro 2.1	Cyclical 51.24 BasicMat 10.94 CnsmrCyc 25.27 FinanSvcs 9.83 Real Est 5.20	51.24 10.94 25.27 9.83 5.20	1.04 0.80 1.64 0.88 0.57
Avg \$mil: 2,050		Sensitive 31.00 CommSvcs 1.96 Energy 1.20 Industrl 13.77 Technlgy 14.07	31.00 1.96 1.20 13.77 14.07	0.89 0.98 0.30 1.72 1.47
Value Measures	Price/Earnings 17.71 Price/Book 1.79 Price/Sales 0.99 Price/Cash Flow 4.97 Dividend Yield % 1.93	Defensive 17.75 CnsmrDef 5.41 Hlthcare 12.34 Utilities 0.00	0.91 0.69 0.62 0.56 0.93	1.11 0.79 2.18 0.00
Growth Measures	Long-Term Erngs 13.46 Book Value 3.79 Sales -5.03 Cash Flow -30.96 Historical Erngs -0.89	Regional Exposure % Stock UK/W. Europe 42 Japan 25 Asia X Japan 26	0.96 0.47 -2.20 -3.46 -0.13	0.96 0.47 -2.20 -3.46 -0.13
Composition - Net	Cash 9.2 Stocks 90.3	Country Exposure % Stock Japan 25 UK 14 China 9	0.0 0.5	0.0 5 5
Foreign (% of Stock)			98.8	

Address:	T. Rowe Price International Funds, Inc. Baltimore, MD 21202 800-638-5660	Minimum Purchase:	\$2500	Add: \$100	IRA: \$1000
Web Address:	www.troweprice.com	Min Auto Inv Plan:	\$2500	Add: \$100	
Inception:	12-30-88	Sales Fees:	No-load, 2.00%R		
Advisor:	T. Rowe Price Associates, Inc.	Management Fee:	0.75%		
Subadvisor:	T. Rowe Price International Limited	Actual Fees:	Mgt: 1.04% Dist: 0.00%		
		Expense Projections:	3Yr: \$381 5Yr: \$660 10Yr: \$1455		
		Income Distribution:	Annually		

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Data through October 31, 2016. FINRA members: For internal or institutional use only.

Templeton Global Bond A

Ticker TPINX **Yield** 2.6% **SEC Yield** 3.79% **Total Assets** \$42,138 mil **Mstar Category** World Bond

Benchmark 1: Citi WGBI NonUSD USD
Benchmark 2: BbgBarc US Agg Bond TR USD

Morningstar Analyst Rating 10-31-16



Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Pillar Spectrum



Performance 10-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	7.03	-0.97	5.32	3.75	15.81
2013	1.35	-2.78	1.01	2.72	2.22
2014	0.62	2.68	0.00	-1.69	1.58
2015	0.08	-0.33	-6.15	2.27	-4.26
2016	0.03	-0.43	-1.33	—	—

Trailing	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	3.57	8.14	4.50	3	10,357
6 Mo	2.48	4.47	0.97	29	10,248
1 Yr	1.20	-6.14	-3.17	94	10,120
3 Yr Avg	0.17	0.91	-3.31	68	10,052
5 Yr Avg	2.59	3.49	-0.31	30	11,363
10 Yr Avg	6.45	3.11	1.81	2	18,684
15 Yr Avg	8.41	3.42	3.81	2	33,571

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	-3.09	95	1.85	87
5 Yr (estimated)	-0.33	67	1.99	93
10 Yr (estimated)	3.83	8	2.04	92

Potential Capital Gain Exposure: -13% of assets

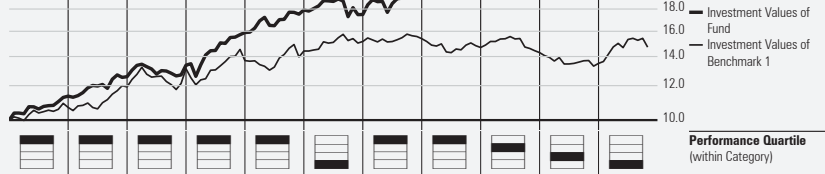
Morningstar's Take by Karin Anderson 10-31-16

Templeton Global Bond is among the boldest entrants in the world-bond Morningstar Category. Notably, its emerging-markets-heavy profile has caused it to move in sync with riskier assets and sport one of the highest correlations to equities in the group. And its shorts on the yen and euro are a significant drag when those currencies strengthen against the U.S. dollar. However, manager Michael Hasenstab's investment themes and shrewd bond and currency selection have led to topnotch long-term performance. His experience, a skilled and generally stable analyst bench, the fund's consistent approach, and reasonable fees earn this fund a Morningstar Analyst Rating of Gold.

The fund has almost no exposure to the debt of the United States, eurozone, and Japan, which dominate most peer funds' portfolios. It also stands out for its significant, and longtime, bets against the euro and yen which Hasenstab believes are set to weaken on the back of further quantitative easing. Instead, he has preferred emerging-markets issues and currencies (roughly two thirds of debt exposure and four fifths of currency exposure as of August 2016) given what he views as

Historical Profile

Return Above Avg
Risk Above Avg
Rating ★★★★★
Above Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	10-16	History
NAV	11.05	11.42	11.20	12.72	13.59	12.41	13.38	13.14	12.46	11.58	11.60	NAV
Total Return %	13.51	10.86	6.28	18.86	12.68	-2.37	15.81	2.22	1.58	-4.26	2.33	Total Return %
+/- Bmark 1	6.57	-0.60	-3.83	14.48	7.47	-7.55	14.30	6.78	4.25	1.29	-6.64	+/- Bmark 1
+/- Bmark 2	9.17	3.89	1.04	12.93	6.14	-10.22	11.59	4.24	-4.39	-4.81	-2.65	+/- Bmark 2
Income Return %	6.09	7.32	8.27	4.93	5.73	6.02	6.40	4.01	6.63	2.93	2.09	Income Return %
Capital Return %	7.42	3.54	-1.99	13.94	6.95	-8.39	9.41	-1.79	-5.05	-7.18	0.24	Capital Return %
Total Rtn % Rank Cat	4	6	16	19	7	96	4	4	47	51	94	Total Rtn % Rank Cat
Income \$	0.61	0.79	0.92	0.54	0.71	0.80	0.77	0.53	0.85	0.36	0.24	Income \$
Capital Gains \$	0.01	0.01	0.00	0.00	0.00	0.08	0.17	0.00	0.03	0.00	0.00	Capital Gains \$
Expense Ratio %	1.03	0.99	0.92	0.92	0.91	0.88	0.89	0.86	0.90	0.90	0.91	Expense Ratio %
Income Ratio %	3.59	4.17	4.28	4.99	4.40	3.76	3.30	2.84	2.83	2.68	3.29	Income Ratio %
Turnover Rate %	39	44	30	66	12	26	42	42	35	43	—	Turnover Rate %
Net Assets \$mil	2,352	4,902	6,215	12,912	20,779	22,930	25,903	26,588	22,017	17,420	—	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-3.10			
3 Yr	-1.27	Low	+Avg	★
5 Yr	1.70	Avg	High	★★★★
10 Yr	5.99	High	+Avg	★★★★★
Incept	7.26			

Other Measures

Measure	Standard Index	Best Fit Index
Alpha	0.9	-3.0
Beta	-0.21	0.42
R-Squared	1	44
Standard Deviation	6.31	
Mean	0.17	
Sharpe Ratio	0.04	

Portfolio Analysis 09-30-16

Total Fixed Income: 119	Date of Maturity	Amount 000	Value \$000	% Assets
Vereinigete Mexikanische	12-14-17	557,967	2,970,554	6.52
United Mexican States 8	12-13-18	489,083	2,677,228	5.88
Korea (Republic Of) 2%	03-10-21	1,456,387,020	1,364,215	3.00
Brazil Federative Rep	01-01-20	5,602	1,210,016	2.66
Brazil Federative Rep 1	01-01-21	4,010	1,176,220	2.58
Secretaria Tesouro Nacl	01-01-23	3,504	1,008,719	2.21
Malaysia (Govt Of) 4.01	09-15-17	3,711,240	910,055	2.00
Indonesia (Rep Of) 8.375	03-15-24	10,037,615,000	828,713	1.82
Indonesia (Rep Of) 8.375	09-15-26	9,734,168,000	814,848	1.79
Korea Treasury Bond	09-10-21	859,779,700	786,046	1.73
Brazil Federative Rep 1	01-01-17	2,422	738,534	1.62
India (Govt Of) 8.83%	11-25-23	37,754,900	624,981	1.37
Indonesia (Rep Of) 9.5%	07-15-23	6,667,220,000	582,379	1.28
Brazil Federative Rep 1	01-01-25	1,988	566,031	1.24
Indonesia (Rep Of) 8.25%	07-15-21	6,591,149,000	534,195	1.17
Poland (Rep Of)	01-25-17	2,005,988	525,199	1.15
Republic Of Colombia 7.	09-18-30	1,297,093,900	475,042	1.04
Poland (Rep Of)	01-25-21	1,721,975	444,330	0.98
Malaysia (Govt Of) 3.31	10-31-17	1,713,700	417,806	0.92
Portugal Rep 5.125%	10-15-24	413,230	410,722	0.90

Current Investment Style

Duration	0.0 Yrs
Avg Eff Duration ¹	0.0 Yrs
Avg Eff Maturity	3.2 Yrs
Avg Credit Quality	BB
Avg Wtd Coupon	7.06%
Avg Wtd Price	—

Sector Breakdown

Sector	% Assets
Government	63
Government Related	0
Corporate	1
Agency MBS	0
Non-Agency Residential MBS	0
Commercial MBS	0
Covered Bond	0
Asset Backed	0
Municipal	0
Cash & Equivalents	36
Other	0

Coupon Range

% of Bonds	Composition - Net
0% PIK	Cash 35.0 Bonds 65.3
0% to 4%	Stocks -1.8 Other 1.5
4% to 6%	
6% to 8%	
8% to 10%	
More than 10%	

Credit Analysis

AAA	BB	% bonds 09-30-16
0	22	
AA	10	1
A	33	6
BBB	28	0

Address:	Templeton Income Trust Fort Lauderdale, FL 33394-3091 800-342-5236	Minimum Purchase:	\$1000	Add: —	IRA: \$250
Web Address:	www.franklintempleton.com	Min Auto Inv Plan:	\$50	Add: —	
Inception:	09-18-86	Sales Fees:	4.25%L		
Advisor:	Franklin Advisers Inc	Management Fee:	0.65% mx/0.46% mn., 0.15%A		
Subadvisor:	None	Actual Fees:	Mgt:0.48% Dist:0.25%		
		Expense Projections:	3Yr:\$701 5Yr:\$906 10Yr:\$1496		
		Income Distribution:	Monthly		

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Like Snowflakes, No Two Bear Markets Are Alike

Morningstar Research | Kevin McDevitt

When I was starting my career as a Morningstar analyst in the late 1990s, one of my closely held beliefs was that value stocks were lower-risk than growth stocks. I believed that funds that invested in value stocks would always hold up better in a bear market than those that owned growth stocks.

After reading books by Martin Zweig and David Dreman, I believed that the low price multiples of value stocks meant that they inherently had less price risk than growth stocks. Expectations were low for value stocks, and any bad news was already priced into the shares. Meanwhile, I interpreted growth stocks' high relative price multiples to mean that they were priced for perfection and any slip in company fundamentals would ravage their share prices. I had a lot to learn.

But, sure enough, value stocks did weather the storm better during the next two bear markets. (See the table.) The first came in 1998's third quarter when Russia devalued the ruble and defaulted on its debt. This occurred while the dot-com bubble in the United States was still inflating. From mid-July through early October 1998, the Russell 3000 Index, a proxy for the U.S. stock market, fell 21%. Growth stocks did a bit worse, with the Russell 3000 Growth Index dropping 23.3% while the Russell Value Index fell a milder 18.6%.

Value stocks outperformed by a wider margin during the next bear market, but in much more dramatic fashion. When the dot-com bubble finally burst in March 2000, growth-oriented technology stocks—and Internet stocks in particular—were truly priced for perfection. Of course, Internet stocks weren't the only shares trading at ridiculous price multiples. Huge swaths of the equity market were overpriced. Even mature companies like **GE** and **Coca-Cola** KO

traded at trailing price/earnings ratios near 50 times or higher.

Even so, growth stocks, and technology shares in particular, took the brunt of the bear market that began in March 2000. The pain lasted for nearly three full years, and the Russell 3000 Growth Index fell a brutal 61.5%. The Russell 3000 Technology Index collapsed by nearly 80%. Value stocks, many of which were ignored by investors during the late 1990s rally, dropped just under 20%, as measured by the Russell 3000 Value Index.

But anyone who bet on a value index would have been worse off during the next three corrections. That's because not every bear market targets stocks selling at high price multiples. Growth fared better in 2007–09, 2011, and during the recent 2015–16 correction because the sell-offs were focused on financials and later on energy. So, it's very difficult to know whether value or growth stocks will endure the next bear market better than their counterparts.

No two bear markets are the same, and the catalysts behind them tend to change. There is usually one sector that gets hit particularly hard, but it is difficult to anticipate which one it will be. The 1998 bear market was, as mentioned above, sparked by the Russian default. Given that it was a debt crisis, financials were hit the hardest with the Russell 3000 Financials Index dropping 33.2%. Alternatively, utilities provided a safe haven (as they did during the recent 2015–16 correction). But the roles of those two sectors reversed during the 2000–03 bear market. Financials dropped by just under 5%, while utilities fell an incredible 57%, second-worst behind technology stocks.

Reversion to the Mean

Whichever style or sector has been in favor tends to get hit the hardest during the next bear market. This is the idea behind reversion to the mean. While reversion to the mean almost always happens eventually, it's very difficult to know when it will happen. Often, it can take far longer than one expects. Alternatively, beaten-down sectors can come in for another

5 Bear Markets by Sector and Style

	Peak-to-trough				
	7/18/98– 10/8/98	3/22/00– 3/11/03	10/7/07– 3/9/09	4/29/11– 10/3/11	5/21/15– 2/11/16
Russell 3000 Consumer Disc	-30.21	-45.04	-56.45	-17.63	-12.67
Russell 3000 Consumer Staples	-9.04	19.51	-31.28	-5.51	1.45
Russell 3000 Energy	-6.39	-15.34	-47.14	-28.30	-32.16
Russell 3000 Financials	-33.24	-4.94	-76.18	-28.27	-17.49
Russell 3000 Health Care	-16.09	-12.39	-37.77	-14.27	-17.22
Russell 3000 Materials & Processing	-20.81	-15.96	-62.76	-28.95	-22.20
Russell 3000 Technology	-24.03	-78.14	-51.55	-16.08	-14.11
Russell 3000 Telecommunication			-55.66	-19.28	-23.59
Russell 3000 Utilities	2.02	-57.15	-45.97	-5.72	3.78
Russell 3000	-21.04	-43.45	-55.45	-20.19	-14.72
Russell 3000 Growth	-23.27	-61.46	-51.16	-18.47	-13.13
Russell 3000 Value	-18.64	-19.62	-59.77	-21.87	-16.33

Blue: Best-performing sector/style. Purple: Worst-performing sector/style.

round or two of pain. Financials were not the best-performing sector heading into the mid-2011 downturn, but they were still one of the hardest-hit sectors. Similarly, growth stocks had already been doing better than value stocks heading into the 2015 correction, but they still held up better during the downturn.

Based on the past 20 or so years of history, consumer staples (or consumer defensive) stocks would seem to be ripe for mean reversion (that is, a beat-down). Consumer staples have survived the past five consecutive bear markets far better than the overall market. Heck, the Russell 3000 Consumer Staples Index even made money during the 2000–03 bear market and the 2015–16 correction.

But all that success seems to be reflected in the sector's average price multiples, which are greater than those of the rest of the Russell 3000 Index nearly across the board. Plus, it's worth noting that the group has the second-highest average debt/capital ratio (51.6%) among the sectors. (Only utilities have more debt on average, but that stands to reason given their business model.) So, if the catalyst for the next bear market is either price-driven or debt-driven, funds with substantial consumer staples exposure could be in trouble. Growth-oriented technology is another sector to be mindful of given that it has beaten the broader market over the past three

and five years. Meanwhile, yield-chasing has pushed utilities and other value stocks with big dividends to new heights.

Possible Catalysts for the Next Bear Market

Again, the above is not grounds for a prediction, but it's worth being risk-aware. Among U.S. funds in the Morningstar 500, **Yacktman Focused** YAFFX and **Yacktman Service** YACKX have the most consumer staples exposure at about 28% and 29% of assets, respectively. Both funds have long maintained overweightings in those two sectors. Perhaps unsurprisingly, both funds outperformed most of their peers during the 2015–16 correction and the 2011 bear market. It's also worth noting that both funds have close to 20% in cash, which provides protection during a bear market.

If debt drives the next bear market, then shareholders of funds such as **Osterweis** OSTFX, **Fidelity Leveraged Company Stock** FLVCX, **First Eagle Fund of America** FEAFFX, **Janus Contrarian** JSVAX, and **Akre Focus** AKREX all have cause for concern. All five of these funds have debt/capital ratios greater than 50%. For comparison, the S&P 500 has average debt/capital of 41.8%, which is itself higher than the level in 2007.

Conclusion

Unfortunately, there are no absolute guidelines for protecting one's portfolio during a bear market. The best one can do is prepare in advance by suitably diversifying, which perhaps includes an allocation to high-quality bonds—Treasuries in particular—since they tend to do well when stocks fall. It's also critical to understand the risks inherent in each fund one owns. In addition, don't try to fight the last war. Don't assume that what worked recently or in the previous bear market will work next time.

But, perhaps most importantly, when the next bear market strikes, remain calm. A bear market is the worst time to be reactionary. That's the time to revisit your original investment plan and remember why you own what you own. ■■■

Contact Kevin McDevitt at kevin.mcdevitt@morningstar.com

Fund Companies Headed the Wrong Way on Fees

The Contrarian | Russel Kinnel

Our Contrarian Approach

I go against the grain to find overlooked funds that may be ready to rally.

October saw another episode of fee wars. BlackRock cut fees at a number of its exchange-traded funds to dirt-cheap levels. **iShares Core S&P 500** IVV was cut to 0.04% from 0.07%, and **iShares Core MSCI Emerging Markets ETF** IEMG was cut to 0.14% from 0.16%. Schwab responded by lowering some of its ETF prices to 1 basis point below iShares'. Prudential then cut fees at some actively managed open-end funds. And you may recall that Fidelity cut fees at its open-end and ETF index funds in June.

Yes, there's a powerful trend that's giving a better deal to investors across an array of funds. As technology makes investing cheaper, it's natural for fund companies to share some savings. And of course, the spread of passive investing means you have more low-cost options than ever before.

Yet, remarkably some fund companies and their fund boards haven't gotten the memo.

One of them is BlackRock. The same company and board that cut fees for some funds has stubbornly kept others surprisingly high. **iShares MSCI Emerging**

Markets EEM tracks a slightly more diffuse index than IEMG, and it charges nearly 5 times (0.69%) for the service. Effectively, BlackRock and the iShares board are asking shareholders of this fund and others in the lineup to subsidize the cheaper core funds. Their fiduciary duty is the same to both groups, but I guess that hasn't been mentioned. See the table for more examples of pricing disparity at iShares.

Oppenheimer and the board overseeing **Oppenheimer International Small-Mid Company Fund** OSMAX are also out of touch. The fund is a focused portfolio of small- and mid-cap stocks that is prone to extreme performance. Lately that's been "extreme" in a good way. The fund had a rough 20% loss in 2011 and a middling 2012 (Rezo Kanovich took over in January 2012), but it crushed its category three straight years from 2012 through 2015. That run brought buckets of cash. The fund took in \$500 million in 2013, \$700 million in 2014, and \$2.8 billion in 2015 (equal to the asset level where the fund started the year).

Those inflows inspired Oppenheimer to decide it should have its cake and eat it, too. The flows forced it to change the fund's name and benchmark from Small Cap to Small-Mid, and it closed the fund to new investors. But with all that money and no need to attract new investors, why not raise fees? Oppenheimer cranked up the fund's expense ratio to 1.43% from 1.18%. Back when the fund had just \$600 million in assets, it charged 1.14% in fees. But apparently this is the only fund with diseconomies of scale, as it needs to charge more with \$6.8 billion in assets. To put that in dollar terms, it is now paid \$97 million per year rather than \$7 million. For the record, Oppenheimer says that the broader benchmark necessitated the fee hike. It added one new analyst at the time of the fee hike, giving the fund a total analyst staff of two. So, maybe it is paying that analyst \$90 million.

For investors, this suggests how important it is to watch their funds' expenses and keep an eye out for cheaper alternatives as more fund companies compete on cost. For fund companies, it's time to decide if they want to be relegated to the role of niche players or compete with the best. ■■

Examples of Pricing Disparity at iShares

Name	Ticker	Morningstar Category	Expense Ratio (%)
iShares Core MSCI Emerging Markets	IEMG	Diversified Emerging Markets	0.18
iShares MSCI Emerging Markets	EEM	Diversified Emerging Markets	0.69
iShares Asia/Pacific Dividend	DVYA	Diversified Pacific/Asia	0.49
iShares Core MSCI Pacific	IPAC	Diversified Pacific/Asia	0.11
iShares Core MSCI Europe	IEUR	Europe Stock	0.11
iShares Europe	IEV	Europe Stock	0.60
iShares Core MSCI EAFE	IEFA	Foreign Large Blend	0.12
iShares MSCI EAFE	EFA	Foreign Large Blend	0.33
iShares Core S&P 500	IVV	Large Blend	0.07
iShares S&P 100	OEF	Large Blend	0.20
iShares Core S&P Small-Cap	IJR	Small Blend	0.12
iShares Russell 2000	IWM	Small Blend	0.20

Data as of Oct. 31, 2016.

These Funds Bought Tech, but Underachieved

Red Flags | Laura Lallo

What is Red Flags?

Red Flags is designed to alert you to funds' hidden risks. Such risks can take many forms, including asset bloat, the departure of a solid manager, or a focus on an overhyped asset class. Not every fund featured in Red Flags is a sell, and in fact, some are good long-term holdings. But investors should be prepared for a potentially bumpier ride in the near future.

Investing in technology should have been a sure-fire winner over the past three years. Technology-sector funds outperformed all other specialty- and diversified domestic-equity funds, averaging an 11.7% annualized return through Oct. 31. Over the trailing one-year period, only specialty precious-metal and utilities funds have done better. And yet, some funds with outsized stakes in technology have lagged their Morningstar Category peers considerably. We took a look at funds with technology stakes well above their category average that landed in the bottom decile of the category over the three-year period. Is the underperformance understandable or a sign of a potential problem?

Touchstone Sands Capital Select Growth PTSGX was the only Morningstar 500 fund in a growth category with both a heavy tech stake and serious underperformance. By and large, high-growth tech stocks have been a winning bet over this time, and the more the better. This fund averaged a 35.4% stake over the past three years, compared with 23% for the large-cap growth average. However, its annualized three-year return of 2.5% over that time is well below the 7% average. Its outsized technology stake was the biggest positive contributor to returns, but that was offset by a 7.5% average stake in energy, about twice that of the category norm. (That is now down to a 2.2% position in **Schlumberger** SLB, in the portfolio for more than a decade.)

This recent record illustrates the risk of this concentrated, quirky growth strategy, but we recently confirmed the fund's Morningstar Analyst Rating of Silver. Its strong process leads to long-term investments in businesses with strong balance sheets, low debt levels, and strong cash positions, and the fund is in the top decile of the category over the 10-year period, guided by lead manager Frank Sands Jr. This remains a strong choice for investors

who can ride out periods of sharp losses and short-term relative underperformance.

FPA Capital FPPTX averaged a 20.8% tech stake over the past three years, which should have given it a big advantage over its typical mid-cap value peer, which held only 10.8% here. However, it held even more in energy, 24.6% versus 7.4% for the category norm. Stock selection within energy confounded the problem, and the managers' tech picks were not stellar, either, with **Veeco Instruments** VECO among the top 10 detractors. The fund actually lost an annualized 2.7% over the past three years, while its average category peer gained 5.2%. In this case, the 10-year numbers offer no consolation, with the fund landing in the bottom decile there, too. This uncompromising deep-value approach may still hold promise for patient contrarians. However, lagging performance and some turnover on the management team prompted a rating downgrade to Bronze from Silver a year ago.

Berwyn BERWX was also in the red over the past three years, with an annualized 1% loss, while its typical small-blend peer gained 3.1%. That's even though this fund averaged a 23.7% stake in technology, compared with only 14.6% for the category average. That was a plus, but the fund's other significant overweighting, basic materials at 11.8%, was crushing as commodity prices dropped and its deep-value investments tanked. What's more, it has a micro-cap tilt, and micro-caps lagged stocks on the larger end of the small-cap spectrum. There is no inherent flaw in the process; the fund's longer-term numbers are stronger, and it has bounced to the top decile for the year to date. The lesson here is to be aware of the idiosyncrasies that will force the fund out of step at times. ■■■

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Stocks Fall in October

Market Overview | Andrew Daniels

U.S. stocks fell across the board in October as the third-quarter earnings season kicked off. The S&P 500 fell 1.8%, and the Russell 2000 fell 4.8% for the month. U.S. gross domestic product rose 2.9% in the third quarter, the fastest growth rate in two years, despite slowing growth in consumer spending. The data raises the likelihood that the Fed will raise rates this year.

The anticipated rate increase led dividend-heavy real estate to be one of the worst-performing sectors in the Russell 3000 Index in October, losing 5.5%. **Boston Properties BXP**, **Simon Property Group SPG**, and **Tanger Factory Outlet Centers SKT** all fell more than 9%. **T. Rowe Price Real Estate TRREX** and **Vanguard REIT Index VGSIX** fell more than 5%. Communication services stocks fell 4% last month, led lower by **Charter Communications CHTR** and **InterDigital IDCC**. Healthcare stocks also posted poor results in October, dropping 7%. Several biotech stocks such as **Puma Biotechnology PBYI**, **Amylin Pharmaceuticals ALNY**, and **Sarepta Therapeutics SRPT** fell more than 35% during the month.

Financials was one of the only sectors to end October in positive territory, rising 2%. Financials were lifted by banks such as **KeyCorp KEY**, **SVB Financial SIVB**, and **Comerica CMA**—all rose double-digits. The technology sector, despite dropping 0.6%, was a relatively solid performer in October. **Alphabet GOOG**—Google's parent company—and **Microsoft MSFT** rose 5% after releasing quarterly earnings results that handily beat analyst expectations.

Developed international markets also posted losses in October: The MSCI EAFE Index fell 2.1%. Austrian, Italian, and Spanish stocks rose more than 3%; Kiwi, Israeli, and British stocks fell more than 5%. Emerging-markets stocks posted small gains of 0.2% for the month, as Brazilian, Egyptian, and Chilean stocks rose more than 7%. ■■

Benchmark Performance

Total Return % Through 11-30-16	ANNUALIZED				
	1Mo	YTD	3Yr	5Yr	10Yr
Large Growth	-2.5	0.9	7.0	12.0	7.0
Large Blend	-1.9	4.0	6.6	11.9	5.8
Large Value	-1.5	6.2	5.8	11.3	4.9
Mid-Cap Growth	-3.9	1.0	4.1	10.2	6.6
Mid-Cap Blend	-2.6	5.1	4.6	11.0	6.1
Mid-Cap Value	-2.3	7.8	5.2	11.7	6.2
Small Growth	-5.2	2.0	2.6	10.2	6.5
Small Blend	-3.8	5.9	3.1	10.5	5.7
Small Value	-3.2	8.7	3.5	10.8	5.6
Allocation—70% to 85% Equity	-1.8	4.7	3.8	7.9	4.3
Allocation—30% to 50% Equity	-1.1	5.6	3.0	5.3	4.2
Allocation—50% to 70% Equity	-1.5	4.8	3.9	7.4	4.8
Communications	-2.0	7.8	4.3	9.6	4.1
Financial	1.1	2.7	4.3	11.8	1.4
Global Real Estate	-5.3	2.4	3.5	7.9	1.4
Health	-8.9	-13.4	8.4	16.6	9.8
Natural Resources	-2.7	17.1	-6.8	-2.1	0.1
Equity Precious Metals	-7.5	78.2	2.0	-13.0	-0.9
Real Estate	-5.0	4.1	9.5	10.4	4.3
Technology	-1.8	8.8	11.7	13.2	8.8
Utilities	-0.8	13.8	6.5	9.1	5.9
S&P 500	-1.8	5.9	8.8	13.5	6.7
S&P MidCap 400	-2.7	9.4	7.1	12.9	8.4
Russell 2000	-4.6	6.4	4.2	11.6	6.0
Diversified Pacific/Asia	-1.8	7.1	2.8	7.0	3.8
Diversified Emerging Mkts	-0.5	13.8	-1.9	1.3	2.9
Europe Stock	-3.7	-4.7	-2.1	5.6	1.7
Foreign Large Blend	-2.2	0.7	-1.3	4.7	1.1
Foreign Large Growth	-3.4	0.1	0.0	5.6	2.4
Foreign Large Value	-1.3	1.6	-2.3	4.1	0.2
Foreign Small/Mid Growth	-3.6	-0.1	1.5	8.1	4.3
Foreign Small/Mid Value	-2.2	3.9	0.3	6.7	2.5
World Stock	-2.4	3.3	2.7	8.1	4.0
MSCI World	-1.9	3.5	3.8	9.0	3.9
MSCI Emerging Markets	-0.8	16.3	-2.4	0.2	2.7
MSCI EAFE	-2.2	0.5	-1.4	5.2	1.1
MSCI Europe	-3.3	-3.3	-3.0	4.3	0.7
MSCI Latin America	9.7	42.8	-8.9	-7.8	-0.2
MSCI Pacific	0.2	5.4	1.8	6.2	2.2
High Yield Bond	0.2	11.7	3.1	5.9	6.0
Inflation-Protected Bond	-0.2	6.1	1.1	0.8	3.4
Intermediate-Term Bond	-0.6	5.3	3.2	3.2	4.4
Muni National Long	-1.0	3.1	5.4	4.7	4.0
World Bond	-1.5	6.5	1.1	1.7	4.1
BarCap US Agg Bond TR USD	-0.8	4.8	3.5	2.8	4.5
BofAML US HY Master II TR	0.3	15.7	4.5	7.1	7.5
BarCap Municipal TR USD	-1.0	2.9	4.9	4.3	4.6

Tech Stocks Power Parnassus

Leaders & Laggards | Andrew Daniels

10 Best-Performing Funds

Fund Name	YTD Cat Rank %
Artisan Value Investor	1
Fidelity New Millennium	1
JOHCM International Selec	1
Longleaf Partners	1
Longleaf Partners Interna	1
Manning & Napier Equity S	1
PIMCO Inflation Response	1
Permanent Portfolio Perma	1
Vanguard High-Yield Tax-E	1
Champlain Mid Cap Adv	2

10 Worst-Performing Funds

Fund Name	YTD Cat Rank %
Artisan International Sma	100
FPA US Value	100
Matthews India Investor	100
Fidelity Leveraged Compan	99
Sequoia	99
AMG Managers Montag & Cal	98
Artisan International Inv	98
Matthews China Investor	98
Scotia Dynamic U.S. Growt	98
Fidelity Independence	97

Leaders

Bronze-rated **Parnassus PARNX** has outperformed 83% of its large-growth peers for the year to date. The fund's overweighting to strong-performing technology stocks—amounting to more than 30% of assets as of September 2016—have contributed to results. Within tech, the fund's semiconductor holdings such as **Applied Materials AMAT**, **Qualcomm QCOM**, and **Micron Technology MU** are all up more than 20% this year; navigation technology firm **Trimble TRMB** is up nearly 30%. Furthermore, the fund's underweighting to consumer cyclicals stocks contributed to results, and those it does own, such as **eBay EBAY** and **Belmond BEL**, have done well.

Gold-rated **Dodge & Cox Global Stock DODWX** has outperformed 96% of its world-stock peers thus far in 2016. The fund was helped by its overweighting to technology stocks such as hardware firms **Corning GLW**, **HP HPO**, and **NetApp NTAP**—all are up more than 25% this year. Strong stock selection in energy and consumer cyclicals also drove returns. Within energy, contributors included **Petroleo Brasileiro Petrobras PBR.A**, which is up more than 200% this year, and **Apache APA**. Within consumer cyclicals, top performers included **Time Warner TWX**—which recently announced plans to be acquired by **AT&T T**—and **Priceline PCLN**.

Silver-rated **Western Asset Core Plus Bond WACPX** has posted strong results in 2016, outperforming 88% of its intermediate-term bond peers. The fund's managers have done a great job managing duration in the past, and shortening duration as the year progressed proved to be a good move. Additionally, the fund's lack of exposure to agency mortgages and its overweightings to high-yield and emerging-markets debt helped drive results this year.

Laggards

Bronze-rated **First Eagle Fund of America FEA FX** has underperformed 97% of its mid-cap-blend peers for the year to date. The fund has suffered from bad bets in healthcare. The primary culprit was **Valeant Pharmaceuticals International VRX**, which the fund held until May 2016 as the stock plummeted. Other detractors in healthcare include drug manufacturers **Allergan AGN** and **Teva Pharmaceuticals TEVA** and biotech firm **Halozyne Therapeutics HALO**—all are down more than 30% this year. The fund has also been hurt by subpar stock selection in the industrials sector: Industrial products firm **Pitney Bowes PBI** and car rental firm **Hertz Global Holdings HTZ** are down double-digits.


Gold-rated **Oakmark Global OAKGX** has struggled this year, underperforming 93% of its world-stock peers. The managers' value-oriented strategy has led them to give an overweighting to financials in recent years, and that has hurt the fund this year as the sector posted weak results. Banks such as **Credit Suisse** and **Julius Baer Gruppe** are down more than 15% this year. The fund has also been hurt by its overweighting to poor-performing auto stocks such as **Daimler DAI**, **Toyota Motor**, and **General Motors GM**. Furthermore, the fund has had minimal exposure to the dividend-heavy consumer defensive, utilities, and communications sectors—all have posted solid gains as investors continue to hunt for yield in this low-interest-rate environment.

Neutral-rated **Nataxis ASG Global Alternatives GAFAX** has posted poor performance this year, losing 8% and underperforming 95% of its multialternative peers through October 2016. The fund's short exposure to rallying fixed-income positions and its long exposure to choppy global equities dragged on results, particularly in early 2016. (We are removing this fund from the Morningstar 500.) ■■

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Fund Manager Changes


Fidelity Leveraged Company Stock FLVCX Impact: Neutral Date: 12/31/2016

Tom Soviero will step down at the end of the year. Mark Notkin will take Soviero's place. Notkin runs Fidelity Capital & Income FAGIX, which has a Morningstar Analyst Rating of Silver. **Our Take:** Notkin has a strong record in his high-yield fund, which includes an equity sleeve. Like Soviero, he has tended to be an aggressive manager. At this fund he plans to tone down the weightings in individual stocks and tilt a bit more to growth. We have maintained our  **Bronze** rating.


Lateef LIMAX Impact: Negative Date: 4/1/2016

Comanager Matt Sauer left the firm in April. Comanagers Quoc Tran, James Tarkenton, and Dave Geisler remain at the fund. **Our Take:** It's a disappointment to lose Sauer, who came over from Ariel. However, Tarkenton and Tran have longer track records at the fund, so it isn't a major concern. What is a concern is the fund's faltering track record, which led us to rate the fund **Neutral**.

MFS Global Equity MWEFX Impact: Negative Date: 2017

MFS announced that longtime lead manager David Mannheim will retire in one to two years. Ryan McAllister will join the fund as a comanager in September 2016. Roger Morley, who has been a comanager since 2009, will remain on board. **Our Take:** Mannheim has done a great job and will be missed. While Morley is a seasoned MFS veteran who has a successful record running a fund on his own, McAllister doesn't have as much experience, though he has been at the firm since 2007. Also, Morley and McAllister will continue to draw on the work of a strong group of analysts. We still have faith in the fund but have cut our rating one notch to  **Silver**.

Oakmark Global OAKGX Impact: Negative Date: 9/30/2016
Oakmark International OAKIX

Rob Taylor surprised us by announcing he will retire at age 44. At Oakmark Global, David Herro will take Taylor's spot alongside Clyde McGregor. At Oakmark International, lead manager Herro will be the sole manager, though he still has the help of senior analysts at the firm. **Our Take:** We are maintaining our  **Gold** ratings on the funds as we have faith in Herro. However, the change does underline the importance of succession planning at the firm, and we'll be watching closely as McGregor and Herro draw closer to retirement age. McGregor is 63 and Herro is 55.


T. Rowe Price Small-Cap Stock OTCFX Impact: Negative Date: 10/1/2016

Greg McCrickard retired in October. He was replaced by Frank Alonso, who has been an associate portfolio manager on the fund since 2013. Alonso has been with T. Rowe Price since 2000. **Our Take:** We don't have much of a track record to go by for Alonso, so it's a big drop from the proven McCrickard. We lowered our rating to **Neutral** from Silver.

Vanguard Capital Value VCVLX Impact: Neutral Date: 7/10/2016

Vanguard removed Peter Higgins from this fund, leaving David Palmer of Wellington as sole manager. **Our Take:** Higgins was responsible for the higher-risk half of the fund, so this may moderate the fund's profile as Palmer has more of a classic value approach. We are maintaining our **Neutral** rating.

Vanguard International Growth VWIGX Impact: Neutral Date: 7/10/2016

Vanguard fired subadvisor M&G Investment, which was running 12% of assets. Those assets were handed to the other two subadvisors, Baillie Gifford Overseas and Schroder Investment Management. Baillie will now manage 60% of assets and Schroder 40%. **Our Take:** M&G's comanager Charles Anniss had only been on the fund since October 2014, and his predecessor was only on the fund for two years, too. It may be that turnover prompted the change, and in any case M&G wasn't why we had a Silver rating on the fund. We are maintaining our  **Silver** rating.

Fund News

Janus Merging With Henderson

Janus Capital Group announced plans to merge with U.K.-based **Henderson Group** HGG, with the deal expected to close in the second quarter of 2017. It is described as a merger of equals, with the joint company headed by co-CEOs Richard Weil (of Janus) and Andrew Formica (of Henderson). The combined firm will be called Janus Henderson Global Investors and have \$322 billion of assets under management.

The business rationale for the merger is clear: Both firms have been looking to diversify their product offerings and increase their distribution presence, though it's unclear whether that will be enough to curb the asset outflows that have plagued Janus in recent years. In addition, economies of scale should help improve financial results.

The benefit to fundholders is less clear. A larger firm may attract and retain investment talent, and added scale could drive operational efficiencies and lead to lower expense ratios. Whether investors will reap such gains remains to be seen.

Perkins Investment Management, which is owned by Janus, will continue operating independently as a subsidiary. We are monitoring parent-level developments, but the theses on individual Janus and Perkins funds remain intact, and their Morningstar Analyst Ratings therefore remain unchanged.

American Funds Now on NTF Platforms

American Funds has broadened its reach by making its entire lineup available commission-free on the brokerage platforms of Fidelity and Schwab. Retail investors can now bypass a load by buying the F1 shares of any American Funds offering. The minimum initial investment on the Fidelity platform is \$2,500, and on Schwab's platform it is \$100. Although American Funds' F1 shares charge a 25-basis-point 12b-1 fee, which goes to the respective platforms, many are still competitively priced. For example, including its 12b-1

fee, **American Funds New Perspective's** NPFFX fiscal 2015 net expense ratio was 0.81%, which ranked in the cheapest quintile of similarly distributed peers.

New Morningstar Analyst Ratings

T. Rowe Price Growth & Income PRGIX received its first-ever rating, a Bronze. Manager Jeff Rottinghaus has been on the fund since June 2015 but has successfully used the same strategy at **T. Rowe Price U.S. Large-Cap Core** TRULX since 2009. Factor in low fees and strong analytical resources, and the fund is a strong large-cap competitor. Rottinghaus uses the 200-275 stocks in analyst-run fund **T. Rowe Price Capital Opportunity** PRCOX as a starting point, narrowing down the list to around 50 stocks to focus on the analysts' best ideas. He emphasizes companies with good business models and management and considers industry dynamics and valuation, though he is willing to hold promising secular growers that may look pricey.

Fidelity Mortgage Securities FMSFX is back under coverage with a Silver rating. The fund benefits from an experienced team, a thoughtful, well-resourced strategy, and low fees. Manager Bill Irving and comanager Franco Castagliuolo have distinguished themselves running pure government options, and they take a similar approach here. This mortgage-focused fund has the flexibility to invest modestly in nongovernment fare. At 10% to 15% of the portfolio, the latter's mix of asset-backed and residential- and commercial-mortgage-backed securities is enough to push the fund into the intermediate-term bond Morningstar Category. The managers avoid significant interest-rate bets and instead focus on individual security selection. They've been willing to venture into less traveled and therefore higher-yielding corners of the market, such as floating-rate securities backed by reverse mortgages.

Ratings Changes

PIMCO High Yield PHYDX has been upgraded to Silver from Bronze. It has largely performed as expected through various market environments, and its deft navigation of the recent energy-sector troubles, along with a deep team and inexpensive price tag, support the upgrade. Since taking over in January 2010, lead manager Andrew Jessop has made this fund a

straightforward high-yield offering. The fund uses the Bank of America Merrill Lynch U.S. High Yield BB-B Rated Constrained Index as its benchmark, which excludes bonds rated CCC or lower. The fund's higher-quality approach should minimize volatility over a full credit cycle relative to peers that take on more credit risk, but it could lag during risk-on rallies, as it did in 2012 and 2013 when CCC bonds rallied. On the other hand, Jessop and team were early to spot troubles in the energy and commodities sectors, which put the fund in the top quintile of its category during the sell-off in 2014 and 2015.

Invesco Growth and Income ACGIX has been downgraded to Neutral, as the fund doesn't have a clear edge following turnover on its investment team. Comanager Mary Jayne Maly's retirement in March 2016 still leaves a hole. Maly was the longest-tenured team member with more than 20 years on board, and she had been a comanager on the fund since July 2008. The analysts taking over her health care, materials, and technology sector responsibilities have much shorter tenures on the team. New comanager Matt Titus was comanager of **American Century Large Company Value** ALVIX from October 2010 until early 2016; while the fund's record during that time does not belong solely to him, it trailed its benchmark. Lead manager Tom Bastian remains in place here, but this fund has lagged its benchmark during his tenure. The current team must make a case for itself.

Capital Gains Distributions Ahead

As the end of the year approaches, more fund companies are posting estimating capital gains distributions on their websites. Royce is one them, and **Royce Premier** RYPRX—which rebounded nicely after a disappointing 2015—stands out with an estimated distribution of 14% of its net asset value. T. Rowe Price Growth & Income is projected to have a similarly large distribution. **Columbia Acorn** ACRNX and **Columbia Acorn USA** AUSAX have estimated distributions exceeding 20% following outflows and portfolio manager changes. ■■■

Top RMD Questions

Portfolio Matters | Christine Benz

It's a high-class problem for a retiree: A large tax-deferred portfolio and no immediate need for spending money. But even though you would rather leave the money in its place, allowing it to compound on a tax-deferred basis for your heirs, the government won't let you take advantage of retirement-savings tax breaks forever. At some point, you are required to start pulling the money out and paying the tax collector.

Enter required minimum distributions, or RMDs—mandatory withdrawals that must commence from tax-deferred accounts such as 401(k)s and traditional IRAs once a retiree passes age 70-1/2. (Investors in other situations, such as those who inherit IRAs, are also required to take RMDs, but for the purpose of this article, I'll focus on RMDs from one's own retirement accounts.)

For many retirees, RMDs are a nonissue; they're already taking more from their retirement accounts than the government requires them to do. But for affluent retirees who have enough cash on hand from other sources, RMDs can be a headache, saddling them with higher tax bills than they would otherwise have.

I've received many questions about RMDs over the years; what follows are some of the most common ones.

Is there any way to reduce the tax impact of RMDs?

To a large extent, RMD-related taxes are what they are: You'll pay ordinary income tax on your withdrawals from your IRAs and company retirement accounts, to the extent that those monies haven't been taxed yet. (Any money you contributed to your account that consisted of aftertax dollars will not be taxed again.)

What's a qualified charitable distribution?

A qualified charitable distribution, or QCD, is a way for retirees to steer up to \$100,000 of their RMDs to a qualified charity; because retirees never put their mitts on the money, that portion of the RMD doesn't increase their modified adjusted gross income, which is a key determinant of an individual's tax bill. Doing a QCD will tend to be more beneficial, taxwise, than withdrawing the money from an IRA, directing it to a charity, and deducting that amount.

Can I reinvest my RMD in an IRA?

Once you've taken an RMD, you can't put that money back into a traditional IRA. You can, however, invest in a Roth IRA in the same year you take an RMD, provided you or your spouse have enough earned income—that is, income from working rather than portfolio or Social Security income—to cover your contribution amount. (I've met several retirees who have told me they have picked up part-time work for this very reason.) Roth IRAs don't carry RMD requirements. If that all sounds like too much of a bother, you can reinvest any RMDs you don't need in a taxable brokerage account, with an eye toward tax-efficient investments such as equity index funds and municipal bonds.

If I delayed my first RMD, when should I take the second one?

You often hear that RMDs commence once you turn age 70-1/2, but you actually have until April 1 of the year following the year in which you turn age 70-1/2 to take your first RMD. Let's say, for example, that you turned 70 in September 2015, and 70-1/2 in March 2016. You'd have until April 1, 2017—the year after the year in which you turned 70-1/2—to take your first RMD. You'd then need to take your next RMD by Dec. 31, 2017, however, so postponing the first RMD isn't always worth it, despite the usual admonishment to defer your tax bill for as long as you can.

My RMD is going to take me over my planned withdrawal amount. What should I do?

The government says you need to start taking your money out of your tax-deferred accounts post-age

70-1/2, but there's nothing saying that you have to spend it. Thus, if your planned withdrawal rate is 3% but your RMD is over 5% of your total portfolio, you need to reinvest that money. As noted above, you can reinvest the proceeds in a Roth IRA, provided you or your spouse have earned income and the contribution doesn't exceed \$6,500. Or you can reinvest in a taxable account. Employing tax-efficient investments, you can actually do a pretty good job of reducing the drag of taxes on the taxable account on an ongoing basis, similar to what you had in your tax-deferred account.

I've been hearing that I can delay RMDs with a portion of my IRA if I buy a qualified longevity annuity contract. How does this work?

A qualified longevity annuity contract is a type of deferred income annuity. In contrast with immediate annuities, which start paying income straightaway, payouts from deferred income annuities commence at some later date, often at age 85. In 2014, the U.S. Treasury approved rules that made these annuities a viable option within 401(k)s and IRAs by waiving RMD requirements, which had previously been an impediment to their usefulness. For the annuity to dodge RMDs, the contract value cannot exceed \$125,000, or 25% of the account balance, whichever is less. In addition to helping a portion of the portfolio avoid RMDs, the products also have merit from a planning standpoint, in that they provide a baseline of income later in life, when the portfolio may be at a low ebb.

Do I need to pull RMDs from all of my IRA holdings?

No. To calculate your RMDs, look back to the balance for each of your accounts as of the previous year-end. To calculate the RMD that you'll take out by Dec. 31, 2016, for example, you'll find your balances as of Dec. 31, 2015. If you own three separate traditional IRAs—one with an RMD of \$4,000 at the end of 2015, one with a \$1,000 RMD, and one with a \$3,500 RMD—you'd need to take \$8,500 in total, but it wouldn't matter which IRA you took it from. Because you can pick and choose where you pull them

from, RMDs can be an effective way to help improve your portfolio's positioning.

Note that you can't combine RMDs from different account types—for example, if you have IRA assets as well as a 401(k) that you're pulling from, you'd need to take separate RMDs. Nor can spouses combine RMDs, pulling from one spouse's account while leaving the other RMD-subject spouse's account alone; because the accounts are owned individually, the RMDs apply on an individual basis, too.

I've heard that I may be able to delay RMDs if I'm still working after age 70-1/2. True?

Yes and no. If you have IRA assets, you still have to take RMDs from those accounts post-age 70-1/2, even if you're working. But if you're still working and have assets in a company retirement plan, you can delay withdrawals from those accounts until April 1 of the year after you retire. The exception to this rule is for employees who own more than 5% of the company where they're working and participating in the plan; they must begin taking their RMDs at age 70-1/2. ■■

Contact Christine Benz at christine.benz@morningstar.com

Following the Healthcare Investors

Tracking Morningstar Analyst Ratings | Laura Lallo

What Are Morningstar Analyst Ratings?

Our ratings are chosen for long-term success. Analysts assess a fund's competitive advantages by analyzing people, process, parent, performance, and price. They do rigorous analysis and then submit their ratings to a committee that vets their work for thoroughness and consistency.

Healthcare funds are down 13.4% for the year through Oct. 31, following a big rally in prior years. Morningstar's stock analysts see opportunities here: They expect pricing power for drug and biotech companies to remain strong, research and development to remain productive, and mergers and acquisitions to continue at a steady pace.

Heavy sector concentrations always come with risk. That said, a long-term bet on the broad growth opportunities in the healthcare sector is not the same level of risk as, say, a tactical precious-metals play (as attractive as such a play might seem in hindsight at the moment). We ranked Morningstar Medalists in the M500 by their healthcare positions and found eight domestic-equity funds with more than a fourth of assets staked there. All of them fall within a growth category.

ClearBridge Aggressive Growth SHRAX had the biggest stake at one third of assets. This isn't a new stake in this high-conviction portfolio: **Biogen Idec** BIIB, **UnitedHealth Group** UNH, **Allergan** AGN, and **Amgen** AMGN, all among the top holdings at the end of September, were originally purchased in the 1990s. (Although Allergan, previously Actavis, entered the portfolio in 2014, it did so after buying long-time holding Forest Laboratories.) These four picks alone made up about one fourth of assets, and the fund's 35% healthcare weighting was approximately twice that of its Russell 3000 Growth Index benchmark and the large-growth Morningstar Category. The Silver-rated fund is more volatile than peers, but it has paid off over the long term.

Four of these are Gold-rated funds run by the Primecap team that won the Morningstar Domestic-Stock Fund Manager of the Year accolade in 2014 and back in 2003: **Primecap Odyssey Growth** POGRX (a large-growth fund with a 33% healthcare stake); **Van-**

guard Capital Opportunity VHCOX (large growth, 32%); **Primecap Odyssey Aggressive Growth** POAGX (mid-growth, 30%); and **Vanguard Primecap** VPMCX (large growth, 27%). The funds are all variants of the same patient contrarian growth strategy. The Primecap team's strategy paid off in a big way in 2014: Big Biotech and Pharma holdings in all the funds — such as Biogen Idec, Amgen, **Eli Lilly** LLY, **Roche** RHHBY, and **Novartis** NVS — posted strong returns for the second-straight year. The team has long argued that the market was underestimating the pipelines and growth potential of these firms, and it still stands by these picks. The Primecap approach can experience periodic slumps, but it has produced superior long-term results.

Bronze-rated **Amana Growth Investor** AMAGX has among the best 15-year returns in the large-growth category and it has been one of the least volatile funds in the category, thanks to longtime manager Nick Kaiser's preference for stable growers and his willingness to hold cash in tough times. This is despite the fund's pronounced sector tilts: It is one of a handful of North American mutual funds that hews to Islamic principles, which exclude essentially all financials, as well as high-debt companies, which applies to many real estate, telecom, energy, and utilities names. Not surprisingly, the fund typically holds more in technology and healthcare than its average peer, with longtime holding Amgen at more than 4% of assets and the biggest pick in its 26% healthcare stake as of Sept. 30.

Two small-cap growth funds also made the list, with healthcare stakes just above 25%: Gold-rated **Brown Capital Management Small Company** BCSIX and Silver-rated **Conestoga Small Cap** CCASX. (The former remains closed to the new investors, while the latter reopened earlier this year.) While healthcare companies are generally riskier in the small-cap space, both funds are run by experienced teams that emphasize quality, and their risk has been moderate relative to the small-growth category. The portfolios have little overlap, but **Bio-Techne** TECH and **Abaxis** ABAX are names in common. ■■■

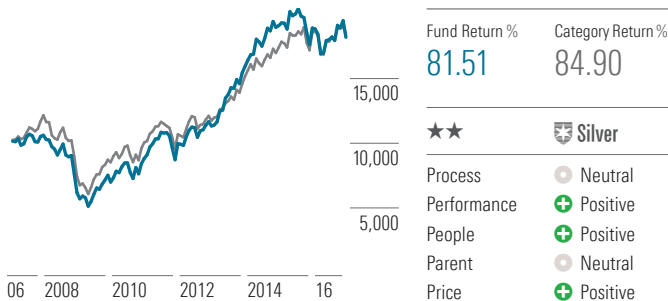
Tracking Gold-Rated Funds

Asset Group	Trailing 10 Years Batting Average	% Gold in Top Quartile	Trailing 5 Years Batting Average	% Gold in Top Quartile	Trailing 3 Years Batting Average	% Gold in Top Quartile
U.S. Stock	80.75	43.94	84.02	44.63	77.14	48.47
Taxable Bond	75.66	44.65	68.65	40.00	47.33	26.27
International Stock	74.95	44.17	74.66	45.05	65.99	33.13
Municipal Bond	56.11	34.38	34.41	14.75	33.11	5.71
Balanced	89.51	50.00	86.74	49.15	84.41	53.39

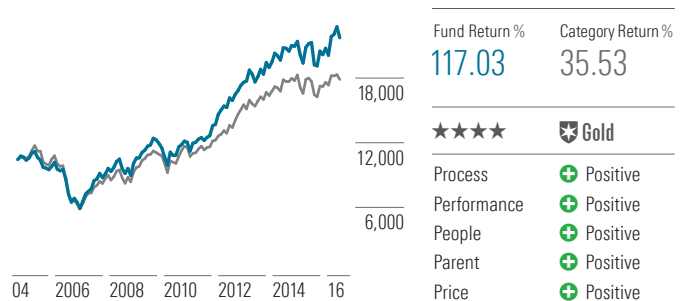
Data through Oct. 31, 2016. Batting Average and % picks in top quartiles are for Gold/Picks funds only. The results are compared with category average.

Healthcare Investors

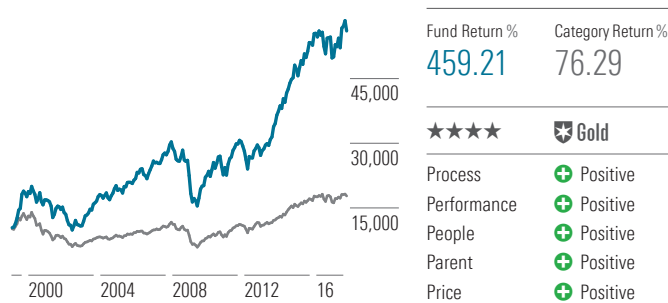
ClearBridge Aggressive Growth SHRAX



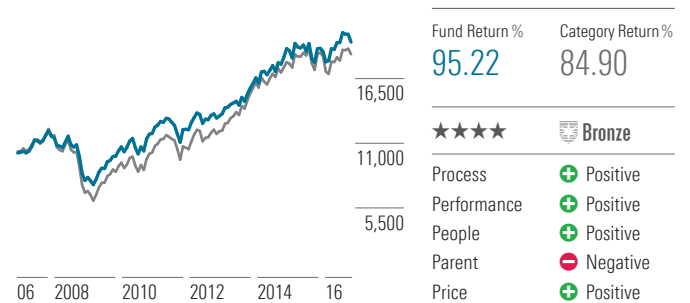
PRIMECAP Odyssey Growth POGRX



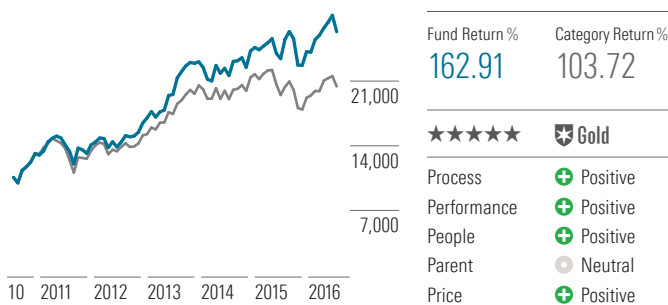
Vanguard Capital Opportunity VHCOX



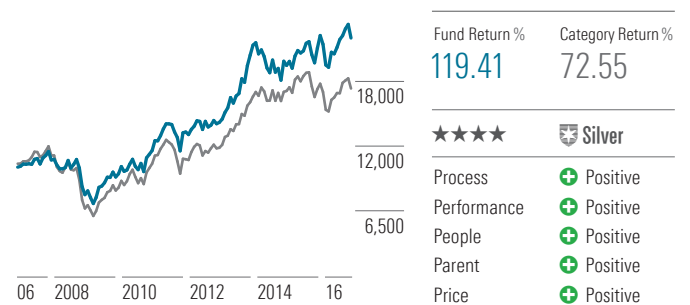
Amana Growth Investor AMAGX



Brown Capital Management BCSIX



Conestoga Small Cap CCASX



Return data through Oct. 31, 2016.

The Strange Mechanics of Negative Bond Yields

Income Strategist | Eric Jacobson

Although we haven't yet faced the problem in the United States, negative bond yields have made headlines for much of 2016. But what exactly does it mean for bonds to offer negative yields and why would investors be willing to invest in them?

Follow the Math

Although bond math is messy, it's easy enough to understand that if you buy a plain-vanilla bond for \$1,000 and it pays 10% per year (if only...), and you get your \$1,000 back at maturity, you've made some money on the deal.

To understand negative yields, though, it's important to remember that there's a big difference between the coupon rate of a bond expressed as either a dollar amount or percentage and its yield to maturity. The former is a simple expression of the payments a bond makes periodically, relative to its face value. On its own, it doesn't tell you anything about a bond's overall return. A bond's yield to maturity is meant to provide a snapshot of its expected annualized total return, though taking into account how much an investor pays for the bond, how much income it produces, and how much the investor gets back at the end. Whether you pay more or less than a bond's face value up front will have a very important impact on what your ultimate yield to maturity, and thus your ultimate return, will be. Consider the simple example of a Treasury bond with a 1% coupon that matures in 10 years. If the market rate for that bond is a 1% yield to maturity, its price should be \$1,000 (the standard denomination for a plain-vanilla Treasury.)

What would happen to the price of the same bond if market yields were to go to zero? Remember, it's the same bond, so it's still paying the same coupons and will still return \$1,000 at maturity. All other things equal, the value of those coupon payments to an investor would go up. In fact, if an investor were

to purchase that bond when market yields are at zero, the price would actually rise all the way to \$1,100. The investor would have to pay an extra \$100 in order to make the transaction worthwhile to whomever is selling it, because the seller is giving up claim to the bond's future coupon payments.

The math is a little trickier once you get to a negative yield. In that case, if yields were to fall all the way to negative 1% in the marketplace, its coupons would become even more valuable to investors, and our hypothetical 10-year Treasury with a 1% coupon would actually command a large premium—\$211 in this example.

How Does This Even Happen?

There are several reasons why an investor would buy a bond with a negative yield. They might do it because they fear a recession accompanied by deflation. In such cases, large investors might buy "safe" assets that charge a premium for that safety.

In today's environment, though, central bank activity is the primary driver of negative yields. Against the backdrop of sluggish economic growth and low inflation, one of the first levers central banks turn to is to charge for commercial banks to deposit money with them overnight. That has the effect of pushing down short-term interest rates, and the impact typically ripples out to longer maturities depending on the market's reaction.

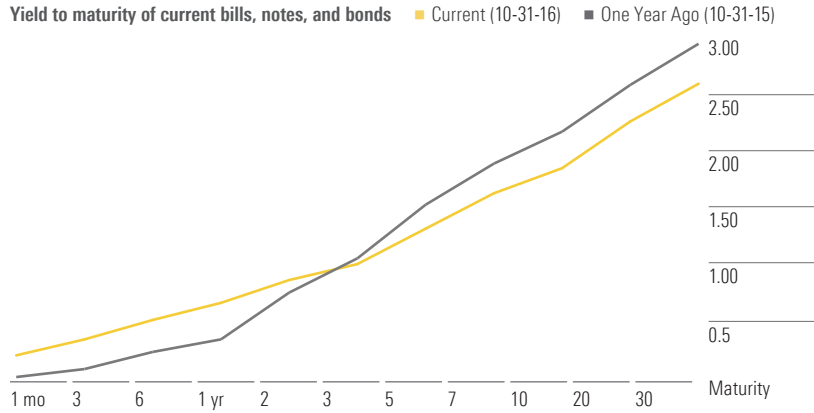
Central banks also contribute to negative yields through quantitative easing as they buy large enough quantities of long-term bonds to dramatically reduce the supply and market yields of these bonds.

Negative yields are unlikely in the U.S. The Federal Reserve chose to leave short-term rates unchanged in September but left the door wide open for a boost later this year. Most investors should be reasonably content to see them go up as long as improving economic conditions are the cause. ■■

Contact Eric Jacobson at eric.jacobson@morningstar.com

Bond-Market Snapshot

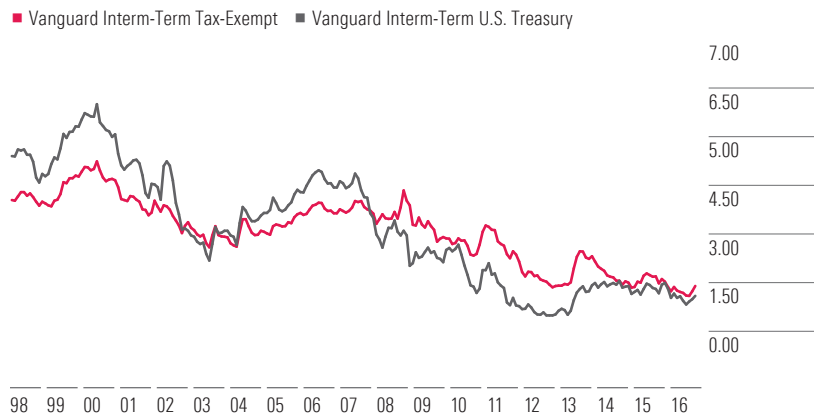
Treasury Yield Curve (%)



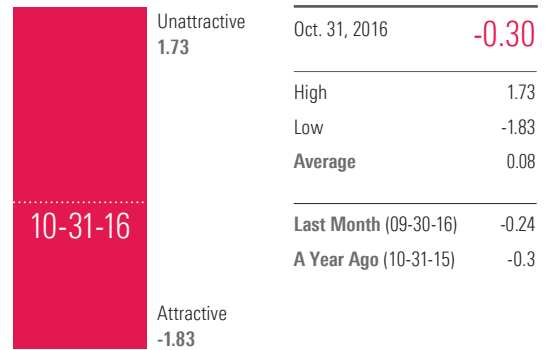
Interest-Rate Review

Bond prices fell slightly in October, responding to uncertainty in the presidential election and Federal Reserve interest-rate moves. The Barclays U.S. Aggregate Bond Index had dipped 0.8%. The Barclays U.S. Treasury Long Index provided more drama as it lost 4.1%, its starkest drop in well over a year. The Barclays Municipal Index, which has posted mostly positive performance over the trailing year, tripped and fell 1.1%—its lowest monthly return since the taper tantrum of August 2013. The Barclays Corporate High Yield Index provided a bright spot for the month, though, with a 0.4% gain, which further contributed to the subsector’s 15.6% year-to-date return.

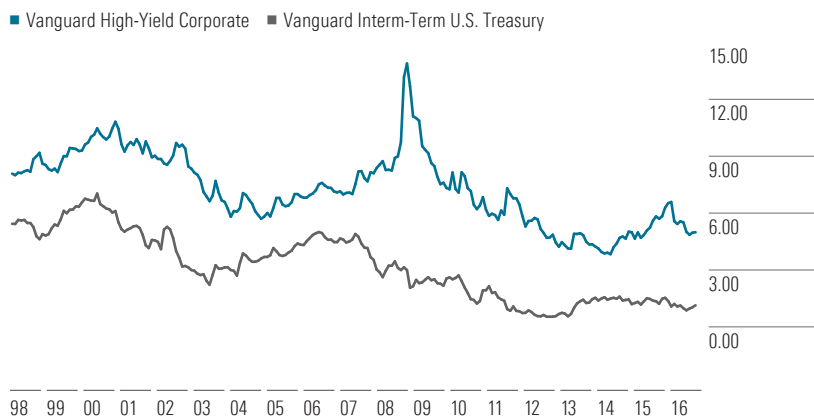
Treasury and Municipal-Bond Yields



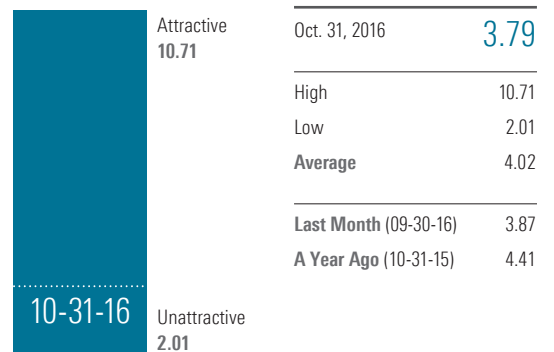
Municipal-Bond Spread Snapshot



High-Yield and Treasury-Bond Yields



High-Yield Bond Spread Snapshot



Data as of Oct. 31, 2016. Yield Spread: The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. For municipal bonds, a smaller spread is attractive because munis typically pay smaller yields than Treasuries. For high-yield bonds, a wider spread is more attractive because junk bonds typically pay higher yields than Treasuries.

2 Bronze-Rated Stock Funds Join the Morningstar 500

Changes to the 500 | Russel Kinnel

What is Morningstar FundInvestor 500?

The Morningstar FundInvestor 500 features the industry's best and most notable funds.

Use the list to get new investment ideas and track the funds you already own.

FundInvestor subscribers have access to one-page monthly reports on all 500 funds on mfi.morningstar.com. Just type in the name or ticker of the fund in the search box.

I am adding **Harbor Small Cap Value** HASCX and **ClearBridge Mid Cap** SBMAX to the Morningstar 500.

Both funds have Morningstar Analyst Ratings of Bronze.

Harbor Small Cap Value is a strong-performing fund run by Atlanta-based Earnest Partners. Manager and firm founder Paul Viera runs a proprietary model that examines success characteristics of various industry sectors to find what figures will point to winning names. Then market and macroeconomic conditions are factored in and finally fundamental analysis winnows the field to a portfolio of about 60 stocks. The fund charges 0.85% for "institutional" shares that have a \$50,000 minimum and 1.22% for investor shares with a \$2,500 minimum. See the facing page for more details.

ClearBridge Mid Cap is a mid-blend fund that is available in No Transaction Fee supermarkets without a load. The fund has been run by Brian Angerame and Derek Deutsch since May 2005. The fund is nearly a pure play on mid-caps as it doesn't have much outside its market-cap band. Management looks for stocks trading at a discount to the Russell Midcap Index but with superior returns on equity and cash flow yield. Performance at the \$2 billion fund has topped the mid-blend peer group but slightly lagged the benchmark. The fund charges an expense ratio of 1.20%.

To make room, I am dropping Neutral-rated **Natixis ASG Global Alternatives** GAFAX and unrated **AMG River Road Select Value** ARSMX.

Natixis ASG Global Alternatives has fallen in our opinion, and we lowered it to Neutral from Bronze in August. We think the fund's methodology for replicating hedge fund returns by running regressions on hedge fund factors is too indirect and lacks expo-

sure to some important less-liquid strategies. In addition, performance has been declining.

I'm also dropping AMG River Road Select Value because it's a small fund that's getting smaller. Over the past 12 months, the fund has had more than \$60 million in outflows and is down to a total of \$40 million. The drop in assets has led fees to bounce to 1.50% today from 1.43% a few years ago. The fund has a 3-star Morningstar Rating, so it's not like returns have been a disaster. But the flow trend makes me wonder how much longer the fund will be around. ■■■

Summary of Changes

Add	Drop
ClearBridge Mid Cap	AMG River Road Select Value
Harbor Small Cap Value	Natixis ASG Global Alternatives

Rating Change (Downgrades)	Ticker	From	To
Invesco Equity and Income	ACEIX	Bronze	Neutral
Invesco Growth and Income	ACGIX	Bronze	Neutral

Rating Change (Under Review)	From	To
Fidelity Leveraged Company Stock	FLVCX	Under Review Bronze

New Ratings	To
American Beacon Intl Equity	AAIPX Bronze
Fidelity Independence	FDFFX Neutral
Fidelity Mortgage Securities	FMSFX Silver
Harbor Small Cap Value	HASCX Bronze
Lateef	LIMAX Neutral
Royce Total Return	RYTRX Bronze
T. Rowe Price Growth & Income	PRGIX Bronze

Data through October 31, 2016 FINRA members: For internal or institutional use only.

Harbor Small Cap Value Instl

Benchmark 1: Russell 2000 TR USD
 Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 10-17-16

Bronze

Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver **Bronze** Neutral Negative

Pillar Spectrum

Positive Negative Neutral

Performance 10-31-16

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2012	8.80	-5.19	5.28	5.12	14.16
2013	12.00	2.84	8.98	8.04	35.60
2014	1.68	2.38	-4.87	8.94	7.88
2015	4.42	-1.47	-11.21	5.46	-3.66
2016	2.83	3.07	6.52	—	—

Trailing

	Total Return %	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-0.15	1.84	1.52	10	9,985
6 Mo	6.90	0.77	2.84	11	10,690
1 Yr	8.18	4.07	3.67	8	10,818
3 Yr Avg	6.30	2.18	-2.54	6	12,012
5 Yr Avg	12.67	1.16	-0.90	21	18,156
10 Yr Avg	6.34	0.38	-0.36	32	18,483
15 Yr Avg	—	—	—	—	—

Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	4.25	10	1.93	47
5 Yr (estimated)	11.27	17	1.24	45
10 Yr (estimated)	5.52	22	0.77	26

Potential Capital Gain Exposure: 36% of assets

Morningstar's Take by Christopher Franz 10-17-16

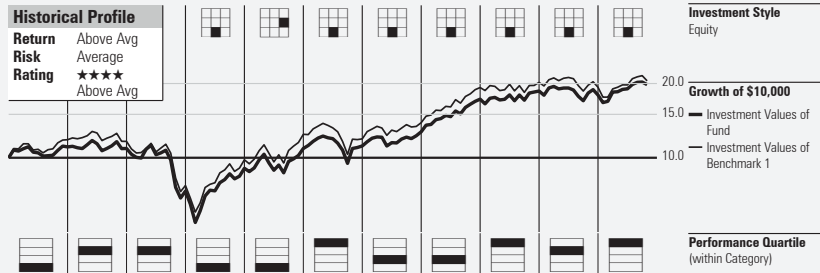
Harbor Small Cap Value features a long-tenured manager and strong research process. It is subdivided by a team at Atlanta-based Earnest Partners that's run the fund since its December 2001 inception. The managers have delivered consistent and attractive risk-adjusted returns and benefit from a proven team. This fund earns a Morningstar Analyst Rating of Bronze.

The fund is led by Paul Viera, CEO and founder of Earnest Partners. Viera founded the firm in 1998, following stops at Invesco and Bankers Trust. Earnest is privately held with eight total partners. Viera owns more than 50% of the firm. He is supported by a deep investment team that totals 11, including Viera. It makes investment decisions collaboratively. An 80% majority is required to take action, although Viera retains the final say on portfolio construction.

The group uses a proprietary model to narrow their investment universe. It divides an investable universe of 2,000 stocks into 36 clusters based on shared financial characteristics or how a given stock responds to different financial forces. Then the team evaluates current market trends and macroeconomic conditions, highlighting the

Historical Profile

Return Above Avg
 Risk Average
 Rating ★★★★★
 Above Avg



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	History
NAV	21.44	19.90	13.26	16.34	19.59	20.00	22.34	25.66	26.70	24.74	27.27	NAV
Total Return %	10.66	-1.44	-32.89	23.78	20.36	2.38	14.16	35.60	7.88	-3.66	10.23	Total Return %
+/- Bmark 1	-7.71	0.13	0.89	-3.39	-6.50	6.56	-2.19	-3.22	2.98	0.75	4.06	+/- Bmark 1
+/- Bmark 2	-5.14	-6.93	4.10	-2.69	5.29	0.27	-1.84	3.21	-5.81	-5.04	4.36	+/- Bmark 2
Income Return %	0.10	0.44	0.28	0.54	0.46	0.27	1.08	0.22	0.23	0.35	0.00	Income Return %
Capital Return %	10.56	-1.88	-33.17	23.24	19.89	2.11	13.08	35.38	7.65	-4.01	10.23	Capital Return %
Total Rtn % Rank Cat	86	45	27	82	87	6	64	68	10	35	12	Total Rtn % Rank Cat
Income \$	0.02	0.10	0.05	0.07	0.08	0.05	0.22	0.05	0.06	0.09	0.00	Income \$
Capital Gains \$	0.49	1.11	0.04	0.00	0.00	0.00	0.27	4.41	0.91	0.89	0.00	Capital Gains \$
Expense Ratio %	0.83	0.83	0.85	0.88	0.88	0.86	0.86	0.84	0.84	0.85	0.86	Expense Ratio %
Income Ratio %	0.19	0.44	0.40	0.50	0.39	0.31	0.97	0.45	0.33	0.38	0.52	Income Ratio %
Turnover Rate %	27	14	16	18	12	12	14	22	13	19	—	Turnover Rate %
Net Assets \$mil	1,906	1,381	653	649	611	548	490	535	717	799	739	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	8.18			
3 Yr	6.30	High	Avg	★★★★★
5 Yr	12.67	+ Avg	Avg	★★★★★
10 Yr	6.34	Avg	Avg	★★★
Incept	9.78			

Other Measures

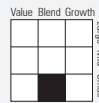
	Standard Index	Best Fit Index
Alpha	-3.2	1.4
Beta	1.14	0.99
R-Squared	75	95
Standard Deviation	14.09	
Mean	6.30	
Sharpe Ratio	0.50	

Portfolio Analysis 09-30-16

Total Stocks: 56

Share change since 06-30-16	Sector	YTD Ret %	% Assets
Global Payments Inc	Industri	12.46	3.41
Snap-on Inc	Industri	-9.04	3.11
The Valspar Corp	Basic Mat	21.27	3.10
Hexcel Corp	Industri	-1.14	2.98
Monolithic Power Systems	Technology	24.64	2.82
Entegris Inc	Technology	19.82	2.71
EnerSys	Technology	17.39	2.48
Franklin Electric Co Inc	Industri	35.95	2.41
Advanced Energy Industrie	Technology	68.97	2.39
Coherent Inc	Technology	59.91	2.34
Centene Corp	Hlth Care	-5.06	2.33
Raymond James Financial I	Finan Svcs	4.74	2.27
Reinsurance Group of Amer	Finan Svcs	27.42	2.27
Mednax Inc	Hlth Care	-14.53	2.19
The Scotts Miracle Gro Co	Basic Mat	38.78	2.19
Mueller Water Products, I	Industri	44.19	2.18
Littelfuse Inc	Technology	31.21	2.16
Molina Healthcare Inc	Hlth Care	-9.51	2.04
WGL Holdings Inc	Utilities	3.18	2.01
Catalent Inc	Hlth Care	—	1.92

Current Investment Style



Avg \$mil: 3,159

Value Measures	Rel Category	Value Measures	% Rel Category
Market Cap	0.0	Long-Term Erngs	10.95
Price/Earnings	20.12	Book Value	4.08
Price/Book	2.23	Sales	6.62
Price/Sales	1.21	Cash Flow	12.30
Price/Cash Flow	7.66	Historical Erngs	6.83
Dividend Yield %	1.32		

Growth Measures

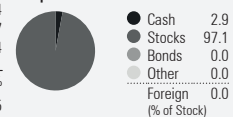
Value Measures	Rel Category	Value Measures	% Rel Category
Market Cap	0.0	Energy	4.71
Price/Earnings	20.12	Industri	20.20
Price/Book	2.23	Technly	25.53
Price/Sales	1.21	Defensive	15.39
Price/Cash Flow	7.66	CnsmrDef	1.17
Dividend Yield %	1.32	Hlthcare	10.47
		Utilities	3.75

Profitability

Value Measures	Rel Category	Value Measures	% Rel Category
Return on Equity	14.05		
Return on Assets	4.80		
Net Margin	8.44		

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	32.24	0.73
BasicMat	6.51	1.14
CnsmrCyc	3.81	0.31
FinanSvcs	19.55	1.14
Real Est	2.37	0.26
Sensitive	52.38	1.47
CommSvcs	1.94	1.67
Energy	4.71	1.74
Industri	20.20	1.41
Technly	25.53	1.46
Defensive	15.39	0.77
CnsmrDef	1.17	0.31
Hlthcare	10.47	0.86
Utilities	3.75	0.94

Composition - Net



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Advisor:	Harbor Capital Advisors Inc	Management Fee:	0.75%		
Subadvisor:	Earnest Partners LLC	Actual Fees:	Mgt:0.75% Dist:—		
		Expense Projections:	3Yr:\$277 5Yr:\$481 10Yr:\$1069		
		Income Distribution:	Annually		

		Historical Performance										Historical Risk			
		Morningstar Rating	Total Return % 10-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
		vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
			YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Morningstar 500 Domestic Equity			—	0.9	-0.1	7.0	12.0	7.0	—	—	—	—	—	12.24 (85)	—
Large Growth															
Amana Growth Investor AMAGX	Bronze	★★★★	4.3	3.0	7.8	10.1	6.9	12	13	39	87	53	0.5	11.39 (92)	-Avg
American Century Growth Inv TWCGX	Neutral	★★★★★	2.0	0.4	7.6	11.6	7.5	33	43	42	62	36	0.3	11.57 (92)	-Avg
American Century Select Inv TWCIX	Bronze	★★★★★	2.6	1.0	9.3	12.3	8.1	27	34	13	46	23	0.4	11.56 (90)	Avg
American Century Ultra Inv TWCUX	Bronze	★★★★★	2.3	-0.1	8.2	12.8	8.0	30	51	30	34	25	0.2	12.26 (90)	Avg
American Funds AMCAP A AMCPX	Gold	★★★★	4.6	3.1	7.8	13.2	7.3	10	12	39	24	42	0.0	10.75 (91)	Low
American Funds Growth Fund of Amer A AGTHX	Bronze	★★★★	4.8	4.3	8.3	13.8	6.8	8	5	28	14	56	0.6	11.36 (90)	-Avg
American Funds New Economy A ANEFX	Gold	★★★★	0.7	0.6	5.2	13.6	7.4	54	39	80	17	39	0.4	12.13 (75)	Avg
AMG Managers Montag & Caldwell Growth N MCGFX	Bronze	★★★★	-2.1	-1.8	5.6	10.0	6.8	86	75	75	89	57	0.3	9.92 (82)	Low
ClearBridge Aggressive Growth A SHRAX	Silver	↓★★★★	-1.3	-3.8	4.5	12.8	6.1	81	90	87	33	73	0.0	13.15 (78)	+Avg
Fidelity FFIDX	—	★★★★	1.6	1.6	7.9	11.9	6.1	39	26	38	56	74	0.9	11.21 (92)	-Avg
Fidelity Blue Chip Growth FBGRX	Bronze	★★★★★	0.3	0.7	9.1	14.1	9.0	59	39	14	10	7	0.1	12.97 (80)	+Avg
Fidelity Capital Appreciation FDCAX	Neutral	★★★★	-2.0	-3.1	5.7	12.2	6.7	86	85	73	49	59	0.7	12.59 (80)	+Avg
Fidelity Contrafund FCNTX	Silver	★★★★★	2.2	1.5	7.9	12.8	8.1	31	28	37	34	23	0.3	10.66 (87)	Low
Fidelity Focused Stock FTQGX	—	★★★★	3.7	3.3	5.5	11.7	8.2	19	11	77	59	19	0.2	12.18 (72)	Avg
Fidelity Growth Company FDGRX	Silver	★★★★★	0.7	1.7	9.4	14.3	9.8	54	26	11	8	3	0.0	14.23 (79)	High
Fidelity Growth Discovery FDSVX	—	★★★★	-0.1	0.9	8.1	12.8	7.7	66	34	33	35	30	0.0	11.98 (74)	Avg
Fidelity Independence FDFFX	Neutral	★★	-5.1	-5.5	4.6	10.7	6.5	97	97	86	78	63	0.1	14.7 (70)	High
Fidelity Magellan FMAGX	Neutral	★★★★	1.1	0.6	8.4	13.3	5.1	47	39	28	22	89	0.5	11.71 (93)	Avg
Fidelity New Millennium FMIIX	Bronze	★★★★	8.8	5.1	6.3	12.4	8.2	1	4	67	43	19	0.9	11.56 (86)	-Avg
Fidelity OTC FOCPX	Bronze	★★★★★	0.8	4.6	11.3	15.0	11.2	52	5	2	4	1	0.0	16.26 (68)	High
Harbor Capital Appreciation Instl HACAX	Gold	★★★★★	-0.7	-1.2	9.0	13.2	8.3	77	70	16	25	17	0.1	13.6 (77)	+Avg
Janus Research T JAMRX	Neutral	★★★★★	-0.5	-1.9	8.5	12.8	8.4	73	76	24	32	16	0.4	11.79 (91)	Avg
Janus T JANSX	Neutral	★★★★	0.0	-0.1	7.7	12.1	6.4	64	53	41	50	67	0.6	11.91 (89)	Avg
Janus Twenty T JAVLX	Neutral	★★★★	-0.4	-0.7	6.9	12.2	7.9	72	63	58	49	27	0.5	12.14 (90)	Avg
Jensen Quality Growth J JENSX	Silver	★★★★★	8.4	7.4	9.2	13.1	7.5	2	1	14	28	37	1.1	10.43 (89)	Low
Lateef A LIMAX	Neutral	★	-2.2	-3.1	4.2	9.9	—	88	85	89	89	—	0.1	14.18 (85)	High
Laudus US Large Cap Growth LGILX	Bronze	★★★★★	1.2	0.8	8.3	13.0	9.5	45	36	28	29	4	0.0	13.43 (82)	+Avg
Litman Gregory Masters Equity Instl MSEFX	—	★★	6.1	2.8	7.1	11.7	5.3	4	14	54	59	89	0.3	12.12 (91)	Avg
LKCM Equity Instl LKEQX	Silver	★★★★	6.3	4.3	5.0	10.6	7.1	4	6	82	80	47	0.9	11.84 (93)	Avg
Manning & Napier Equity Series EXEYX	—	★★	8.6	6.2	5.8	10.7	5.6	1	3	73	79	84	0.0	12.47 (87)	Avg
Marsico Focus MFOCX	Neutral	★★	-4.9	-5.7	4.8	10.1	5.8	97	97	85	87	79	0.0	12.42 (75)	Avg
MFS Growth A MFEGX	Silver	★★★★★	2.2	2.3	8.2	13.2	9.0	30	19	30	26	7	0.0	11.52 (86)	-Avg
Morgan Stanley Inst Growth A MSEGX	Silver	↓★★★★	2.4	5.6	9.7	14.4	9.4	29	3	9	7	4	0.0	14.89 (64)	High
Neuberger Berman Socially Rspns A NRAAX	Bronze	★★	4.0	2.6	6.2	11.9	<i>6.2</i>	16	16	69	56	<i>70</i>	1.0	11.04 (94)	-Avg
Parnassus PARNX	Bronze	★★★★	3.9	0.9	8.3	15.6	8.8	17	36	30	2	10	3.7	13.35 (79)	+Avg
Polen Growth Investor POLRX	Bronze	★★★★★	-0.7	-2.7	12.1	12.3	—	76	82	1	46	—	0.0	11.36 (80)	-Avg
PRIMECAP Odyssey Growth POGRX	Gold	↓★★★★	2.1	4.3	8.9	14.4	8.5	32	5	18	7	15	0.3	13.94 (72)	High
RiverPark/Wedgewood Retail RWGFX	Silver	★★	0.8	-3.7	3.1	9.9	—	52	90	95	89	—	0.1	11.24 (89)	-Avg
Scotia Dynamic U.S. Growth I DWUGX	—	★	-7.0	-8.8	3.4	8.4	—	98	98	93	96	—	0.0	17.4 (34)	High
Sequoia SEQUX	Bronze	★★	-11.9	-12.0	-2.4	7.3	5.4	99	99	99	98	87	0.0	12.83 (11)	Avg
T. Rowe Price Blue Chip Growth TRBCX	Silver	★★★★★	0.2	0.2	9.1	14.8	8.7	61	46	15	4	10	0.0	13.1 (78)	+Avg
T. Rowe Price Growth Stock PRGFX	Neutral	★★★★★	0.4	0.0	8.9	14.5	8.2	58	51	18	6	19	0.0	13.04 (77)	+Avg
T. Rowe Price New America Growth PRWAX	Neutral	★★★★★	0.5	0.1	8.4	12.9	9.1	58	48	28	31	6	0.0	13.75 (82)	+Avg
T. Rowe Price Spectrum Growth PRSGX	—	★★	5.0	3.4	5.2	10.7	6.0	6	10	79	79	77	1.1	11.07 (92)	-Avg
TIAA-CREF Growth & Income Instl TIGRX	Bronze	★★★★★	3.5	2.3	8.0	13.4	8.3	20	19	33	20	17	1.3	11.62 (95)	Avg
Touchstone Sands Capital Select Growth Z PTSGX	Bronze	★★	-4.9	-6.4	2.5	11.7	8.7	97	98	97	60	10	0.0	15.57 (73)	High
Vanguard Capital Opportunity Inv VHCOX	Gold	★★★★★	2.6	3.1	9.7	15.9	8.6	27	13	9	1	13	0.6	13.24 (70)	+Avg
Vanguard Growth Index Adm VIGAX	Silver	★★★★★	3.8	1.4	8.8	13.4	8.1	18	28	19	21	21	1.3	11.99 (95)	Avg
Russell 1000 Growth Index			3.4	2.1	9.1	13.4	8.0								
S&P 500 Index			5.9	4.5	8.8	13.5	6.7								

Legend

- Red** = Lowest return in group
- Green** = Highest return in group
- Italic* = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

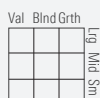
Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
AMAGX	22.0	4.7	47,472	42	27	12	41	0	4	96	0	0	12	NL	1.09	33.12	1,753	Kaiser/Klimo (22.7/4.1)
TWCGX	20.6	4.7	69,332	25	18	16	92	49	1	98	0	1	0	NL	0.97	28.64	7,326	Brown/Woodhams (0.7/19.1)
TWCIX	19.5	4.5	75,096	26	23	16	61	24	0	98	0	2	4	NL	0.99	58.32	2,412	Management Team
TWCUX	21.1	4.6	73,856	27	23	16	73	16	0	99	0	0	3	NL	0.98	35.83	8,359	Management Team
AMCPX	21.5	3.5	35,043	27	24	12	258	31	6	83	6	5	7	5.75	0.67	26.61	49,662	Management Team
AGTHX	22.8	3.2	65,780	24	20	17	370	29	2	92	3	3	11	5.75	0.66	43.27	146,674	Management Team
ANEFX	22.1	2.6	26,335	30	26	14	194	34	3	89	1	7	30	5.75	0.78	36.22	15,117	Management Team
MCGFX	23.3	3.6	98,465	29	22	20	33	12	7	93	0	0	0	NL	1.05	19.56	1,415	Canakaris/Jung (22.0/1.7)
SHRAX	19.1	2.5	32,048	36	23	13	77	3	0	100	0	0	5	5.75	1.13	184.68	11,829	Bauman/Freeman (7.5/33.0)
FFIDX	22.7	3.0	82,043	23	13	13	97	67	1	99	0	0	3	NL	0.52	41.11	4,420	John Avery (14.7)
FBGRX	24.7	4.2	59,916	37	25	14	367	50	0	98	0	2	9	NL	0.82	68.26	19,407	Sonu Kalra (7.3)
FDCAx	19.1	3.3	41,872	25	25	17	104	126	2	96	0	2	11	NL	0.83	31.75	7,274	J. Shiel (11.0)
FCNTX	23.6	3.8	81,556	32	18	17	346	35	1	98	0	1	7	NL	0.71	100.38	108,379	William Danoff (26.1)
FTQGX	27.7	5.4	49,816	27	19	13	47	189	1	97	0	2	6	NL	0.73	18.63	1,705	Stephen DuFour (9.6)
FDGRX	25.4	4.6	43,892	38	20	18	390	18	0	98	0	2	5	Clsd	0.88	137.51	37,789	Steven Wymer (19.8)
FDSVX	27.0	4.5	50,566	34	16	14	145	57	10	89	0	1	9	NL	0.78	25.25	1,199	Jason Weiner (9.7)
FDFFX	16.7	2.6	35,748	25	18	18	110	48	0	99	0	1	12	NL	0.86	34.16	3,736	Bertelson/Feingold (9.9/0.1)
FMAGX	21.7	2.8	63,295	22	16	15	143	78	1	99	0	0	2	NL	0.85	89.58	14,944	Jeffrey Feingold (5.1)
FMILX	19.9	2.1	20,275	22	18	15	172	57	2	95	0	3	12	NL	0.74	36.21	3,034	John Roth (10.3)
FOCPX	23.9	3.5	39,232	54	18	16	189	56	0	97	0	3	8	NL	0.91	84.11	13,584	Gavin Baker (7.3)
HACAX	28.4	5.1	93,394	34	30	15	62	37	0	100	0	0	13	NL	0.65	60.36	25,397	McCarragher/Segalas (3.7/26.5)
JAMRX	23.2	4.1	50,315	30	18	16	103	45	1	99	0	1	0	NL	1.0	41.44	4,534	Carmel Wellso (1.8)
JANSX	25.7	4.5	59,493	33	16	14	86	53	3	96	0	1	5	NL	0.87	35.06	7,646	Barnard/Wilson (0.7/5.4)
JAVLX	17.8	4.1	98,218	26	21	12	27	68	0	99	0	1	0	Clsd	0.82	54.61	7,992	Marc Pinto (3.4)
JENSX	20.8	5.7	84,357	24	21	18	28	14	4	96	0	0	0	NL	0.88	39.27	5,497	Management Team
LIMAX	24.0	3.4	37,946	34	15	15	21	65	0	100	0	0	0	5.00	1.24	10.89	377	Management Team
LGILX	32.9	5.0	86,485	29	19	17	53	82	0	98	2	0	10	NL	0.75	16.78	1,949	Lawrence Kemp (3.0)
MSEFX	19.0	2.5	35,592	26	24	18	78	33	6	94	0	0	11	NL	1.18	17.06	316	Management Team
LKEQX	23.0	3.1	37,329	19	18	13	65	13	4	96	0	0	0	NL	0.8	22.75	279	Management Team
EXEYX	22.9	3.8	36,454	33	17	14	50	62	1	99	0	0	2	NL	1.06	12.2	103	Management Team
MFOCX	32.7	4.8	90,198	38	29	15	26	48	2	98	0	0	10	NL	1.19	15.41	618	Marsico/Witter (18.8/6.0)
MFEGX	27.9	4.6	67,813	29	16	15	90	35	2	98	0	0	2	5.75	0.97	71.88	12,869	Fischman/Sabel (14.6/2.5)
MSEGX	31.5	6.4	60,277	44	19	15	37	34	0	94	2	4	3	5.25	0.96	37.9	3,592	Management Team
NRAAX	20.3	2.8	33,251	19	17	16	44	28	1	99	0	0	9	5.75	1.05	19.68	2,290	Management Team
PARNX	18.2	2.2	25,487	35	17	16	38	68	7	93	0	0	5	NL	0.84	42.03	788	Management Team
POLRX	25.6	6.5	105,748	41	27	10	23	9	5	95	0	0	4	NL	1.25	19.01	1,223	Davidowitz/Ficklin (6.1/6.1)
POGRX	18.3	2.8	25,327	35	31	13	123	5	4	96	0	0	13	NL	0.64	27.9	6,883	Management Team
RWGFx	22.2	3.2	67,998	26	22	15	21	24	0	100	0	0	0	NL	1.16	16.52	1,546	David Rolfe (6.1)
DWUGX	51.4	7.2	9,737	43	30	27	26	297	6	94	0	0	0	NL	0.84	23.99	65	Noah Blackstein (7.6)
SEQUX	21.4	2.7	43,867	33	29	15	33	10	13	86	1	0	12	NL	1.03	165.1	4,667	Management Team
TRBCX	24.6	4.0	85,219	26	24	18	144	33	3	97	0	0	7	NL	0.71	72.54	33,001	Larry Puglia (23.3)
PRGFx	24.9	4.4	82,411	28	26	16	98	37	1	98	0	1	6	NL	0.67	53.9	45,482	Joseph Fath (2.7)
PRWAX	25.5	4.5	61,281	24	24	14	87	81	3	97	0	1	5	NL	0.79	42.15	3,791	Justin White (0.6)
PRSGX	18.8	2.1	29,767	17	16	15	13	14	4	95	0	1	34	NL	0.79	21.96	3,525	Charles Shriver (5.5)
TIGRX	20.8	2.8	51,574	24	16	12	194	90	0	100	0	0	6	NL	0.43	11.76	5,029	Susan Kempler (11.7)
PTSGX	40.5	5.6	65,732	42	20	18	32	29	1	99	0	0	9	Clsd	1.08	15.6	3,270	Management Team
VHCOX	17.1	2.8	30,586	33	31	17	141	7	4	96	0	0	13	Clsd	0.45	52.74	13,727	Management Team
VIGAX	22.7	4.4	69,204	27	18	15	334	9	0	100	0	0	0	NL	0.08	56.29	53,114	Nejman/O'Reilly (0.5/21.8)
	20.9	5.1	66,104															
	19.0	2.6	78,760															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 10-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst	YTD	1 Yr	3 Yr	5 Yr	10 Yr	%	(R ²)	
Morningstar 500 Domestic Equity		Morningstar Analyst Rating			3 Yr	5 Yr	10 Yr									
Large Growth (cont'd)			—	0.9	-0.1	7.0	12.0	7.0	—	—	—	—	—	—	12.24 (85)	—
Vanguard Morgan Growth Inv VMRGX	Neutral	★★★	1.0	-0.4	8.4	12.5	7.0	49	58	26	41	51	0.7	11.91 (90)	Avg	
Vanguard PRIMECAP Core Inv VPCCX	Gold	★★★★★	5.0	4.0	9.8	14.5	8.7	6	7	8	6	11	1.1	11.42 (89)	-Avg	
Vanguard PRIMECAP Inv VPMCX	Gold	★★★★★	4.7	4.7	10.5	15.3	8.9	9	4	4	3	9	1.0	11.61 (86)	Avg	
Large Blend			—	4.0	2.1	6.6	11.9	5.8	—	—	—	—	—	11.07 (93)	—	
Amana Income Investor AMANX	Bronze	↓ ★★★	4.9	3.3	4.8	10.0	7.2	40	40	82	86	9	1.4	10.74 (90)	-Avg	
American Funds Fundamental Invs A ANCFX	Gold	★★★	7.0	5.9	8.3	13.2	7.0	11	8	18	21	11	1.4	11.0 (97)	Avg	
American Funds Invmnt Co of Amer A AIVSX	Silver	★★★	8.9	6.1	8.2	13.0	6.1	4	7	20	27	42	1.6	10.67 (94)	-Avg	
AMG Yacktman Focused S YAFFX	Silver	↑ ★★★★★	9.1	5.6	5.6	10.4	9.9	3	9	75	82	1	0.9	10.05 (82)	Low	
AMG Yacktman I YACKX	Gold	★★★	8.2	5.8	5.4	10.5	9.4	6	8	77	81	1	1.4	8.98 (87)	Low	
BBH Core Select N BBTEX	Silver	★★★★	3.7	0.4	4.2	10.5	8.1	63	76	86	81	3	0.5	9.28 (92)	Low	
Bridgeway Blue Chip 35 Index BRLIX	Silver	★★★★★	6.8	5.4	8.9	13.4	6.8	12	10	6	14	16	2.4	10.81 (96)	Avg	
Clipper CFIMX	Bronze	★★★	7.2	6.6	9.2	13.3	4.7	11	4	3	18	86	0.7	12.3 (85)	High	
Davis NY Venture A NYVTX	Bronze	★★	4.7	2.9	7.0	11.7	4.9	44	45	51	63	81	0.4	12.92 (86)	High	
Dreyfus Appreciation Investor DGAGX	Bronze	★★	4.0	1.6	4.7	8.5	5.2	58	63	83	95	74	1.3	11.04 (93)	Avg	
Fidelity 500 Index Investor FUSEX	Gold	★★★★	5.8	4.4	8.7	13.5	6.6	22	18	7	12	22	2.0	10.72 (100)	Avg	
Fidelity Dividend Growth FDGFX	Neutral	★★★	3.3	1.9	6.6	11.8	5.9	67	59	61	62	50	1.5	10.34 (98)	-Avg	
Fidelity Growth & Income FGRIX	Bronze	★★	7.8	5.8	6.9	13.4	3.0	7	8	54	12	98	1.9	11.93 (93)	+Avg	
Fidelity Large Cap Stock FLCSX	Silver	★★★★	7.9	5.5	7.1	14.2	7.6	7	9	48	4	6	1.3	12.67 (90)	High	
Fidelity Total Market Index Investor FSTMX	Gold	★★★★	5.7	4.2	8.0	13.2	6.8	22	25	26	20	16	1.8	10.93 (99)	Avg	
First Eagle US Value A FEVAX	—	★★★	9.3	6.2	5.0	7.9	6.3	2	6	81	97	33	0.2	8.67 (80)	Low	
FMI Large Cap FMIHX	Gold	★★★★	6.0	3.1	6.9	11.7	7.1	18	43	52	64	10	1.0	10.21 (93)	-Avg	
FPA US Value FPPFX	—	↓ ★	-8.8	-9.9	2.7	9.1	6.2	100	99	95	92	39	0.0	14.08 (68)	High	
Gabelli Asset AAA GABAX	—	★★	6.3	1.7	3.3	10.2	6.6	15	61	92	84	24	0.3	11.59 (93)	+Avg	
Janus Growth & Income T JAGIX	Neutral	★★★★	4.8	4.1	7.3	12.7	5.7	42	26	42	39	58	2.1	10.65 (96)	-Avg	
Longleaf Partners LLPFX	Neutral	★	18.6	14.5	1.7	8.7	3.2	1	1	97	94	97	1.0	15.42 (74)	High	
MainStay ICAP Equity I ICAEX	Neutral	★★	-0.4	-2.3	4.4	10.5	5.1	93	92	85	81	76	1.0	12.18 (94)	+Avg	
MainStay ICAP Select Equity I ICSLX	Neutral	↓ ★	-2.8	-5.9	2.3	9.2	4.7	97	97	96	92	85	1.0	12.64 (94)	High	
MainStay MAP I MUBFX	Bronze	↓ ★★	2.4	-0.3	4.4	10.7	5.4	76	81	85	79	65	1.2	11.92 (97)	+Avg	
Mairs & Power Growth Inv MPGFX	Silver	★★★★★	9.0	7.2	6.2	14.2	7.7	3	3	68	5	4	1.3	10.92 (88)	Avg	
MFS Research A MFRFX	Bronze	★★★	5.5	4.2	7.5	12.5	7.2	29	22	36	44	9	0.7	10.62 (97)	-Avg	
Oakmark I OAKMX	Gold	↑ ★★★★★	8.7	4.9	7.6	14.0	8.0	5	13	35	5	3	0.9	12.55 (92)	High	
Oakmark Select I OAKLX	Gold	★★★★	4.4	2.4	7.5	13.7	6.8	49	53	37	7	17	0.3	13.43 (85)	High	
Parnassus Core Equity Investor PRBLX	Silver	★★★★★	4.9	2.8	7.5	13.7	9.0	41	46	37	8	1	2.0	9.83 (90)	Low	
PRIMECAP Odyssey Stock POSKX	Gold	★★★★★	5.2	3.5	8.7	13.7	7.7	35	37	7	8	5	1.0	11.51 (91)	+Avg	
Royce Special Equity Multi-Cap Service RSEMXX	—	★	5.6	-2.0	1.0	8.7	—	27	92	98	94	—	2.2	12.66 (80)	+Avg	
Schwab S&P 500 Index SWPPX	Silver	★★★★	5.8	4.4	8.7	13.5	6.7	22	18	8	12	21	2.0	10.69 (100)	Avg	
Schwab Total Stock Market Index SWTSX	Silver	★★★★	5.8	4.2	8.0	13.2	6.9	22	24	26	19	14	1.8	10.92 (99)	Avg	
Selected American Shares D SLADX	Bronze	★★★	5.4	3.8	7.2	12.0	5.3	30	33	45	58	69	0.4	12.74 (86)	High	
T. Rowe Price Dividend Growth PRDGX	Silver	★★★★★	6.9	6.3	8.9	13.2	7.3	12	5	6	20	8	1.2	10.1 (97)	-Avg	
T. Rowe Price Growth & Income PRGIX	Bronze	★★★★	5.3	5.2	9.4	13.6	7.0	33	12	2	9	12	1.1	10.24 (95)	-Avg	
Thornburg Value A TVAFX	—	★★	2.8	2.3	8.2	11.6	4.9	74	54	21	66	80	0.3	10.62 (90)	-Avg	
TIAA-CREF Social Choice Eq Retail TICRX	Bronze	★★★	6.4	4.2	6.5	11.8	6.2	15	23	63	62	39	1.7	10.99 (98)	Avg	
Vanguard 500 Index Admiral VFIAX	Gold	★★★★★	5.8	4.5	8.8	13.5	6.7	20	17	7	11	20	2.0	10.71 (100)	Avg	
Vanguard Dividend Appreciation Idx Inv VDAIX	Gold	★★★★	7.4	6.8	6.5	11.3	6.7	10	3	63	72	21	2.0	10.12 (90)	-Avg	
Vanguard Dividend Growth Inv VDIGX	Gold	★★★★	3.1	2.4	7.6	12.1	7.8	70	52	34	55	4	1.9	9.86 (91)	Low	
Vanguard FTSE Social Index Inv VFTSX	Bronze	★★★★	4.4	2.9	9.0	14.2	5.7	51	46	5	4	55	1.7	11.32 (97)	+Avg	
Vanguard Growth & Income Inv VQNPX	Bronze	★★★★	5.3	3.9	9.1	14.0	6.0	33	31	4	6	48	1.9	10.5 (99)	-Avg	
Vanguard Tax-Managed Capital App Adm VTCLX	Gold	★★★★	5.5	4.0	8.5	13.5	6.9	28	29	12	10	14	1.7	10.93 (99)	Avg	
S&P 500 Index				5.9	4.5	8.8	13.5	6.7								
Russell 1000 Growth Index				3.4	2.1	9.1	13.4	8.0								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

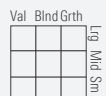
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	24.4	3.5	90,701	27	18	18	—	62	2	98	0	0	6	—	1.14	—	2,605	—
VMRGX		21.8	4.2	47,639	27	19	17	311	41	2	98	0	0	5	NL	0.4	25.16	11,186	Management Team
VPCCX		16.5	2.8	51,001	29	26	18	150	10	7	93	0	0	13	Clsd	0.47	21.87	8,420	Management Team
VPMCX		17.6	3.2	64,081	35	28	15	132	9	4	96	0	0	12	Clsd	0.4	104.39	47,440	Management Team
	—	19.5	2.7	114,863	18	15	15	—	62	2	97	0	0	4	—	0.98	—	4,355	—
AMANX		20.8	5.0	53,730	28	19	18	44	0	4	96	0	0	11	NL	1.15	44.19	1,312	Kaiser/Klimo (26.8/4.1)
ANCFX		20.2	2.9	89,929	20	13	13	210	27	1	95	1	2	11	5.75	0.6	53.36	77,612	Management Team
AIVSX		18.5	2.7	80,354	18	16	12	263	30	3	90	3	3	9	5.75	0.58	35.89	78,477	Management Team
YAFFX		15.6	2.4	113,946	35	32	19	25	6	21	77	2	0	15	NL	1.25	21.56	4,834	Subotky/Yackman (6.8/13.8)
YACKX		16.8	2.8	97,611	34	26	14	46	3	20	78	2	0	7	NL	0.74	22.58	8,705	Subotky/Yackman (6.8/13.8)
BBTEX		19.5	2.4	80,891	25	22	15	34	8	6	94	0	0	12	NL	1.0	21.15	3,739	Hartch/Keller (11.1/8.0)
BRLIX		18.1	2.7	183,040	23	14	14	37	23	-5	105	0	0	0	NL	0.15	12.49	543	Management Team
CFIMX		18.9	2.0	66,648	40	16	11	28	31	7	93	0	0	12	NL	0.72	106.35	1,132	Davis/Goei (10.8/2.8)
NYVTX		20.3	2.0	63,339	31	15	15	61	25	1	99	0	0	13	4.75	0.86	30.16	11,844	Davis/Goei (21.1/2.8)
DGAGX		20.5	3.3	135,667	25	21	15	54	5	1	99	0	0	17	NL	0.92	37.66	2,158	Management Team
FUSEX		19.1	2.7	78,117	19	15	14	510	5	1	96	0	3	1	NL	0.09	74.85	102,856	Management Team
FDGFX		18.6	2.4	83,676	22	14	13	115	30	6	93	0	0	8	NL	0.62	31.01	7,422	Ramona Persaud (2.8)
FGRIX		17.5	2.0	68,403	24	17	14	203	29	2	96	0	1	8	NL	0.65	30.72	6,555	Matthew Fruhan (5.7)
FLCSX		17.5	1.9	58,223	24	17	16	185	31	0	99	0	0	7	NL	0.78	27.74	2,527	Matthew Fruhan (11.5)
FSTMX		19.2	2.5	44,155	19	14	14	3423	3	1	93	0	6	1	NL	0.09	61.75	35,048	Management Team
FEVAX		19.7	2.4	28,196	25	20	17	84	15	19	71	1	10	4	5.00	1.09	20.08	2,239	Management Team
FMIHX		18.3	2.8	50,833	18	16	15	31	18	10	90	0	0	10	NL	0.87	19.73	6,611	Management Team
FPPFX		14.0	2.5	26,050	35	31	11	24	109	10	90	0	0	0	Clsd	0.97	8.46	122	Gregory Nathan (1.2)
GABAX		19.6	2.5	15,456	23	21	20	475	3	0	100	0	0	17	NL	1.35	57.52	2,672	Management Team
JAGIX		17.7	3.6	67,520	19	17	17	67	30	0	97	0	3	0	NL	0.87	45.63	4,198	Buckley/Pinto (2.2/8.9)
LLPFX		17.7	1.4	24,292	32	19	15	15	46	25	75	0	0	21	NL	0.93	25.44	3,576	Cates/Hawkins (22.6/29.5)
ICAEX		16.9	1.9	57,224	20	20	19	43	76	2	98	0	0	11	NL	0.88	41.35	761	Management Team
ICSLX		16.7	1.9	63,661	22	21	21	30	86	0	99	0	1	7	NL	0.9	34.53	1,724	Management Team
MUBFX		17.4	2.1	60,476	19	17	17	153	51	3	96	0	0	12	NL	0.86	36.92	1,430	Management Team
MPGFX		19.0	3.4	26,641	31	24	13	53	9	1	99	0	0	3	NL	0.65	113.02	4,341	Adams/Henneman (1.8/10.8)
MFRFX		21.0	2.8	50,472	17	15	14	123	44	0	99	0	0	2	5.75	0.82	38.02	4,942	Joseph MacDougall (8.4)
OAKMX		15.4	1.8	65,245	38	21	15	51	33	5	95	0	0	4	NL	0.85	68.35	14,824	Grant/Nygren (16.6/16.6)
OAKLX		14.3	1.6	52,504	38	27	12	21	46	5	95	0	0	3	NL	0.95	40.95	5,000	Management Team
PRBLX		19.5	2.7	50,057	23	22	16	38	26	5	95	0	0	5	NL	0.87	38.46	14,408	Ahlsten/Allen (15.5/4.5)
POSKX		17.0	2.6	43,060	30	22	17	121	7	5	95	0	0	10	NL	0.65	24.84	5,863	Management Team
RSEMX		16.5	4.3	22,627	52	27	13	32	31	6	94	0	0	0	NL	1.24	13.07	116	Dreifus/McBoyle (5.8/2.1)
SWPPX		19.1	2.7	78,244	19	15	14	508	2	1	99	0	1	0	NL	0.09	33.38	23,184	Management Team
SWTSX		19.3	2.6	44,715	19	14	14	2379	2	1	99	0	0	2	NL	0.09	38.19	4,950	Hong/Juwono (4.7/3.7)
SLADX		18.8	2.0	59,998	31	17	13	60	27	6	94	0	0	11	NL	0.61	35.12	2,402	Davis/Goei (21.9/2.8)
PRDGX		20.8	3.1	57,392	19	17	14	107	24	10	90	0	0	3	NL	0.64	36.36	6,213	Thomas Huber (16.6)
PRGIX		20.8	2.6	83,463	19	17	17	53	76	5	95	0	0	0	NL	0.67	29.69	1,643	Jeffrey Rottinghaus (1.4)
TVAFX		18.2	2.1	26,001	22	18	16	51	59	7	92	0	1	9	4.50	1.37	53.12	897	Browne/MacDonald (10.7/1.7)
TICRX		19.2	2.8	38,031	20	15	14	805	17	0	100	0	0	1	NL	0.44	14.98	2,344	Campagna/Liao (10.8/2.4)
VFIAX		19.1	2.7	78,226	19	15	14	512	3	1	99	0	0	0	NL	0.05	196.55	249,495	Butler/Geiger (0.5/0.5)
VDAIX		20.0	4.0	47,836	23	23	15	188	22	0	100	0	0	1	NL	0.19	32.93	27,006	Nejman/O'Reilly (0.4/0.4)
VDIGX		19.6	4.0	88,222	21	21	17	48	26	0	97	0	3	9	Clsd	0.33	22.86	31,313	Donald Kilbride (10.7)
VFTSX		18.5	2.6	70,799	25	20	19	409	16	0	100	0	0	1	NL	0.25	13.61	2,309	Coleman/O'Reilly (0.8/0.8)
VQNPX		17.5	2.5	52,308	16	15	13	1063	116	3	97	0	0	1	NL	0.34	41.24	6,634	Management Team
VTCLX		19.2	2.7	56,056	18	14	14	954	10	0	100	0	0	0	NL	0.11	108.05	7,075	Butler/Coleman (0.5/0.5)
		19.0	2.6	78,760															
		20.9	5.1	66,104															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
-

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk			
		Morningstar Rating vs. Category 5=Best	Total Return % 10-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Large Blend (cont'd)		—	4.0	2.1	6.6	11.9	5.8	—	—	—	—	—	—	11.07 (93)	—
Vanguard Total Stock Mkt Idx Adm VTSAX	★ Gold	★★★★	5.8	4.2	8.1	13.3	6.9	21	22	24	17	14	1.9	10.91 (99)	Avg
Weitz Partners Value Investor WPVLX	★ Bronze	★★	2.7	-1.2	1.9	9.4	4.7	74	88	97	89	86	0.0	9.86 (81)	Low
Weitz Value Investor WVALX	★ Bronze	★	-0.8	-3.3	3.0	9.4	3.5	95	95	94	90	96	0.0	9.43 (79)	Low
Large Value		—	6.2	3.7	5.8	11.3	4.9	—	—	—	—	—	—	11.01 (89)	—
AllianzGI NFJ Large-Cap Value A PNBAX	—	★	3.2	1.4	4.3	10.5	3.2	86	78	83	76	88	1.9	10.81 (94)	Avg
American Beacon Lg Cap Value Inv AAGPX	★ Bronze	★★★	5.2	1.3	4.7	11.7	4.7	65	79	78	48	56	1.5	12.09 (91)	+Avg
American Century Equity Income Inv TWEIX	★ Silver	↑★★★★★	12.9	12.6	9.3	11.8	6.5	4	1	2	42	12	1.9	7.76 (83)	Low
American Century Value Inv TWVLX	★ Silver	★★★★	10.8	8.5	7.8	13.0	5.9	5	6	9	13	27	1.6	10.3 (91)	-Avg
American Funds American Mutual A AMRMX	★ Gold	↑★★★★	8.3	6.3	7.3	11.8	6.5	22	18	17	44	14	2.0	9.57 (94)	Low
American Funds Washington Mutual A AWSHX	★ Gold	★★★★	6.1	5.0	7.5	12.3	6.1	48	33	14	26	20	2.0	10.13 (97)	-Avg
Artisan Value Investor ARTLX	★ Bronze	★★★	19.1	10.8	5.3	9.8	5.6	1	3	67	85	33	0.4	14.27 (65)	High
Auxier Focus Inv AUXFX	—	★★★	3.4	2.3	4.3	8.5	6.0	84	68	83	93	25	1.0	9.26 (94)	Low
Becker Value Equity Retail BVEFX	★ Bronze	★★★★	9.2	5.6	6.0	12.5	6.5	14	25	50	24	13	1.1	11.24 (91)	Avg
Columbia Dividend Income Z GSFTX	★ Silver	★★★★★	6.8	5.8	8.2	12.3	7.1	39	23	8	27	5	2.2	9.8 (95)	-Avg
Diamond Hill Large Cap A DHLAX	★ Gold	↓★★★★	6.4	3.5	6.8	12.6	6.5	44	54	27	19	13	0.7	11.81 (94)	+Avg
Dodge & Cox Stock DODGX	★ Gold	★★★★	9.3	5.8	7.3	14.5	5.2	13	23	17	2	44	1.6	12.33 (88)	+Avg
Fairholme FAIRX	Neutral	★	1.6	-10.7	-3.8	7.3	4.4	94	100	100	97	64	1.9	16.28 (43)	High
Fidelity Equity Dividend Income FEQTX	—	★★★★	8.0	6.0	7.3	12.3	4.4	26	21	16	27	64	1.9	10.1 (96)	-Avg
Fidelity Equity-Income FEQIX	Neutral	★★★	9.4	7.9	6.2	11.6	4.1	12	8	45	49	70	2.6	10.14 (93)	-Avg
Franklin Mutual Beacon A TEBIX	★ Bronze	★★	9.3	5.6	5.0	10.9	4.0	13	25	72	67	73	1.6	10.71 (84)	Avg
Hotchkis & Wiley Value Opps A HWAAX	★ Bronze	★★★★	4.7	0.7	6.5	14.5	8.2	70	84	36	2	2	1.5	13.28 (74)	High
Invesco Comstock A ACSTX	★ Silver	↑★★★★	6.0	2.5	4.9	11.9	5.3	52	65	74	40	41	1.6	12.46 (88)	+Avg
Invesco Diversified Dividend A LCEAX	★ Silver	↑★★★★★	8.3	6.3	8.6	13.6	7.2	21	19	5	7	5	1.6	8.23 (83)	Low
Invesco Growth and Income A ACGIX	Neutral	★★★★	7.9	5.5	6.7	12.4	5.7	26	27	31	25	28	1.6	11.65 (87)	+Avg
JPMorgan Equity Income A OIEIX	★ Silver	★★★★	6.3	4.5	7.2	12.4	6.8	45	40	18	24	9	1.8	9.87 (95)	-Avg
JPMorgan Value Advantage A JVAAX	★ Silver	★★★	6.7	3.5	6.7	12.9	7.3	41	54	32	14	4	0.6	10.09 (92)	-Avg
Perkins Large Cap Value T JPLTX	—	★★	5.5	3.8	5.5	10.3	—	60	50	62	78	—	1.3	9.82 (95)	-Avg
Schwab Fundamental US Large Company Idx SFLNX	★ Bronze	★★★★	7.8	5.6	7.4	13.1	—	28	25	14	11	—	2.2	10.44 (96)	Avg
Sound Shore Investor SSHFX	★ Silver	★★★★	8.5	5.6	6.9	13.9	6.0	19	25	25	5	25	0.8	12.88 (92)	High
T. Rowe Price Equity Income PRFDX	★ Bronze	★★★	10.2	7.7	4.9	11.3	5.2	8	9	75	58	42	2.0	10.91 (92)	Avg
T. Rowe Price Value TRVLX	★ Bronze	★★★★	5.0	4.5	7.4	14.0	6.6	68	39	14	5	12	1.9	10.92 (95)	Avg
TCW Relative Value Dividend Apprec N TGIGX	—	★★★	6.9	4.4	5.5	12.5	5.0	38	41	62	22	48	1.5	11.74 (97)	+Avg
Torrey TORYX	—	★★★	7.5	7.2	7.5	11.6	4.9	31	12	13	48	51	1.0	10.35 (91)	-Avg
Vanguard Equity-Income Inv VEIPX	★ Silver	★★★★★	7.6	6.5	8.1	13.2	7.2	30	17	8	11	5	2.8	9.98 (94)	-Avg
Vanguard High Dividend Yield Index Inv VHDYX	★ Silver	↑★★★★★	8.9	8.1	9.0	13.6	—	15	7	3	6	—	2.9	9.99 (93)	-Avg
Vanguard US Value Inv VUVLX	★ Bronze	★★★★	3.7	1.9	7.4	13.6	5.4	81	72	16	7	38	2.0	10.4 (93)	Avg
Vanguard Value Index Adm VVIAX	★ Silver	↑★★★★★	7.5	6.8	8.3	13.5	5.6	32	14	7	7	33	2.5	10.12 (96)	-Avg
Vanguard Windsor II Inv VWNFX	★ Bronze	★★★	5.8	2.9	6.1	12.0	5.4	56	61	47	37	37	2.3	10.91 (95)	Avg
Vanguard Windsor Inv VWNDX	★ Bronze	★★★	3.7	1.3	5.6	12.9	5.1	81	80	60	14	47	1.6	12.45 (90)	+Avg
Mid-Cap Growth		—	1.0	-0.9	4.1	10.2	6.6	—	—	—	—	—	—	13.1 (75)	—
Akre Focus Retail AKREX	★ Silver	★★★★★	6.6	5.6	8.8	15.0	—	6	4	4	3	—	0.0	11.4 (86)	-Avg
American Century Heritage Inv TWHIX	★ Bronze	★★★★	0.2	-2.3	4.3	9.9	9.1	60	66	47	52	8	0.0	12.76 (76)	Avg
Artisan Mid Cap Investor ARTMX	★ Silver	★★★★	-1.8	-2.4	3.7	10.6	9.0	81	69	59	39	10	0.0	14.31 (66)	+Avg
Baron Asset Retail BARAX	Neutral	★★★★	2.2	1.5	5.9	11.8	6.6	34	23	25	25	53	0.0	12.54 (79)	Avg
Baron Growth Retail BGRFX	★ Bronze	★★★	1.2	-1.6	1.5	10.1	6.5	49	59	85	49	55	0.0	11.88 (70)	-Avg
Buffalo Mid Cap BUFMX	Neutral	★★★	0.8	-1.8	3.4	8.3	6.4	54	61	62	83	58	0.0	12.41 (68)	Avg
Champlain Mid Cap Adv CIPMX	★ Silver	↑★★★★★	12.3	10.7	8.5	13.4	—	2	1	5	9	—	0.0	11.6 (81)	-Avg
Columbia Acorn Select Z ACTWX	—	★★★	4.6	2.1	4.3	10.3	5.5	13	18	46	44	77	0.0	12.38 (73)	Avg
Russell 1000 Value Index			8.2	6.3	7.4	13.1	5.2								
Russell MidCap Growth Index			2.4	0.3	6.3	11.8	7.4								

Legend
Red = Lowest return in group ★ = New this month
Green = Highest return in group ↑↓ = Increase/decrease in rating
Italic = Extended performance NR = No Morningstar Rating; fund less than three years old.

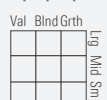
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	19.5	2.7	114,863	18	15	15	—	62	2	97	0	0	4	—	0.98	—	4,355	—
VTSAX		19.3	2.5	44,518	18	14	14	3617	3	1	99	0	0	0	NL	0.05	53.0	466,269	Nejman/OReilly (0.5/21.8)
WPVLX		18.8	1.8	25,477	23	19	17	37	31	9	82	9	0	17	NL	1.26	27.93	775	Hinton/Weitz (10.2/33.4)
WVALX		18.9	2.2	47,974	18	18	16	35	47	7	83	10	0	17	NL	1.23	38.22	855	Hinton/Perkins (10.2/4.8)
	—	16.9	2.0	80,047	20	13	12	—	62	1	97	1	1	5	—	1.06	—	2,463	—
PNBAX		15.5	1.9	53,325	26	12	12	70	51	0	99	0	1	6	5.50	1.11	20.56	386	Management Team
AAGPX		14.5	1.5	47,773	26	14	12	213	32	2	98	0	0	14	NL	0.94	24.13	8,473	Management Team
TWEIX		18.9	2.2	51,822	20	18	15	89	88	1	81	3	16	3	Clsd	0.94	8.87	11,531	Management Team
TWWLX		17.1	1.8	55,599	22	19	16	119	48	2	97	0	0	5	NL	0.98	8.31	3,013	Management Team
AMRMX		19.0	3.0	75,565	16	15	12	240	27	3	88	4	5	9	5.75	0.58	36.08	39,582	Management Team
AWSHX		19.7	3.1	98,335	14	14	14	218	30	2	94	1	3	7	5.75	0.58	40.22	81,978	Management Team
ARTLX		14.0	1.5	33,097	22	17	16	38	74	5	95	0	0	19	NL	1.0	12.87	808	Management Team
AUXFX		18.2	2.4	59,396	27	27	20	118	6	8	92	0	0	10	NL	0.98	19.86	251	J. Jeffrey Auxier (17.2)
BVEFX		16.7	1.9	58,031	21	17	16	57	32	3	97	0	0	3	NL	0.79	17.62	359	Management Team
GSFTX		19.2	3.0	95,095	15	14	14	88	25	4	96	0	1	2	NL	0.77	18.51	9,473	Management Team
DHLAX		15.5	2.0	58,224	28	16	15	54	20	1	99	0	1	0	5.00	0.99	22.82	3,841	Management Team
DODGX		15.1	1.7	61,869	27	21	16	65	15	0	100	0	0	9	NL	0.52	172.24	56,229	Management Team
FAIRX		47.5	1.6	1,227	56	29	11	55	40	24	31	22	24	7	NL	1.04	18.79	2,600	Bruce Berkowitz (16.8)
FEQTX		17.0	1.8	63,440	26	16	11	104	49	4	96	0	0	9	NL	0.66	26.2	5,433	Scott Offen (5.0)
FEQIX		16.7	1.8	53,939	23	13	13	181	46	5	95	0	0	9	NL	0.71	54.26	8,212	Management Team
TEBIX		17.2	1.6	44,291	23	21	17	104	35	5	89	6	0	34	5.75	1.09	15.36	3,813	Management Team
HWAAX		13.1	1.0	14,292	35	21	15	57	62	1	89	6	4	30	5.25	1.25	23.95	455	Davis/Green (13.8/13.8)
ACSTX		14.8	1.3	58,716	34	16	12	82	15	1	99	0	0	10	5.50	0.85	22.66	11,761	Management Team
LCEAX		17.7	2.2	36,368	27	16	15	80	11	17	83	0	0	13	5.50	0.83	18.83	18,420	Management Team
ACGIX		16.0	1.5	61,081	35	15	13	85	23	2	98	0	0	10	5.50	0.84	25.17	7,763	Management Team
OIEIX		18.3	2.3	59,794	26	12	12	100	20	3	97	0	0	1	5.25	1.04	14.03	12,685	Hart/Simon (12.2/12.2)
JVAAX		16.3	1.6	31,685	31	16	10	113	26	2	98	0	0	1	5.25	1.25	29.65	10,030	Management Team
SPLTX		17.8	2.0	62,415	25	16	13	58	39	5	95	0	0	7	NL	0.86	15.74	162	Perkins/Preloger (7.8/7.8)
SFLNX		17.5	2.2	57,876	15	14	12	649	12	1	99	0	1	1	NL	0.35	15.12	4,690	Management Team
SSHFX		17.5	1.7	54,742	24	23	11	37	39	5	95	0	0	16	NL	0.93	44.54	1,908	Management Team
PRFDX		17.5	1.9	52,037	22	12	11	119	27	2	97	0	1	7	NL	0.66	30.9	21,858	John Linehan (1.0)
TRVLX		17.1	1.9	51,497	21	16	12	120	68	5	95	0	0	7	NL	0.81	32.8	23,421	Mark Finn (6.8)
TGIGX		17.2	1.8	44,830	21	19	12	54	17	0	100	0	0	7	NL	1.0	17.23	1,069	Diane Jaffee (14.9)
TORYX		15.1	1.9	44,380	25	22	19	31	10	18	82	0	0	6	NL	1.08	48.5	419	Fialco/Torrey (8.5/25.8)
VEIPX		17.2	2.4	79,143	15	14	13	228	32	2	97	0	2	9	NL	0.26	31.14	23,602	Management Team
VHDYX		18.4	2.5	80,246	15	15	13	423	11	1	99	0	0	1	NL	0.16	28.2	16,731	Coleman/OReilly (0.7/0.7)
VUVLX		13.9	1.4	21,869	23	12	11	248	66	0	100	0	0	1	NL	0.26	16.9	1,374	Management Team
VVIAX		16.9	2.0	75,498	22	14	12	332	8	0	100	0	0	1	NL	0.08	33.56	44,481	Nejman/OReilly (0.5/21.8)
VWNFX		15.2	1.8	66,157	22	21	13	277	26	2	98	0	0	9	NL	0.34	35.03	45,728	Management Team
VWNDX		14.8	1.6	35,655	25	17	15	149	28	2	97	0	2	10	NL	0.39	19.7	17,023	Management Team
	—	24.5	3.8	10,154	19	19	18	—	62	3	97	0	0	4	—	1.23	—	1,237	—
AKREX		27.8	3.1	20,539	29	24	18	43	13	4	91	3	2	5	NL	1.34	24.65	5,248	Management Team
TWHIX		23.6	4.5	12,759	21	21	15	106	62	0	99	0	0	4	NL	1.0	21.28	5,124	Management Team
ARTMX		29.1	4.9	14,807	27	22	19	66	21	5	95	0	0	7	Clsd	1.19	39.28	8,067	Management Team
BARAX		31.1	4.1	10,342	25	23	15	57	13	0	100	0	0	1	NL	1.31	58.38	2,534	Andrew Peck (13.2)
BGRFX		27.0	3.6	4,692	25	16	16	65	6	0	100	0	0	5	NL	1.29	63.96	5,963	Ronald Baron (21.8)
BUFMX		25.3	3.8	7,574	22	20	18	67	46	6	94	0	0	2	NL	1.02	15.45	394	Carlsen/Male (1.7/14.8)
CIPMX		22.3	2.9	7,357	23	18	18	63	40	6	94	0	0	0	NL	1.2	14.88	1,104	Management Team
ACTWX		22.8	3.4	5,622	26	17	13	31	55	0	100	0	0	7	NL	0.88	14.7	336	Frank/Szafrański (0.9/1.5)
		17.1	1.7	52,910															
		22.5	4.5	10,643															

Equity Style Box



Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk				
		Morningstar Rating	Total Return % 10-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category	
		vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst								
					3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity			—	1.0	-0.9	4.1	10.2	6.6	—	—	—	—	—	13.1	(75)	—
Mid-Cap Growth (cont'd)																
Columbia Acorn Z ACRNX	Neutral	★★★	3.3	1.1	2.5	9.0	6.1	24	27	75	72	66	0.0	13.28	(73)	Avg
Eventide Gilead N ETGLX	Neutral	★★★★	-4.0	-4.6	4.1	15.3	—	91	87	51	2	—	0.0	17.14	(62)	High
FAM Value Investor FAMVX	—	★★★★	6.1	2.6	7.1	12.4	6.1	8	14	14	17	65	0.0	10.76	(83)	Low
Fidelity Mid-Cap Stock FMCSX	Bronze	★★★★	9.0	4.9	6.2	12.3	7.0	2	6	23	17	43	0.6	11.27	(79)	-Avg
Hennessy Focus Investor HFCSX	Bronze	★★★★★	2.1	-1.6	6.9	13.6	8.9	35	59	16	7	11	0.0	12.21	(82)	-Avg
Janus Enterprise T JAENX	Bronze	★★★★★	7.3	6.1	9.6	13.7	9.3	4	3	2	6	8	0.2	10.91	(81)	Low
Meridian Contrarian Legacy MVALX	Bronze	★★★	8.0	5.5	5.2	12.2	6.5	2	5	34	18	57	0.1	13.15	(79)	Avg
PRIMECAP Odyssey Aggressive Growth POAGX	Gold	★★★★★	4.3	7.9	10.1	18.1	11.5	16	1	1	1	1	0.0	15.78	(64)	High
T. Rowe Price Mid-Cap Growth RPMGX	Gold	★★★★★	1.9	1.0	9.0	13.5	9.9	39	28	3	8	2	0.0	11.93	(79)	-Avg
Vanguard Mid Cap Growth Inv VMGRX	Bronze	★★★★	-3.1	-5.5	4.6	10.4	7.5	87	92	42	42	30	0.6	12.8	(81)	Avg
Mid-Cap Blend			5.1	2.0	4.6	11.0	6.1	—	—	—	—	—	—	11.94	(78)	—
AMG Managers Fairpointe Mid Cap N CHTTX	Silver	★★★	9.2	6.0	4.5	12.6	9.0	9	10	56	21	1	0.3	14.83	(72)	High
Ariel Appreciation Investor CAAPX	—	↓★★	4.2	-0.5	4.1	12.5	7.2	65	73	60	22	34	1.0	14.54	(85)	High
Ariel Fund Investor ARGFX	Bronze	★★★	3.1	0.1	5.5	13.9	6.3	72	71	42	6	54	0.6	15.78	(83)	High
★ ClearBridge Mid Cap A SBMAX	Bronze	↓★★	-0.6	-2.6	5.0	11.8	7.3	88	87	49	42	32	0.0	12.43	(82)	+Avg
Fidelity Extended Market Index Investor FSEMXX	Gold	↓★★★	5.6	3.2	5.1	12.2	7.4	53	43	49	31	29	1.3	13.23	(76)	+Avg
First Eagle Fund of America Y FEAFX	Bronze	★★★	-5.5	-5.3	2.3	10.1	7.0	97	92	84	73	38	0.0	12.86	(78)	+Avg
FMI Common Stock FMIMX	Gold	★★★★	8.4	3.7	4.4	10.1	8.1	20	37	57	73	8	0.0	11.32	(78)	-Avg
Janus Contrarian T JSVAX	Neutral	★★	-1.0	-0.9	3.5	11.1	4.2	91	78	70	55	87	0.3	12.61	(54)	+Avg
Longleaf Partners Small-Cap LLSCX	Silver	↑★★★★★	14.2	13.8	8.0	14.1	8.0	2	2	5	4	11	0.1	12.12	(63)	+Avg
Lord Abbett Value Opportunities A LVOAX	Bronze	★★★★★	7.4	4.3	6.2	11.2	8.4	30	32	32	53	4	0.0	11.42	(79)	-Avg
Osterweis OSTFX	Neutral	↓★★	-0.1	-1.1	0.7	8.9	5.0	85	81	94	82	78	0.5	10.46	(82)	-Avg
Vanguard Capital Value Inv VCVLX	Neutral	↓★	3.0	0.4	1.5	10.6	4.9	72	70	89	65	79	1.3	15.61	(77)	High
Vanguard Extended Market Idx Adm VEXAX	Gold	★★★	5.7	3.3	5.1	12.4	7.3	52	42	48	27	31	1.4	13.23	(76)	+Avg
Vanguard Mid Cap Index Adm VIMAX	Gold	★★★★	5.5	3.0	7.6	13.0	7.5	55	45	7	15	27	1.5	11.66	(89)	Avg
Vanguard Strategic Equity Inv VSEQX	Bronze	★★★★	4.0	1.4	7.5	14.1	6.5	66	64	8	5	49	1.6	12.01	(83)	+Avg
Weitz Hickory WEHIX	Bronze	★★	6.0	3.1	1.5	9.1	4.6	49	44	89	81	85	0.0	11.28	(74)	-Avg
Westwood SMidCap Institutional WHGMX	—	★★★★	1.8	-1.0	2.6	9.5	8.1	79	79	81	79	8	0.1	12.46	(79)	+Avg
Mid-Cap Value			7.8	4.2	5.2	11.7	6.2	—	—	—	—	—	—	11.94	(81)	—
American Century Mid Cap Value Inv ACMVX	Silver	★★★★★	13.1	10.3	10.3	14.8	8.9	6	5	2	2	5	1.1	9.89	(86)	Low
Artisan Mid Cap Value Investor ARTQX	Silver	★★★★	12.3	6.9	2.3	9.4	7.3	10	20	89	92	21	0.4	11.55	(76)	Avg
Delafield Fund DEFIX	—	★★	10.5	3.3	-2.7	6.2	5.2	21	63	98	98	79	0.0	17.06	(68)	High
Diamond Hill Small-Mid Cap A DHMAX	Gold	★★★★	8.0	3.8	6.9	13.8	8.5	43	56	16	9	8	0.1	10.95	(73)	-Avg
Fidelity Leveraged Company Stock FLVCX	Bronze	★★	0.7	-3.8	1.6	11.5	5.6	99	99	91	58	67	1.0	13.85	(77)	High
Fidelity Low-Priced Stock FLPSX	Silver	★★★	2.6	0.3	4.6	11.4	7.4	95	90	73	61	20	1.2	9.48	(86)	Low
Fidelity Value FDVLX	Neutral	★★★★	7.6	2.8	5.7	13.3	5.8	50	70	43	16	62	1.0	12.13	(84)	Avg
FPA Capital FPPTX	Bronze	★	10.6	6.0	-2.7	4.0	4.4	19	28	98	99	91	0.4	13.36	(46)	+Avg
GoodHaven GOODX	Neutral	★	14.6	10.4	-4.9	3.5	—	2	5	99	99	—	0.0	12.89	(31)	Avg
Harbor Mid Cap Value Investor HIMVX	Bronze	★★★★	6.4	2.5	6.5	14.2	6.6	62	75	23	6	34	1.0	11.84	(83)	Avg
Hotchkis & Wiley Mid-Cap Value A HWMAX	Bronze	★★	2.5	-2.8	1.7	13.5	5.7	95	97	91	14	62	0.1	15.66	(72)	High
Perkins Mid Cap Value T JMCVX	Bronze	★★★	10.1	7.9	6.1	9.8	6.6	25	13	32	90	35	1.2	9.94	(87)	Low
T. Rowe Price Mid-Cap Value TRMCX	Gold	↑★★★★★	13.9	11.2	8.4	13.6	8.0	3	2	8	11	13	1.1	10.83	(80)	-Avg
Vanguard Selected Value Inv VASVX	Gold	↑★★★★	5.4	2.2	4.6	12.2	7.0	77	77	73	44	25	1.7	12.15	(81)	Avg
Small Growth			2.0	0.4	2.6	10.2	6.5	—	—	—	—	—	—	15.43	(60)	—
Artisan Small Cap Investor ARTSX	Silver	★★★	4.6	3.8	3.0	11.4	6.6	23	21	45	26	51	0.0	17.19	(39)	+Avg
Baron Small Cap Retail BSCFX	Bronze	★★★	4.9	3.5	2.4	10.2	6.5	22	23	55	52	54	0.0	13.7	(74)	-Avg
S&P MidCap 400 Index			9.4	6.3	7.1	12.9	8.4									
Russell MidCap Value Index			10.8	7.6	7.7	13.8	7.0									
Russell 2000 Growth Index			1.1	-0.2	3.9	11.5	7.0									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Current Portfolio Style

Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)	Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
							Cash	Stock	Bond	Other	Foreign					
—	24.5	3.8	10,154	19 19 18	—	62	3	97	0	0	4	—	1.23	—	1,237	—
ACRNX	22.4	3.4	4,844	21 19 18	135	21	0	99	0	1	2	NL	0.82	17.91	5,384	Management Team
ETGLX	20.4	2.4	6,020	35 21 15	75	28	3	95	0	2	12	NL	1.43	24.53	1,401	Barksdale/Kuruville (6.0/8.3)
FAMVX	20.7	2.6	12,319	30 23 17	37	8	10	90	0	0	4	NL	1.18	63.74	1,039	Fox/Putnam (16.5/29.8)
FMCSX	20.6	2.1	7,148	17 15 15	161	23	9	88	0	2	9	NL	0.73	33.78	7,383	John Roth (5.7)
HFCSX	21.4	2.8	16,818	29 27 13	25	4	15	85	0	0	6	NL	1.47	70.63	2,466	Management Team
JAENX	25.6	4.3	8,912	30 24 19	88	17	6	92	0	1	11	NL	0.92	91.96	9,726	Demain/Wheaton (9.0/0.3)
MVALX	22.6	2.5	8,803	36 13 12	57	73	11	89	0	0	8	Clsd	1.13	34.63	573	Cordisco/England (3.1/14.8)
POAGX	19.9	2.5	7,374	32 32 16	149	15	5	95	0	0	13	Clsd	0.62	33.78	7,077	Management Team
RPMGX	24.2	3.6	10,434	26 19 17	134	27	5	93	0	1	2	Clsd	0.77	74.73	25,106	Brian Berghuis (24.3)
VMGRX	20.9	2.6	9,204	23 19 17	107	93	4	96	0	0	4	NL	0.43	21.75	4,146	Management Team
—	18.6	2.1	6,717	16 16 14	—	70	3	97	0	0	2	—	1.11	—	1,638	—
CHTTX	17.0	1.6	4,208	30 21 14	44	31	3	97	0	0	3	NL	1.11	37.48	3,601	Management Team
CAAPX	16.5	2.1	10,568	30 27 18	40	22	2	98	0	0	0	NL	1.12	46.98	1,719	Fidler/Rogers (6.9/14.1)
ARGFX	16.2	1.9	4,128	27 23 19	39	25	1	99	0	0	0	NL	1.02	61.26	1,994	Management Team
SBMAX	17.2	2.6	7,903	23 18 15	64	26	2	98	0	0	5	5.75	1.2	29.35	2,053	Angerame/Deutsch (11.4/11.4)
FSEMXX	20.4	2.0	3,417	17 14 14	3198	12	0	80	0	20	2	NL	0.1	52.55	16,731	Management Team
FEAFX	17.8	3.1	10,072	26 26 15	46	32	3	98	0	0	1	Clsd	1.31	33.67	2,782	Management Team
FMIMX	18.8	2.2	3,281	46 15 10	42	29	11	89	0	0	4	NL	1.07	24.72	945	Management Team
JSVAX	17.2	2.0	7,719	35 22 13	32	70	14	86	0	0	4	NL	1.04	18.42	2,786	Daniel Kozlowski (5.3)
LLSCX	24.4	1.3	4,339	31 20 12	22	46	25	72	3	0	8	Clsd	0.91	30.82	4,101	Management Team
LVOAX	20.8	2.2	5,691	18 17 16	75	46	0	100	0	0	0	5.75	1.17	18.95	2,741	Maher/Maurer (10.8/8.8)
OSTFX	18.1	2.7	32,579	21 16 15	38	20	9	91	0	0	14	NL	1.03	25.45	575	Management Team
VCVLX	16.9	1.5	12,598	19 17 14	154	90	0	98	0	2	11	NL	0.5	11.25	933	David Palmer (6.8)
VEXAX	20.4	2.0	3,399	16 14 14	3277	8	2	98	0	0	2	NL	0.09	66.56	43,710	Butler/Geiger (18.8/0.5)
VIMAX	20.7	2.5	11,778	18 16 15	350	15	1	99	0	0	1	NL	0.08	155.37	73,636	Butler/Johnson (18.4/0.5)
VSEQX	14.2	1.7	3,921	17 17 12	332	70	0	100	0	0	1	NL	0.21	29.43	6,046	Management Team
WEHIX	20.8	2.0	4,897	46 18 12	40	27	8	78	13	0	19	NL	1.24	49.02	286	Weitz/Weitz (4.8/13.8)
WHGMX	19.5	2.4	3,893	16 15 12	62	56	2	98	0	0	0	NL	0.96	14.75	407	Management Team
—	16.5	1.7	9,714	20 14 13	—	62	4	96	0	0	5	—	1.17	—	1,452	—
ACMVX	17.9	1.9	13,049	22 14 13	111	66	1	98	0	1	6	Clsd	0.98	16.37	8,215	Management Team
ARTQX	15.8	1.6	9,140	22 20 16	52	31	7	93	0	0	4	Clsd	1.19	21.06	4,184	Management Team
DEFIX	16.0	1.8	2,485	40 19 17	54	19	19	81	0	0	3	NL	1.26	26.47	425	Management Team
DHMAX	19.3	1.9	5,534	27 18 14	60	21	7	92	2	0	2	Clsd	1.25	19.76	2,080	Management Team
FLVCX	13.2	1.7	15,538	24 18 12	87	9	4	96	1	0	5	NL	0.8	37.55	3,314	Mark Notkin (0.1)
FLPSX	13.8	1.6	5,427	27 16 14	906	9	12	88	0	0	36	NL	0.88	47.51	39,591	Management Team
FDVLX	16.8	1.7	9,111	17 13 12	271	80	2	97	0	1	10	NL	0.84	102.99	7,914	Management Team
FPPTX	12.4	1.3	3,795	36 29 13	28	45	30	69	2	0	0	Clsd	0.77	35.2	797	Ahitov/Bryan (3.3/8.9)
GOODX	20.2	1.0	7,687	22 22 17	25	18	1	73	0	26	19	NL	1.1	22.2	271	Pitkowsky/Trauner (5.5/5.5)
HIMVX	13.5	1.5	5,822	20 15 14	206	12	1	99	0	0	1	NL	1.25	20.09	824	Management Team
HWMAX	13.2	0.9	5,341	26 19 18	59	42	1	99	0	0	20	5.25	1.27	31.67	2,051	Management Team
JMCVX	19.1	2.1	7,734	21 17 11	71	65	5	95	0	0	3	NL	0.62	16.93	4,102	Management Team
TRMCX	18.8	1.6	8,290	23 12 12	99	45	7	93	0	0	8	Clsd	0.8	28.4	12,408	David Wallack (15.8)
VASVX	13.6	1.5	9,441	26 18 13	120	24	5	95	0	0	12	NL	0.39	27.24	9,029	Management Team
—	26.3	3.4	3,021	24 17 17	—	78	3	97	0	0	3	—	1.31	—	883	—
ARTSX	39.2	5.5	3,776	46 18 14	63	45	6	94	0	0	4	Clsd	1.23	28.05	1,283	Management Team
BSCFX	31.4	4.0	4,348	24 22 20	78	14	1	98	0	1	3	NL	1.3	29.58	3,511	Clifford Greenberg (19.1)

17.9 1.6 10,055
22.5 3.1 1,591

Equity Style Box

Val	Blnd	Grth

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology

Bold # = Cheapest Quintile

- Defensive
- Consumer Def
- Healthcare
- Utilities

Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Historical Performance										Historical Risk				
		Morningstar Rating vs. Category 5=Best	Total Return % 10-31-16					Total Return % Category Rank					12-Mo Yld %	Stand- ard Devia- tion (R ²)	Risk Relative to Category	
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Small Growth (cont'd)		—	2.0	0.4	2.6	10.2	6.5	—	—	—	—	—	—	15.43	(60)	—
Brown Capital Mgmt Small Co Inv BCSIX	Gold	★★★★★	3.0	3.2	6.1	13.9	12.1	38	24	10	4	1	0.0	15.38	(57)	Avg
Century Small Cap Select Inv CSMVX	—	★★	-5.4	-6.8	0.4	7.4	4.7	93	92	80	92	89	0.0	16.53	(60)	+Avg
Champlain Small Company Adv CIPX	Silver	★★★★★	15.4	15.2	7.5	12.5	9.6	2	2	3	11	2	0.0	14.24	(59)	Avg
Columbia Acorn USA Z AUSAX	—	★★★	1.4	-0.3	3.0	9.6	5.6	54	60	45	65	76	0.0	14.81	(64)	Avg
Conestoga Small Cap Investors CCASX	Silver	★★★★	2.7	4.5	2.5	10.8	8.2	42	17	53	37	10	0.0	15.53	(48)	Avg
Janus Triton T JATX	Bronze	★★★★★	3.8	3.8	7.5	12.8	10.7	30	20	4	9	1	0.1	13.56	(76)	-Avg
Janus Venture T JAVTX	Bronze	★★★★	2.1	1.5	6.4	13.0	8.3	48	42	8	8	8	0.0	15.32	(71)	Avg
LKCM Small Cap Equity Instl LKSCX	Silver	★★	-0.8	-4.6	-1.1	6.0	4.2	73	86	91	97	93	0.0	14.9	(61)	Avg
Loomis Sayles Small Cap Growth Retail LCGRX	Silver	★★★	-2.3	-2.8	1.0	10.1	8.0	82	74	73	54	13	0.0	16.08	(53)	+Avg
Meridian Growth Legacy MERDX	Bronze	★★★★	8.4	6.8	5.9	10.2	8.2	8	8	11	52	10	0.0	13.26	(68)	-Avg
Meridian Small Cap Growth Investor MISGX	Bronze	NR	11.5	9.3	—	—	—	3	3	—	—	—	0.0	—	(—)	—
Neuberger Berman Genesis Inv NBGNX	Bronze	★★★★	6.8	4.0	4.0	9.9	8.2	16	19	29	59	11	0.4	11.9	(71)	Low
Royce Premier Invmt RYPRX	Bronze	↑★★★★	10.4	5.1	1.5	6.6	6.9	5	14	68	96	40	0.7	14.25	(73)	-Avg
Royce Smaller-Companies Growth Svc RYVPX	—	★★	-2.7	-3.8	1.9	7.7	4.0	85	80	63	90	96	0.0	16.08	(63)	+Avg
T. Rowe Price New Horizons PRNHX	Silver	★★★★★	3.6	2.6	7.2	14.8	10.6	33	27	4	2	1	0.0	14.24	(66)	Avg
T. Rowe Price QM US Small-Cap Gr Eq PRDSX	Silver	★★★★★	3.2	1.2	6.0	13.2	9.5	37	45	10	6	2	0.0	13.37	(72)	-Avg
T. Rowe Price Small-Cap Stock OTCFX	Neutral	★★★★	6.4	5.0	5.1	12.5	8.2	18	15	18	12	10	0.1	13.53	(67)	-Avg
Vanguard Explorer Inv VEXPX	Neutral	★★★	4.3	2.5	3.3	11.0	6.5	25	29	40	34	52	0.5	14.32	(73)	-Avg
Vanguard Small Cap Growth Index Admiral VSGAX	Silver	★★★★	3.3	2.2	3.2	11.0	7.7	36	33	42	34	20	1.0	13.85	(68)	-Avg
Wasatch Core Growth WGROX	Gold	★★★★	4.5	4.0	6.3	12.1	7.6	24	19	8	17	22	0.0	12.72	(63)	-Avg
Wasatch Small Cap Growth Investor WAAEX	Gold	★★★★	2.3	3.6	3.2	9.6	7.3	45	22	41	64	30	0.0	14.33	(60)	-Avg
William Blair Small Cap Growth N WBSNX	—	★★★	8.4	9.3	3.5	13.3	5.6	8	3	36	6	76	0.0	14.21	(59)	-Avg
Small Blend		—	5.9	2.9	3.1	10.5	5.7	—	—	—	—	—	—	13.87	(67)	—
AMG Managers Skyline Special Equities S SKSEX	Bronze	★★★	2.3	-1.8	2.8	13.2	6.7	84	87	65	9	27	0.0	14.4	(62)	+Avg
AMG River Road Small Cap Value N ARSVX	—	★★★	11.3	7.2	4.1	10.6	4.7	8	11	43	58	74	0.0	11.6	(66)	Low
Berwyn BERWX	Silver	★★	11.8	5.5	-1.0	8.2	6.1	6	24	92	86	36	0.0	13.67	(48)	Avg
Bogle Small Cap Growth Inv BOGLX	—	↓★★★	6.7	4.0	3.4	12.8	5.4	40	39	57	18	58	0.0	16.9	(71)	High
Bridgeway Ultra-Small Company Market BRSIX	—	★★★★	5.0	3.9	2.7	13.0	4.5	61	42	66	14	79	0.8	14.39	(46)	+Avg
Broadview Opportunity BVAOX	Silver	★★★	6.9	5.5	2.1	10.3	7.9	38	24	74	62	7	0.0	12.85	(63)	-Avg
DFA US Micro Cap I DFSCX	Gold	★★★★	6.7	4.3	4.4	12.7	6.3	41	34	36	19	33	0.8	13.92	(62)	Avg
DFA US Small Cap I DFSTX	Gold	★★★★	7.0	3.9	4.9	12.8	7.2	35	42	26	18	16	1.1	13.62	(69)	Avg
Dreyfus Opportunistic Small Cap Inv DSCVX	—	★★★★	0.5	0.2	1.9	11.6	9.7	92	77	76	39	2	0.3	17.95	(58)	High
Fidelity Small Cap Discovery FSCRX	Gold	★★★★★	4.8	0.1	3.1	13.2	10.1	63	78	61	9	1	0.4	12.87	(66)	-Avg
Fidelity Small Cap Stock FSLCX	Bronze	↑★★★★	2.0	-0.7	5.8	9.4	5.8	86	82	11	74	47	0.2	12.37	(77)	Low
Fidelity Stock Selector Small Cap FDSCX	—	★★★★	3.7	2.6	4.7	10.4	5.4	73	59	31	61	55	0.4	13.37	(69)	Avg
★ Harbor Small Cap Value Instl HASCX	Bronze	★★★★	10.2	8.2	6.3	12.7	6.3	12	8	6	21	32	0.3	14.09	(75)	Avg
Mairs & Power Small Cap MSCFX	Silver	★★★★★	11.9	9.9	6.1	15.7	—	6	4	8	1	—	0.4	12.83	(65)	-Avg
Perritt MicroCap Opportunities Investor PRCGX	—	★★★	8.0	6.8	3.2	12.1	5.2	27	12	60	29	62	0.0	12.57	(55)	-Avg
Royce Pennsylvania Mutual Invmt PENNX	Neutral	★★★★	10.8	6.0	1.1	8.3	5.4	9	19	84	86	58	0.8	13.66	(70)	Avg
Royce Total Return Invmt RYTRX	Bronze	★★★★	10.9	6.1	3.0	9.6	5.8	9	19	63	71	44	0.6	11.93	(73)	Low
Sterling Capital Stratton SmCap Val Instl STSCX	—	★★★★	9.8	8.1	4.7	11.8	6.5	14	8	31	37	30	0.1	12.8	(67)	-Avg
T. Rowe Price Small-Cap Value PRSVX	Bronze	★★★★	11.8	8.2	4.1	10.9	6.8	7	8	44	52	24	0.7	12.7	(65)	-Avg
Vanguard Explorer Value Inv VEVFX	—	★★★★	7.0	4.7	5.0	12.5	—	36	30	25	24	—	0.8	13.22	(74)	-Avg
Vanguard Small Cap Index Adm VSMAX	Gold	★★★★	6.9	4.3	5.3	12.5	7.4	37	34	19	24	13	1.5	13.12	(76)	-Avg
Vanguard Tax-Managed Small Cap Adm VTMSX	Gold	★★★★★	8.3	5.7	6.1	13.5	7.8	24	22	7	7	9	1.1	13.42	(67)	Avg
Small Value		—	8.7	4.9	3.5	10.8	5.6	—	—	—	—	—	—	13.63	(65)	—
AllianzGI NFJ Small-Cap Value A PCVAX	Silver	★★★	7.3	2.6	1.4	7.8	6.4	64	73	80	91	27	1.4	11.96	(74)	-Avg
American Beacon Small Cp Val Inv AVPAX	Bronze	★★★	8.2	4.2	4.3	12.0	6.3	52	54	42	29	31	0.4	13.45	(70)	Avg
Russell 2000 Growth Index			1.1	-0.2	3.9	11.5	7.0									
Russell 2000 Index			6.4	4.4	4.2	11.6	6.0									

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

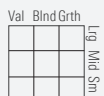
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	26.3	3.4	3,021	24	17	17	—	78	3	97	0	0	3	—	1.31	—	883	—
BCSIX		47.2	4.3	2,810	62	27	5	38	22	7	93	0	0	0	Clsd	1.27	73.56	3,183	Management Team
CSMVX		25.6	3.4	2,023	26	22	18	66	69	5	95	0	0	5	NL	1.42	20.52	169	Alexander Thorndike (16.8)
CIPSX		23.8	2.4	2,116	20	19	18	78	27	5	95	0	0	1	Clsd	1.31	18.28	1,117	Management Team
AUSAX		25.0	3.2	2,486	21	21	19	99	35	0	100	0	0	4	NL	1.18	19.87	658	Doyle/Litfin (2.8/0.8)
CCASX		37.8	4.3	1,601	35	26	16	50	11	3	97	0	0	0	NL	1.1	36.71	837	Mitchell/Monahan (14.1/2.7)
JATTX		26.0	3.9	3,478	29	22	17	112	27	6	93	0	1	2	Clsd	0.92	22.82	7,188	Coleman/Stutzman (3.4/0.3)
JAVTX		25.7	3.7	2,694	27	24	20	116	40	6	92	0	2	7	Clsd	0.92	62.87	2,832	Coleman/Stutzman (3.4/0.3)
LKSCX		25.6	2.6	2,435	23	20	16	81	62	0	100	0	0	1	NL	0.97	19.71	402	Management Team
LCGRX		30.3	3.8	2,225	29	22	14	99	78	3	97	0	0	5	Clsd	1.19	19.52	1,127	Burns/Slavik (11.7/11.6)
MERDX		27.0	3.5	2,576	29	24	19	89	67	8	92	0	0	4	Clsd	0.86	33.27	1,319	Meade/Schaub (3.1/3.1)
MISGX		27.7	2.8	1,109	28	24	20	107	62	16	83	0	1	4	NL	1.32	12.54	508	Meade/Schaub (2.8/2.8)
NBGX		23.2	3.5	3,311	21	19	16	145	13	2	98	0	0	5	NL	1.01	32.9	10,562	Management Team
RYPRX		21.0	2.5	3,244	38	18	13	58	13	0	98	0	2	10	NL	1.13	15.77	2,289	Management Team
RYVPX		26.6	2.7	1,461	40	12	11	91	45	3	91	0	6	5	NL	1.48	10.9	453	James (Chip) Skinner (12.8)
PRNHX		29.7	4.0	4,563	26	20	19	246	34	6	88	0	6	8	Clsd	0.79	44.0	16,993	Henry Ellenbogen (6.7)
PRDSX		24.8	3.7	3,515	22	20	19	288	9	4	96	0	0	1	NL	0.82	26.51	2,953	Sudhir Nanda (10.1)
OTCFX		22.8	2.2	2,258	18	17	17	310	20	6	94	0	1	4	Clsd	0.9	41.1	8,835	Frank Alonso (0.1)
VEXPX		22.1	2.5	2,726	23	19	18	730	62	3	97	0	0	4	NL	0.49	83.91	11,424	Management Team
VSGAX		26.5	2.8	3,231	22	16	15	692	23	2	98	0	0	0	NL	0.08	43.84	16,289	Coleman/O'Reilly (0.5/11.8)
WGROX		24.9	3.9	2,858	26	17	16	64	39	8	90	0	2	7	NL	1.17	55.32	1,335	Lambert/Taylor (11.7/15.8)
WAAEX		27.4	3.5	2,276	28	18	17	100	31	2	96	0	2	18	Clsd	1.22	42.26	1,883	Cardon/Taylor (29.8/3.7)
WBSNX		23.2	3.0	1,424	27	18	16	82	91	1	99	0	0	5	NL	1.5	24.36	380	Management Team
	—	19.4	2.2	2,814	18	17	15	—	61	2	98	0	0	2	—	1.19	—	899	—
SKSEX		17.3	1.8	1,559	30	22	17	71	31	2	98	0	0	5	Clsd	1.33	36.53	1,365	Management Team
ARSVX		17.7	1.6	1,316	27	26	19	56	60	10	90	0	0	3	NL	1.39	12.29	274	Management Team
BERWX		17.6	1.3	635	24	23	14	42	11	12	88	0	0	3	NL	1.23	29.78	124	Management Team
BOGLX		18.8	1.5	1,590	26	24	17	183	196	2	98	0	0	8	NL	1.35	25.78	128	John Bogle (17.1)
BRSIX		14.1	1.1	151	22	16	16	627	41	0	98	0	2	1	NL	0.84	13.54	358	Management Team
BVAOX		20.8	2.1	2,449	25	17	15	77	41	13	87	0	0	1	NL	1.23	33.46	666	Management Team
DFSCX		18.7	1.8	860	21	19	17	1581	12	0	99	1	0	2	NL	0.52	18.58	5,343	Management Team
DFSTX		19.4	1.9	1,690	19	19	16	1971	11	0	98	2	0	3	NL	0.37	30.13	13,062	Management Team
DSCVX		17.5	2.2	1,975	27	21	16	78	74	1	99	0	0	9	Clsd	1.09	28.82	822	Management Team
FSCRX		17.8	1.7	2,586	27	19	14	61	25	1	99	0	0	2	Clsd	1.01	27.7	5,397	Janssen/Myers (0.6/10.6)
FSLCX		18.6	1.9	2,395	21	19	15	135	59	3	97	0	0	15	NL	1.0	17.31	1,969	Lionel Harris (4.9)
FDSCX		20.3	2.2	2,669	17	16	16	191	48	3	97	0	0	3	NL	0.77	23.91	1,486	Management Team
HASCX		20.1	2.2	3,159	26	20	20	58	19	3	97	0	0	0	NL	0.87	27.27	781	Paul Viera (14.8)
MSCFX		21.8	2.2	1,926	26	22	14	52	23	3	97	0	0	1	Clsd	1.06	21.79	331	Adams/Steinkopf (5.2/1.8)
PRCGX		17.9	1.5	293	21	19	17	89	20	5	95	0	0	2	NL	1.22	34.18	276	Corbett/Metrou (19.8/2.7)
PENNX		20.0	2.2	1,712	27	21	17	300	21	1	96	0	3	7	NL	0.93	10.34	2,611	Management Team
RYTRX		17.9	2.0	2,092	27	26	15	280	11	1	95	0	4	9	NL	1.22	13.11	2,805	Management Team
STSCX		18.3	2.1	3,456	26	17	12	58	6	6	93	0	1	0	NL	1.09	76.72	1,214	Management Team
PRSVX		20.9	1.7	1,575	26	13	11	330	32	2	97	0	1	2	NL	0.92	40.59	8,428	J. Wagner (2.3)
VEVFX		18.0	1.8	2,302	22	14	13	127	61	7	92	0	0	3	NL	0.65	30.44	386	Management Team
VSMAX		20.3	2.0	3,100	16	15	14	1443	11	2	98	0	0	1	NL	0.08	56.15	63,297	Coleman/O'Reilly (0.5/0.5)
VTMSX		20.5	2.0	1,519	18	17	16	609	33	0	100	0	0	0	NL	0.11	47.67	4,367	Butler/Coleman (0.5/0.5)
	—	17.8	1.5	2,640	24	18	13	—	77	3	96	0	0	2	—	1.31	—	940	—
PCVAX		15.6	1.8	2,288	23	22	10	117	48	4	95	0	2	3	Clsd	1.23	21.5	3,742	Management Team
AVPAX		16.5	1.5	2,015	26	19	18	605	47	3	97	0	0	5	NL	1.16	23.52	6,036	Management Team
		22.5	3.1	1,591															
		19.3	1.8	1,451															

Equity Style Box



Sectors

- Cyclical
- Sensitive
- Defensive
- Basic Materials
- Communication Svcs
- Consumer Def
- Consumer Cyclical
- Energy
- Healthcare
- Financial Services
- Industrials
- Utilities
- Real Estate
- Technology

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 Domestic Equity	Morningstar Analyst Rating	Morningstar Rating	Total Return % 10-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
			vs. Category 5=Best	ANNUALIZED					1=Best, 100=Worst							
				YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr				10 Yr
Small Value (cont'd)			—	8.7	4.9	3.5	10.8	5.6	—	—	—	—	—	—	13.63 (65)	—
American Century Small Cap Value Inv ASVIX	—	★★★★	8.2	4.6	5.6	11.8	7.3	51	48	22	33	11	0.7	14.42 (67)	+Avg	
Dean Small Cap Value DASCX	—	★★★★	12.6	9.3	5.6	12.4	6.1	12	14	21	21	40	0.2	13.28 (63)	Avg	
DFA US Small Cap Value I DFSVX	Gold	★★★	8.0	4.5	3.6	12.4	5.5	54	50	56	21	58	1.0	14.54 (65)	+Avg	
DFA US Targeted Value I DFFVX	Gold	★★★	8.5	4.3	4.1	12.7	6.1	48	53	48	17	38	1.2	13.85 (71)	Avg	
Diamond Hill Small Cap A DHSCX	Gold	★★★★	4.0	-1.5	2.7	10.6	5.9	85	91	71	58	44	0.3	9.98 (70)	Low	
Fidelity Small Cap Value FCPVX	Bronze	★★★★★	7.6	4.0	5.8	13.9	8.3	59	57	20	5	2	0.5	11.79 (64)	-Avg	
Perkins Small Cap Value T JSCVX	Silver	★★★★	12.1	9.6	7.1	10.7	7.9	14	11	10	54	6	0.6	11.27 (72)	Low	
Royce Opportunity Invmt RYPNX	Bronze	★★	11.0	6.3	0.9	11.0	5.7	30	35	85	48	49	0.0	16.1 (60)	+Avg	
Royce Small-Cap Value Service RYVFX	—	★★	3.6	-1.7	-1.0	4.3	4.4	87	91	92	98	82	0.5	12.88 (58)	-Avg	
Royce Special Equity Invmt RYSEX	Gold	★★★★	13.2	6.9	1.3	8.6	7.1	10	30	83	87	13	1.1	12.6 (60)	-Avg	
Third Avenue Small Cap Value Instl TASCX	—	★★★	11.8	7.0	4.2	10.3	4.6	17	30	47	65	78	0.0	13.16 (68)	Avg	
Vanguard Small Cap Value Index Admiral VSIAX	Silver	★★★★★	10.0	6.1	7.1	13.7	<i>6.7</i>	36	38	11	6	<i>19</i>	1.9	12.9 (78)	Avg	
Allocation			—	3.9	2.1	2.7	5.5	3.4	—	—	—	—	—	6.4 (75)	—	
American Funds 2020 Trgt Date Retire A AACTX	Silver	TE	★★★	5.5	3.9	4.8	8.3	—	34	29	2	3	—	1.1	6.26 (95)	Avg
American Funds American Balanced A ABALX	Silver	MA	★★★★	5.8	5.0	6.7	10.3	6.5	24	10	3	3	7	1.5	7.14 (88)	Avg
American Funds Income Fund of Amer A AMECX	Silver	AL	★★★★	7.4	6.0	5.5	9.1	5.6	11	7	10	14	10	3.1	7.65 (92)	Low
AMG Managers Montag & Caldwell Balancd N MOBAX	—	MA	★★★★	-0.1	-0.3	4.5	6.7	5.6	98	92	35	69	21	0.6	6.01 (62)	Low
Arbitrage R ARBFX	Bronze	NE	★★★★	1.8	2.6	1.4	1.1	2.7	45	30	33	49	17	0.0	1.88 (3)	Low
Berwyn Income BERIX	Silver	CA	★★★★	7.7	6.0	3.0	6.2	6.8	18	11	53	23	1	2.0	4.0 (79)	Low
Calamos Market Neutral Income A CVSIX	Neutral	NE	★★★★	3.7	3.2	2.7	3.7	3.1	17	22	16	7	9	1.2	3.32 (1)	Avg
Dodge & Cox Balanced DODBX	Gold	MA	★★★★	8.9	6.3	6.5	11.8	5.6	5	4	5	1	23	2.2	8.6 (84)	High
Fidelity Balanced FBALX	Bronze	MA	★★★★★	4.4	3.3	6.4	9.4	6.0	56	36	6	9	14	1.6	7.83 (91)	+Avg
Fidelity Four-in-One Index FFOXX	Gold	AL	★★★★	4.3	2.5	5.0	9.7	5.2	53	47	16	8	24	2.0	9.25 (95)	Avg
Fidelity Puritan FPURX	Silver	MA	★★★★★	3.4	3.0	6.6	9.7	6.0	77	46	4	7	13	1.7	7.84 (85)	+Avg
Fidelity Strategic Real Return FSRRX	—	XY	★★	7.7	4.0	0.0	1.1	2.4	15	31	92	87	85	1.7	5.15 (40)	+Avg
FPA Crescent FPACX	Gold	MA	★★★★	5.0	3.5	4.3	8.3	6.7	40	32	40	28	5	0.6	7.39 (83)	Avg
Franklin Income A FKINX	Bronze	CA	★★★	11.3	5.7	2.9	6.8	5.2	2	13	56	13	16	5.4	8.94 (87)	High
Franklin Mutual Shares A TESIX	Bronze	XM	★★★★	8.7	5.9	5.2	10.7	4.3	5	3	11	6	49	1.5	9.94 (90)	-Avg
Gateway A GATEX	Silver	XR	★★	3.0	3.1	3.5	4.7	2.9	42	33	37	72	1	1.3	4.27 (86)	-Avg
Greenspring GRSPX	—	MA	★★	11.0	8.9	0.8	5.5	4.8	4	1	95	92	50	1.7	7.94 (71)	+Avg
Invesco Equity and Income A ACEIX	Neutral	MA	★★★	7.3	5.2	5.9	10.3	5.8	10	9	11	3	15	2.1	8.33 (84)	High
Janus Balanced T JABAX	Neutral	MA	★★★★	0.7	-0.2	4.3	8.2	6.7	95	92	41	31	5	1.7	6.9 (87)	Avg
JPMorgan Income Builder A JNBAX	Bronze	CA	★★★	6.3	4.2	3.3	6.8	—	29	27	44	14	—	4.2	6.12 (90)	+Avg
Leuthold Core Investment Retail LCORX	—	TV	★★★★	0.3	-1.2	3.7	6.4	4.5	78	72	12	6	14	3.9	6.29 (58)	-Avg
Litman Gregory Masters Alt Strats Inv MASNX	Bronze	GY	★★★★★	5.1	3.6	2.9	4.6	—	15	10	14	8	—	2.9	3.17 (81)	Low
Mairs & Power Balanced Inv MAPOX	Silver	MA	★★★★★	8.0	6.4	5.2	10.1	6.8	7	4	19	5	5	2.3	7.11 (90)	Avg
Manning & Napier Pro-Blend Cnsv Term S EXDAX	Bronze	CA	★★★	5.2	3.1	2.4	4.4	4.7	48	60	76	82	30	1.4	4.52 (93)	-Avg
Manning & Napier Pro-Blend Extn Term S MNBAX	Bronze	MA	★★★	6.2	3.2	2.6	6.6	4.7	18	40	84	72	52	0.5	7.65 (93)	+Avg
Manning & Napier Pro-Blend Mod Term S EXBAX	Bronze	CA	★★★	5.4	2.8	2.0	5.3	4.3	45	68	84	53	50	0.7	5.97 (94)	+Avg
Merger Investor MERFX	Silver	NE	★★★	1.2	1.0	0.9	2.0	2.4	51	49	42	35	20	0.8	2.94 (0)	-Avg
MFS Total Return A MSFRX	Bronze	MA	★★★	6.3	4.6	5.8	8.7	5.3	17	13	12	19	32	2.4	6.26 (93)	-Avg
Oakmark Equity & Income I OAKBX	Silver	MA	★★★★	4.8	2.5	3.7	7.9	6.3	45	60	61	37	10	1.1	8.18 (87)	+Avg
Pax Balanced Individual Investor PAXWX	—	MA	★★★	4.6	3.8	4.8	7.5	4.2	50	28	27	48	69	1.0	6.98 (91)	Avg
Russell 2000 Value Index				11.9	9.0	4.4	11.5	4.8								
S&P 500 Index				5.9	4.5	8.8	13.5	6.7								
BarCap US Agg Bond TR USD				4.8	4.2	3.5	2.8	4.5								
Dow Jones Moderate Portfolio Index				6.3	4.5	4.0	6.9	5.2								

Legend

- Red = Lowest return in group
- Green = Highest return in group
- Italic = Extended performance
- ★ = New this month
- ↑↓ = Increase/decrease in rating
- NR = No Morningstar Rating; fund less than three years old.

Categories

- AL Allocation—70% to 85% Equity
- CA Allocation—30% to 50% Equity
- GY Multi-Alternative
- LO Long-Short
- MA Allocation—50% to 70% Equity
- MR Miscellaneous Sector
- NE Market Neutral
- RI Retirement Income
- SC Communications
- SF Financial
- SH Health
- SN Natural Resources
- SP Equity Precious Metals
- SR Real Estate
- ST Technology
- TD Target Date 2011–2015
- TE Target Date 2016–2020
- TG Target Date 2021–2025
- TH Target Date 2026–2030
- TI Target Date 2031–2035
- TJ Target Date 2036–2040
- TK Target Date 2041–2045
- TL Target Date 2050+
- TV Tactical Allocation
- XM Allocation—85%+ Equity
- XY Allocation—15% to 30% Equity
- XR Option Writing

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
					Cash	Stock	Bond			Other	Foreign								
	—	17.8	1.5	2,640	24	18	13	—	77	3	96	0	0	2	—	1.31	—	940	—
ASVIX		16.7	1.5	1,399	23	18	14	139	95	3	97	0	0	4	Clsd	1.26	8.16	1,434	John/Lewis (7.8/5.8)
DASCX		16.0	1.7	1,673	27	24	17	62	148	0	99	0	1	0	NL	1.2	15.26	226	Steven Roth (8.3)
DFSVX		16.3	1.2	1,468	26	22	13	1120	9	0	98	2	0	6	NL	0.52	32.75	13,126	Management Team
DFVFX		16.2	1.3	2,178	26	20	15	1483	15	0	99	1	0	4	NL	0.37	21.26	8,278	Management Team
DHSCX		16.5	1.7	3,044	30	27	10	72	17	15	83	3	0	3	Clsd	1.31	32.12	1,768	Management Team
FCPVX		17.0	1.6	2,375	31	20	14	57	33	1	98	0	2	4	Clsd	1.22	16.9	3,162	Derek Janssen (3.7)
JSCVX		19.9	2.0	2,138	26	16	15	88	84	4	96	0	0	3	NL	1.14	20.41	2,040	Management Team
RYPNX		19.2	1.3	710	34	20	18	236	27	4	94	0	2	3	NL	1.17	11.73	1,410	Hench/Zaino (12.5/18.6)
RYVFX		14.3	1.6	1,112	32	24	17	59	60	13	86	0	1	3	NL	1.48	9.01	458	Jay Kaplan (12.8)
RYSEX		16.9	1.8	1,212	42	19	16	42	15	13	87	0	0	0	NL	1.15	20.3	1,450	Dreifus/McBoyle (18.5/2.1)
TASCX		19.0	1.6	1,893	33	21	15	68	29	5	95	0	1	4	NL	1.14	20.97	314	Bui/Rewey (3.8/2.3)
VSIAX		17.3	1.6	2,997	18	18	12	862	16	1	99	0	0	1	NL	0.08	46.13	21,180	Coleman/OReilly (0.5/0.5)
	—	1.5	0.2	2,724	—	—	—	—	—	12	53	33	2	20	—	0.92	—	1,374	—
AACTX		18.9	2.6	64,906	15	15	12	21	8	6	50	41	2	21	5.75	0.71	11.66	7,776	Management Team
ABALX		20.0	2.7	105,191	17	15	12	1565	82	1	55	42	1	8	5.75	0.58	24.75	97,965	Management Team
AMECX		19.5	2.9	71,108	16	14	13	1804	52	2	69	26	4	20	5.75	0.56	21.21	100,944	Management Team
MOBAX		23.2	3.6	102,201	34	20	20	68	35	2	65	32	0	0	NL	1.36	22.58	33	Canakaris/Donahue (22.0/3.7)
ARBFX		26.7	3.4	5,228	28	19	17	100	321	32	67	0	1	3	NL	1.5	12.76	1,766	Management Team
BERIX		18.5	2.2	5,968	44	15	13	88	45	28	22	37	13	8	NL	0.67	13.64	1,753	Management Team
CVSIX		18.6	2.5	99,475	20	15	15	495	37	1	34	11	54	-4	4.75	1.11	13.13	3,867	Management Team
DODBX		15.2	1.7	61,803	27	21	16	376	20	1	68	31	1	10	NL	0.53	99.73	14,524	Management Team
FBALX		20.7	2.4	47,005	22	15	13	1126	64	3	65	29	3	7	NL	0.55	21.69	28,770	Management Team
FFNOX		18.3	2.1	37,936	16	15	13	4	9	1	85	14	0	28	NL	0.11	37.59	4,471	Dierdorf/Sharpe (7.7/7.3)
FPURX		21.5	2.8	76,134	24	17	13	1124	36	4	70	25	0	9	NL	0.56	20.57	25,690	Management Team
FSRRX		30.5	2.4	7,967	98	1	—	323	23	1	18	43	37	3	NL	0.8	8.74	787	Management Team
FPACX		16.4	1.4	45,075	35	33	14	119	48	14	53	27	6	5	NL	1.09	32.36	16,333	Management Team
FKINX		16.5	1.7	81,095	16	15	12	469	44	3	52	41	4	32	4.25	0.61	2.23	79,657	Management Team
TESIX		17.3	1.6	43,237	24	18	16	156	19	6	84	6	4	18	5.75	1.06	27.58	15,185	Management Team
GATEX		19.0	2.7	79,438	19	15	15	276	10	2	98	0	0	-1	5.75	0.94	30.28	8,130	Management Team
GRSPX		18.5	2.1	4,266	33	18	16	106	25	14	63	18	5	2	NL	0.96	23.4	297	Charles Carlson (29.7)
ACEIX		15.9	1.5	61,354	35	14	12	418	69	3	67	23	7	8	5.50	0.8	10.19	13,586	Management Team
JABAX		17.6	3.5	67,270	18	18	16	548	75	1	62	34	3	5	NL	0.83	28.77	12,919	Management Team
JNBAX		16.8	1.8	33,341	23	19	8	2553	48	2	32	62	3	29	4.50	0.75	9.95	12,284	Management Team
LCORX		14.2	2.3	10,810	25	20	20	320	78	18	63	17	2	18	NL	1.21	17.66	904	Management Team
MASNX		19.9	2.1	26,908	29	14	13	966	145	24	26	48	2	10	NL	1.74	11.34	1,375	Management Team
MAPOX		18.0	3.0	54,580	23	23	17	334	14	2	64	34	0	4	NL	0.73	86.11	820	Earley/Kaliebe (1.8/10.8)
EXDAX		21.5	3.3	53,617	25	16	10	592	51	1	33	66	0	11	NL	0.9	13.36	1,202	Management Team
MNBAX		23.0	3.8	45,254	30	20	9	542	66	1	58	41	0	18	NL	1.08	16.62	1,110	Management Team
EXBAX		23.0	3.8	44,694	30	20	9	541	56	2	44	54	0	16	NL	1.07	13.37	1,003	Management Team
MERFX		20.0	1.9	17,190	33	22	11	115	157	47	47	3	3	3	NL	1.37	15.5	3,491	Behren/Shannon (9.7/9.7)
MSFRX		16.8	2.1	59,299	22	15	14	858	45	1	59	39	0	9	5.75	0.74	17.94	7,383	Management Team
OAKBX		14.1	1.8	34,623	31	18	14	290	25	16	63	21	0	7	NL	0.75	29.94	16,129	Management Team
PAXWX		18.5	2.3	47,913	18	17	16	274	61	4	63	33	0	12	NL	0.93	22.42	1,910	Management Team
		17.1	1.3	1,326															
		19.0	2.6	78,760															

Equity Style Box

Val	Blnd	Grth	Log Mid Sm

Sectors

- Cyclical
- Basic Materials
- Consumer Cyclical
- Financial Services
- Real Estate
- Sensitive
- Communication Svcs
- Energy
- Industrials
- Technology
- Defensive
- Consumer Def
- Healthcare
- Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk				
			Morningstar Rating	Total Return % 10-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion	Risk Relative to Category	
			vs. Category 5=Best	YTD	1 Yr	ANNUALIZED			1=Best, 100=Worst						(R ²)		
						3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr				
Morningstar 500 Domestic Equity				—	3.9	2.1	2.7	5.5	3.4	—	—	—	—	—	—	6.4 (75)	—
Allocation (cont'd)																	
Permanent Portfolio Permanent I PRPFX	—	CA	★★★★	11.8	7.0	0.8	0.9	5.2	1	6	94	97	15	1.0	7.7 (41)	High	
PIMCO All Asset All Authority D PAUDX	🥉 Bronze	TV	★★★★	15.1	10.6	-1.3	1.3	4.1	2	1	80	88	35	3.4	8.55 (56)	Avg	
PIMCO All Asset D PASDX	🥇 Gold	TV	★★★★	13.7	9.8	0.9	3.3	4.5	4	4	57	63	20	2.7	7.95 (69)	Avg	
PIMCO Inflation Response MultiAsst Instl PIRMX	—	CA	★	11.7	7.8	1.0	0.5	—	1	3	93	98	—	0.9	7.27 (44)	High	
PIMCO RAE Fundamental Advantage PLUS D PFSDX	Neutral	NE	★★	4.6	4.2	-1.5	1.7	—	13	13	76	40	—	1.8	3.04 (0)	Avg	
T. Rowe Price Balanced RPBAX	🥈 Silver	MA	★★★★★	4.6	3.1	4.8	8.5	5.7	50	44	27	24	18	1.8	7.43 (94)	+Avg	
T. Rowe Price Capital Appreciation PRWCX	🥇 Gold	MA	★★★★★	6.5	5.4	9.3	12.3	8.1	15	7	1	1	1	1.3	7.06 (84)	Avg	
T. Rowe Price Personal Strat Gr TRSGX	🥈 Silver	AL	★★★★★	5.1	3.4	5.0	10.0	5.9	41	31	16	7	3	1.5	9.31 (94)	Avg	
T. Rowe Price Personal Strat Inc PRSIX	🥈 Silver	CA	★★★★★	6.0	4.6	4.1	6.7	5.6	33	22	14	15	7	1.9	5.36 (97)	Avg	
T. Rowe Price Retirement 2015 TRRGX	🥈 Silver	TD	★★★★★	6.1	4.4	4.3	7.6	5.3	10	10	7	3	1	1.9	6.57 (99)	+Avg	
Vanguard Balanced Index Adm VBIAX	🥇 Gold	MA	★★★★★	5.7	4.5	6.4	9.2	6.3	26	17	6	13	10	2.1	6.54 (93)	-Avg	
Vanguard LifeStrategy Income Inv VASIX	🥇 Gold	XY	★★★★★	5.4	4.4	4.1	4.5	4.3	41	20	8	29	26	2.0	3.06 (58)	-Avg	
Vanguard Managed Payout Investor VPGDX	—	XM	↑★★★★	5.8	3.9	4.3	7.2	—	11	7	35	97	—	3.6	6.26 (96)	Low	
Vanguard STAR Inv VGSTX	🥈 Silver	MA	★★★★★	5.2	3.7	5.1	8.4	5.7	35	30	22	25	19	1.9	7.4 (96)	Avg	
Vanguard Target Retirement 2025 Inv VTTVX	🥇 Gold	TG	★★★★★	5.6	3.8	4.8	8.3	5.2	31	29	4	17	6	2.0	7.35 (98)	Avg	
Vanguard Tax-Managed Balanced Adm VTMFX	🥇 Gold	CA	★★★★★	4.3	4.1	6.3	8.6	6.0	74	31	1	1	5	2.1	5.05 (90)	Avg	
Vanguard Wellesley Income Inv VWINX	🥇 Gold	CA	★★★★★	7.4	6.6	6.1	7.6	6.8	21	8	2	6	2	2.8	4.4 (76)	-Avg	
Vanguard Wellington Inv VWELX	🥇 Gold	MA	★★★★★	6.4	4.9	6.5	9.7	6.7	17	11	5	7	5	2.5	7.09 (93)	Avg	
Westwood Income Opportunity Instl WHGIX	—	MA	★★★★★	4.7	3.2	4.3	7.1	6.4	46	42	41	59	9	1.6	6.03 (89)	Low	
U.S. Specialty Funds																	
AllianzGI Technology Institutional DRGTX	🥉 Bronze	ST	★★★★★	6.0	6.5	10.4	13.7	10.4	74	64	58	48	19	0.0	14.78 (67)	Avg	
Cohen & Steers Realty Shares CSRSX	🥉 Bronze	SR	★★★★★	4.1	5.4	10.8	11.2	5.2	41	35	11	21	20	2.6	14.94 (17)	Avg	
Davis Financial A RPFGX	—	SF	★★★★★	5.0	4.7	8.2	13.1	4.3	30	29	19	34	25	0.4	12.4 (71)	-Avg	
Fidelity Real Estate Investment Port FRESX	🥉 Bronze	SR	★★★★★	4.9	6.9	11.3	11.8	4.9	29	15	4	5	32	1.6	15.42 (15)	+Avg	
Fidelity Select Energy FSENX	—	EE	★★★★★	19.4	5.2	-6.3	0.7	2.4	15	11	10	9	24	1.0	21.22 (39)	Avg	
Fidelity Select Health Care FSPHX	—	SH	★★★★★	-11.3	-7.5	11.1	19.7	11.8	28	21	17	16	22	0.0	17.21 (34)	+Avg	
Fidelity Select Technology FSPTX	—	ST	★★★★★	12.9	12.6	13.3	14.0	10.5	21	26	35	35	18	0.1	14.85 (73)	Avg	
Franklin Utilities A FKUTX	🥇 Gold	SU	★★★★★	18.3	16.3	11.0	11.4	8.1	11	12	12	11	4	2.7	12.31 (5)	Avg	
Harbor Commodity Real Return ST Instl HACMX	—	BB	↓★★★	11.6	-0.4	-12.7	-10.7	—	14	37	55	61	—	2.8	15.79 (91)	+Avg	
PIMCO Commodity Real Ret Strat D PCRDX	🥈 Silver	BB	★★	11.0	-1.1	-12.9	-10.9	-4.3	25	50	60	67	37	2.3	15.6 (91)	+Avg	
T. Rowe Price Global Technology PRGTX	🥉 Bronze	ST	★★★★★	10.9	14.2	22.1	21.1	14.9	44	18	4	1	1	0.0	16.05 (78)	+Avg	
T. Rowe Price Health Sciences PRHSX	Neutral	SH	★★★★★	-13.1	-10.5	11.6	21.5	14.3	50	42	5	1	1	0.0	16.95 (30)	+Avg	
T. Rowe Price Media & Telecomms PRMTX	—	SC	★★★★★	9.5	7.7	10.7	16.7	12.5	44	28	1	1	6	0.2	13.64 (78)	High	
T. Rowe Price New Era PRNEX	—	SN	★★★★	17.3	8.2	-3.9	0.1	1.8	47	27	29	30	20	1.3	17.0 (53)	-Avg	
T. Rowe Price Real Estate TRREX	🥇 Gold	SR	★★★★	2.3	3.1	10.3	10.9	4.6	82	86	26	32	44	2.3	14.38 (19)	-Avg	
T. Rowe Price Science & Tech PRSCX	—	ST	★★★★★	14.3	15.7	15.9	14.8	10.5	11	9	16	22	16	0.0	15.22 (77)	+Avg	
Third Avenue Real Estate Value Instl TAREX	🥈 Silver	GR	★★★★★	3.5	0.1	4.1	11.1	3.2	29	53	49	1	4	0.7	11.8 (74)	-Avg	
Vanguard Energy Inv VGENX	Neutral	EE	★★★★★	22.5	9.8	-5.9	-0.5	2.4	13	5	5	33	20	2.1	20.1 (46)	-Avg	
Vanguard Health Care Inv VGHGX	🥇 Gold	SH	↑★★★★★	-10.6	-8.2	11.3	16.8	10.1	22	32	9	51	43	1.1	13.57 (44)	-Avg	
Vanguard Precious Metals and Mining Inv VGPMX	—	SP	★★★★★	68.0	50.2	0.3	-12.5	-3.5	93	94	78	35	82	1.5	35.0 (10)	Low	
Vanguard REIT Index Adm VGSIX	🥇 Gold	SR	↓★★★★	5.5	6.7	10.2	11.3	5.2	24	16	32	18	21	3.7	15.38 (14)	+Avg	
BarCap US Agg Bond TR USD				4.8	4.2	3.5	2.8	4.5									
Dow Jones Moderate Portfolio Index				6.3	4.5	4.0	6.9	5.2									
S&P 500 Index				5.9	4.5	8.8	13.5	6.7									

Legend	★ = New this month	Categories	AL Allocation—70% to 85% Equity	SF Financial	TG Target Date 2021-2025
Red = Lowest return in group	↑↓ = Increase/decrease in rating	BB Commodities Broad Basket	SH Health	TH Target Date 2026-2030	
Green = Highest return in group	NR = No Morningstar Rating; fund less than three years old.	CA Allocation—30% to 50% Equity	SN Natural Resources	TI Target Date 2031-2035	
Italic = Extended performance		EE Equity Energy	SP Equity Precious Metals	TJ Target Date 2036-2040	
		GR Global Real Estate	SR Real Estate	TK Target Date 2041-2045	
		IH World Allocation	ST Technology	TL Target Date 2050+	
		LO Long-Short	SU Utilities	TV Tactical Allocation	
		MA Allocation—50% to 70% Equity	TA Target-Date 2000-2010	RI Retirement Income	
		NE Market Neutral	TD Target Date 2011-2015	XM Allocation—85%+ Equity	
		SC Communications	TE Target Date 2016-2020	XY Allocation—15% to 30% Equity	

Current Portfolio Style

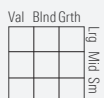
Costs

Operations

Current Equity Style Box	Price/Earn Ratio	Price/Book Ratio	Average Market Cap (\$Mil)	Top Three Sectors (% of Stock)			Total # of Holdings	Turn-over %	Recent Composition (% of Assets)					Sales Charge %	Expense Ratio %	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				Cash	Stock	Bond			Other	Foreign								
—	1.5	0.2	2,724	—	—	—	—	—	12	53	33	2	20	—	0.92	—	1,374	—
PRPFX	24.7	2.3	22,331	🏠 30	📁 14	🏠 14	134	5	1	38	33	29	13	NL	0.8	38.64	2,978	Michael Cuggino (13.5)
PAUDX	9.1	0.8	—	—	—	—	40	39	-40	19	108	13	40	NL	1.62	8.69	8,337	Robert Arnott (13.0)
PASDX	8.8	0.7	—	—	—	—	38	40	-21	31	79	11	51	NL	1.27	11.46	19,199	Robert Arnott (14.2)
PIRMX	28.0	2.5	12,831	🏠 81	🏠 4	📁 3	365	290	24	6	45	25	-27	NL	0.7	8.72	1,024	Johnson/Worah (1.8/5.2)
PFSDX	—	—	—	—	—	—	323	602	16	0	82	2	23	NL	1.29	9.8	648	Management Team
RPBAX	18.2	2.0	52,137	🏠 18	📁 16	📈 15	1476	65	4	63	33	1	27	NL	0.64	22.12	3,815	Charles Shriver (5.5)
PRWCX	21.7	3.3	58,335	📈 27	🏠 16	⚙️ 13	280	67	9	62	25	4	7	Clsd	0.7	26.69	26,627	David Giroux (10.3)
TRSGX	18.4	2.1	40,166	🏠 18	📁 17	🏠 15	1600	64	2	80	18	0	34	NL	0.79	29.24	1,709	Charles Shriver (5.5)
PRSEX	18.4	2.1	40,058	🏠 19	📁 16	🏠 15	1685	81	10	42	48	0	35	NL	0.59	18.1	1,688	Charles Shriver (5.5)
TRRGX	17.9	2.1	34,970	🏠 16	📁 16	📈 13	18	16	5	51	43	1	27	NL	0.62	14.51	9,642	Clark/Lee (12.7/1.2)
VBIAX	19.3	2.5	44,490	📁 18	📈 14	🏠 14	12395	61	2	59	39	0	4	NL	0.08	30.43	29,556	Management Team
VASIX	17.4	1.9	31,694	🏠 16	📁 15	📈 12	5	14	3	20	76	1	35	NL	0.12	15.14	3,823	Management Team (22.1)
VPGDY	16.4	1.9	5,205	⚙️ 18	🏠 15	📈 13	10	29	11	65	17	7	38	NL	0.38	17.72	1,678	Ameriks/Shtekhman (2.6/0.5)
VGSTX	16.8	1.9	37,455	📁 20	📈 16	🏠 16	12	8	4	61	34	1	26	NL	0.34	24.32	19,091	Coleman/Nejman (3.7/3.7)
VTTVX	17.4	1.9	31,715	🏠 16	📁 15	📈 12	5	24	2	64	33	1	37	NL	0.15	16.49	31,706	Coleman/Nejman (3.7/3.7)
VTMFY	19.3	2.6	57,455	📁 19	📈 14	🏠 14	2373	9	0	48	52	0	0	NL	0.11	27.59	3,005	Management Team
VWINX	18.3	2.5	105,526	📈 14	📁 14	🔥 13	1480	59	0	36	62	2	19	NL	0.23	25.81	49,853	Keogh/Reckmeyer (8.7/9.8)
VWELX	16.3	2.1	98,596	🏠 21	📈 20	📁 13	1278	39	0	66	33	1	16	Clsd	0.26	38.38	92,217	Bousa/Keogh (13.8/10.6)
WHGIX	19.3	2.8	52,191	🔥 21	📈 16	⚙️ 16	62	24	22	46	20	13	2	NL	0.9	14.58	2,444	Freeman/Williams (10.8/10.8)
DRGTX	25.2	4.3	68,470	📁 73	🏠 14	🏠 5	140	171	4	96	0	0	10	NL	1.32	57.55	1,231	Chen/Price (20.8/20.8)
CSRSX	35.0	2.6	11,020	🏠 96	🏠 3	📁 1	49	58	1	98	0	1	0	NL	0.96	70.56	5,882	Management Team
RPFGX	14.4	1.2	49,601	📁 90	📁 4	⚙️ 4	31	5	4	96	0	0	15	4.75	0.86	41.35	758	Christopher Davis (2.8)
RRESX	30.5	2.4	12,313	🏠 100	—	—	50	24	1	98	0	1	0	0	0.78	41.39	5,311	Steve Buller (18.8)
FSENX	30.1	1.7	17,990	🔥 97	📈 2	🏠 1	85	79	2	96	0	2	5	NL	0.8	41.89	2,468	John Dowd (10.2)
FSPHX	23.5	2.4	19,562	📈 95	📁 4	⚙️ 1	107	76	0	97	0	2	11	NL	0.73	183.83	7,543	Edward Yoon (8.1)
FSPTX	25.2	3.4	36,412	📁 86	⚙️ 4	🏠 4	263	130	2	95	0	3	28	NL	0.78	133.37	3,558	Charlie Chai (9.7)
FKUTX	19.4	1.8	17,897	📈 93	🔥 5	🏠 1	53	9	0	99	1	0	7	4.25	0.73	17.88	6,324	Kohli/Schmicker (17.8/6.8)
HACMX	—	—	—	—	—	—	209	784	3	0	67	30	7	NL	0.94	3.71	77	Management Team
PCRDY	—	—	—	—	—	—	432	111	14	0	62	24	-18	NL	1.19	6.83	6,647	Management Team
PRGTX	33.2	5.8	27,736	📁 63	📁 21	🏠 8	65	219	8	92	0	1	30	NL	0.91	15.04	3,268	Joshua Spencer (4.4)
PRHSX	21.1	2.9	21,731	📈 96	📁 2	⚙️ 1	141	31	1	99	0	1	3	NL	0.76	59.83	11,455	Ziad Bakri (0.6)
PRMTX	34.5	4.5	76,007	📁 41	🏠 28	📁 28	76	13	3	95	0	2	22	NL	0.79	77.32	3,933	Paul Greene (3.4)
PRNEX	22.8	1.9	14,409	🔥 52	🏠 25	📈 8	123	76	1	99	0	0	34	NL	0.67	31.99	3,467	Shawn Driscoll (3.1)
TRREX	25.8	2.7	12,352	🏠 97	🏠 2	🏠 1	38	6	5	94	0	1	0	NL	0.76	27.71	6,506	David Lee (19.0)
PRSCX	26.1	3.4	48,522	📁 61	🏠 25	📁 8	65	82	12	86	1	2	23	NL	0.84	39.16	4,077	Kennard Allen (7.8)
TAREX	20.2	1.0	10,051	🏠 71	🏠 12	🏠 10	48	17	4	92	0	4	54	NL	1.1	29.73	1,939	Management Team
VGENX	25.5	1.4	34,320	🔥 97	📈 2	🏠 1	148	23	2	96	0	2	29	NL	0.37	50.29	10,347	Management Team
VGHCX	24.6	2.8	45,165	📈 95	📁 4	📁 1	86	18	1	97	0	1	20	NL	0.36	192.11	47,683	Jean Hynes (8.4)
VGPMX	39.2	1.4	3,445	🏠 98	⚙️ 2	📁 1	64	8	2	97	0	1	89	NL	0.35	10.48	2,726	Jamie Horvat (2.7)
VGSLX	29.7	2.5	10,592	🏠 99	⚙️ 1	🏠 —	152	11	0	99	0	0	0	NL	0.12	115.97	64,423	Nejman/O'Reilly (0.4/20.4)

19.0 2.6 78,760

Equity Style Box



Sectors

- 🏠 Cyclical
- 🏠 Basic Materials
- 🏠 Consumer Cyclical
- 🏠 Financial Services
- 🏠 Real Estate

- 📁 Sensitive
- 📁 Communication Svcs
- 📁 Energy
- ⚙️ Industrials
- 📁 Technology

- ➔ Defensive
- 📁 Consumer Def
- 📁 Healthcare
- 📁 Utilities

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating	vs. Category 5=Best	Total Return % 10-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
				YTD	1 Yr	ANNUALIZED			YTD	1 Yr	3 Yr	5 Yr	10 Yr			
						3 Yr	5 Yr	10 Yr								
Foreign Stock				—	0.9	-0.7	-0.2	6.0	2.3	—	—	—	—	—	11.92 (82)	—
American Beacon Intl Equity Inv AAPX	🥉 Bronze	FV	★★★★	-1.6	-5.4	-2.8	5.0	1.2	78	91	59	27	23	1.2	12.24 (91)	Avg
American Century International Gr Inv TWIEX	🥉 Bronze	FG	★★★★	-3.9	-5.9	-1.6	5.5	2.4	85	88	80	51	52	0.5	11.87 (81)	Avg
American Funds Europacific Growth A AEPGX	🏆 Gold	FG	★★★★	2.9	0.1	1.0	6.2	3.5	26	30	20	33	20	1.7	11.18 (89)	Low
American Funds Intl Gr and Inc A IGAAX	🏆 Gold	FB	★★	3.8	-0.1	-1.8	4.6	—	19	25	63	54	—	2.3	10.93 (93)	-Avg
Ariel International Investor AINTX	Neutral	FV	★★★★★	0.2	-2.7	1.1	—	—	53	50	6	—	—	0.2	10.46 (87)	Low
Artisan International Investor ARTIX	🥈 Silver	FG	★★★★	-6.0	-7.0	-2.4	6.3	2.8	98	97	90	32	41	0.5	12.12 (77)	Avg
Artisan International Small Cap Investor ARTJX	🏆 Gold	FR	↓★★★	-9.5	-9.2	-2.5	7.6	4.8	100	100	98	59	35	0.1	14.21 (57)	High
Artisan International Value Investor ARTKX	🏆 Gold	FB	★★★★★	3.7	-0.1	1.8	9.7	5.9	20	25	5	3	1	0.8	10.75 (84)	-Avg
Causeway International Value Inv CIVVX	🏆 Gold	FB	★★★★	-1.9	-4.9	-2.8	5.5	1.9	81	86	84	28	27	1.7	11.6 (87)	Avg
Columbia Acorn International Z ACINX	🥈 Silver	FR	★★★★	1.7	0.5	-0.3	6.2	4.7	34	52	71	82	38	1.3	11.11 (85)	-Avg
DFA International Small Company I DFISX	🥈 Silver	FQ	★★★★	5.2	5.4	2.5	8.3	4.2	27	23	26	46	27	2.8	11.95 (82)	Avg
Dodge & Cox International Stock DODFX	🏆 Gold	FB	★★★★	6.4	-0.4	-0.9	6.4	2.7	6	28	40	14	16	2.2	14.79 (90)	High
Fidelity Diversified International FDIVX	🥉 Bronze	FG	★★★★	-2.2	-3.7	0.6	6.7	2.1	75	72	33	21	60	1.0	11.66 (83)	Avg
Fidelity International Discovery FIGRX	🥉 Bronze	FG	★★★★	-3.8	-4.5	-0.4	6.5	2.4	84	79	56	28	55	1.1	11.49 (81)	-Avg
Fidelity International Growth FIGFX	🥉 Bronze	FG	★★★★	-1.5	-2.9	1.1	7.1	—	66	60	20	15	—	0.7	11.12 (81)	-Avg
Fidelity International Index Investor FSIX	🥈 Silver	FB	★★★★	0.3	-2.6	-1.3	5.2	1.3	49	53	48	35	39	2.8	11.91 (94)	Avg
Fidelity Overseas FOSFX	🥉 Bronze	FB	★★★★★	-0.3	-1.0	2.8	9.0	2.4	61	32	4	4	19	1.0	11.56 (83)	Avg
First Eagle Overseas A SGOVX	🥉 Bronze	FB	↑★★★★★	8.6	6.9	3.5	6.1	5.6	2	1	3	17	3	0.2	8.7 (81)	Low
FMI International FMIJX	🥈 Silver	FB	★★★★★	7.7	6.2	6.7	11.4	—	4	2	1	1	—	1.7	7.61 (66)	Low
Harbor International Institutional HAINX	🏆 Gold	FB	★★★★	1.5	-3.7	-2.3	4.2	3.0	33	75	73	65	13	1.7	13.17 (93)	High
Harding Loevner International Eq Inv HLMNX	🥈 Silver	FG	★★★★	7.1	4.6	1.4	6.1	4.2	2	2	15	36	4	0.7	12.97 (89)	+Avg
IVA International A IVIOX	🥈 Silver	FQ	★★	3.7	1.5	2.4	5.7	—	38	41	28	75	—	2.4	6.1 (89)	Low
JOHCM International Select II JOHAX	—	FG	★★★★★	8.4	6.2	5.2	10.2	—	1	1	4	1	—	0.1	11.94 (59)	+Avg
Litman Gregory Masters Intl Instl MSILX	🥉 Bronze	FB	★★★★	-5.3	-9.5	-3.9	3.3	1.9	96	98	92	83	26	1.8	12.58 (85)	+Avg
Longleaf Partners International LLINX	—	FB	★★	11.7	5.0	-3.4	4.7	1.0	1	3	89	49	51	1.6	17.18 (84)	High
Manning & Napier World Opportunities A EXWAX	🥉 Bronze	FB	↓★★★	2.2	-1.5	-4.1	2.5	1.4	28	39	93	91	36	1.8	12.98 (88)	+Avg
Neuberger Berman International Eq Inv NIQVX	🥈 Silver	FB	★★★★	-0.4	-1.4	0.6	<i>5.9</i>	<i>1.9</i>	64	37	14	20	25	0.4	11.37 (82)	Avg
Oakmark International I OAKIX	🏆 Gold	FB	★★★★	3.6	-1.3	-1.5	8.5	4.4	21	35	56	4	5	2.2	15.23 (83)	High
Oakmark International Small Cap I OAKEX	🥉 Bronze	FQ	★★	2.3	-1.3	-1.4	6.7	2.9	42	76	81	70	73	2.4	13.88 (85)	High
Oppenheimer International Growth A OIGAX	🥈 Silver	FG	★★★★	-1.4	-2.8	-0.7	6.5	4.1	64	58	61	27	5	0.9	12.6 (83)	+Avg
T. Rowe Price International Discovery PRIDX	🥈 Silver	FR	★★★★	3.4	5.4	5.5	10.9	6.1	14	13	9	10	13	0.6	10.5 (79)	-Avg
T. Rowe Price International Gr & Inc TRIGX	Neutral	FV	↓★★★★	0.7	-2.4	-1.6	4.6	1.1	47	46	33	36	24	2.0	11.44 (92)	-Avg
T. Rowe Price International Stock PRITX	Neutral	FG	★★★★	4.1	1.4	1.3	5.5	3.0	12	16	17	52	37	1.1	12.2 (93)	+Avg
T. Rowe Price Overseas Stock TROX	🥉 Bronze	FB	★★★★	1.7	-2.0	-0.9	5.4	—	32	43	42	29	—	2.1	11.27 (93)	-Avg
Tweedy, Browne Global Value TBGVX	🥈 Silver	FV	★★★★★	2.9	0.2	1.6	7.9	4.5	27	23	4	6	1	0.8	7.66 (79)	Low
USAA International USIFX	🥉 Bronze	FG	↑★★★★	1.4	-1.1	-0.1	5.8	3.2	35	44	48	44	33	1.3	12.09 (90)	Avg
Vanguard Developed Markets Idx Admiral VTMGX	🏆 Gold	FB	★★★★	1.5	-1.2	-0.7	5.6	1.5	33	34	38	25	34	2.8	11.92 (95)	Avg
Vanguard FTSE All-Wld ex-US Idx Admiral VFWAX	🏆 Gold	FB	★★★★	4.9	1.1	-0.9	4.3	—	12	14	42	64	—	2.8	12.11 (98)	+Avg
Vanguard FTSE All-Wld ex-US SmCap Idx Inv VFSVX	🥈 Silver	FQ	★★	5.1	3.9	0.6	5.3	—	28	32	63	83	—	2.5	12.01 (86)	Avg
Vanguard International Explorer Inv VINEX	Neutral	FQ	★★★★	-0.8	-0.1	2.7	8.3	3.6	67	51	24	43	46	1.5	11.55 (76)	-Avg
Vanguard International Growth Inv VWIGX	🥈 Silver	FG	↓★★★★	5.7	3.6	0.9	6.6	3.4	6	6	26	24	23	1.3	13.62 (94)	High
Vanguard International Value Inv VTRIX	🥉 Bronze	FV	★★★★	3.9	-0.7	-2.4	4.8	1.3	23	29	46	33	18	2.0	12.67 (95)	+Avg
Vanguard Total Intl Stock Index Admiral VTIAX	🏆 Gold	FB	★★★★	4.9	1.4	-0.8	4.4	<i>1.6</i>	12	12	39	61	<i>37</i>	2.8	12.01 (98)	Avg
Virtus Foreign Opportunities A JVIAX	🥉 Bronze	FG	★★★★	-0.2	-2.4	1.5	5.5	3.0	48	54	14	51	36	0.9	11.09 (74)	Low
World Stock				—	3.3	1.0	2.7	8.1	4.0	—	—	—	—	—	11.56 (78)	—
American Funds Capital World Gr&Inc A CWGIX	🏆 Gold	—	★★★★	4.6	1.6	3.3	9.1	4.8	32	38	38	29	31	2.3	10.57 (90)	-Avg
American Funds New Perspective A ANWPX	🏆 Gold	—	★★★★	1.6	0.6	5.0	10.4	6.3	69	52	15	12	6	0.7	11.14 (84)	Avg
American Funds SMALLCAP World A SMCWX	🥉 Bronze	—	★★★★	4.4	4.1	4.2	10.6	6.0	35	16	21	11	10	0.0	12.26 (62)	+Avg
Artisan Global Equity Investor ARTHX	🥉 Bronze	—	★★★★	-0.4	-2.1	3.4	11.4	—	84	80	36	5	—	0.0	12.4 (72)	+Avg
Artisan Global Opportunities Inv ARTRX	🥈 Silver	—	★★★★★	7.8	7.6	7.5	12.7	—	8	4	3	3	—	0.1	12.81 (73)	+Avg
MSCI World Index				3.5	1.2	3.8	9.0	3.9								
MSCI EAFE Index				0.5	-2.6	-1.4	5.2	1.1								

Legend

Red = Lowest return in group
 Green = Highest return in group
Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

FA Foreign—Small/Mid Value
 FB Foreign—Large Blend
 FG Foreign—Large Growth
 FQ Foreign Small/Mid Blend
 FR Foreign—Small/Mid Growth
 FV Foreign—Large Value
 SC Communications
 SF Financial
 SH Health
 SN Natural Resources
 SP Equity Precious Metals
 SR Real Estate
 SU Utilities
 ST Technology

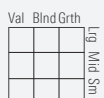
Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)							Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan		Other	Cash			Stock	Bond	Other						
							Japan	Other													
	—	0.9	6,094	52	8	1	18	16	1	—	12	3	96	0	0	—	1.31	—	1,735	—	
Aaipx	■	4.6	34,073	59	6	0	15	9	1	180	33	5	95	0	1	NL	1.07	17.24	2,717	Management Team	
TWIEX	■	9.4	22,884	69	4	1	15	8	0	106	62	1	97	0	2	NL	1.17	10.94	1,564	Gandhi/Gendelman (8.7/1.7)	
AEPGX	■	7.4	36,691	39	5	2	16	29	2	357	30	2	93	2	4	5.75	0.83	46.68	126,974	Management Team	
IGAAX	■	6.3	27,908	44	10	3	9	24	2	166	37	4	93	2	2	5.75	0.91	28.9	10,895	Management Team	
AINTX	■	9.3	28,427	59	7	0	14	9	0	83	34	11	89	0	0	NL	1.26	12.58	193	Rupal Bhansali (4.8)	
ARTIX	■	10.8	43,887	53	19	0	13	11	0	73	45	1	98	0	1	Clsd	1.17	26.97	15,985	Management Team	
ARTJX	■	11.4	2,370	82	3	0	7	7	0	46	43	2	98	0	0	Clsd	1.52	21.84	795	Hamker/Yockey (4.7/14.8)	
ARTKX	■	7.9	26,204	53	15	3	5	11	0	50	23	12	88	0	0	Clsd	1.21	32.89	12,076	O'Keefe/Samra (10.0/14.1)	
CIVVX	■	4.2	42,607	64	1	0	16	14	0	60	28	4	94	0	2	NL	1.15	13.73	6,295	Management Team	
ACINX	■	11.0	4,732	46	8	1	23	19	1	126	50	0	99	0	1	NL	0.99	39.54	5,512	Egan/Mendes (13.5/13.5)	
DFISX	■	4.9	1,539	51	9	0	24	12	1	4239	0	1	98	0	1	NL	0.54	17.78	10,696	Management Team	
DODFX	■	4.3	36,542	42	11	7	14	13	6	92	18	0	100	0	0	Clsd	0.64	38.82	54,831	Management Team	
FDIVX	■	6.7	27,978	50	17	1	16	11	3	223	31	2	97	0	0	NL	1.0	34.28	20,436	William Bower (15.6)	
FIGRX	■	7.1	16,929	55	7	0	17	12	3	224	60	2	96	0	2	NL	0.99	37.91	9,839	William Kennedy (12.0)	
FIGFX	■	12.7	35,687	48	20	1	14	10	2	97	26	2	95	0	3	NL	0.97	10.97	1,798	Jed Weiss (9.0)	
FSIIX	■	5.2	30,957	60	1	0	23	12	1	960	1	1	98	0	1	NL	0.19	35.99	15,388	Management Team	
FOSFX	■	7.7	14,379	60	10	0	20	6	1	177	28	2	96	0	2	NL	1.04	40.73	5,487	Vincent Montemaggiore (4.7)	
SGOVX	■	6.3	13,835	27	6	3	22	11	1	156	12	21	70	2	8	Clsd	1.16	23.86	15,264	Brooker/McLennan (6.7/8.1)	
FMIJX	■	12.3	21,088	39	23	0	12	9	0	52	9	15	83	0	2	NL	0.98	30.36	5,020	Management Team	
HAINX	■	6.2	45,911	64	15	2	8	3	0	74	25	3	94	0	3	NL	0.76	60.3	38,690	Management Team	
HLMNX	■	10.8	39,726	49	7	2	17	15	7	59	12	3	97	0	0	NL	1.16	18.3	6,816	Management Team	
IVOIX	■	8.8	7,548	17	3	0	14	17	1	96	27	36	52	4	7	Clsd	1.25	16.16	3,987	de Lardemelle/de Vaulx (8.1/8.1)	
JOHAX	■	8.1	26,536	53	6	2	21	12	2	53	50	0	96	0	4	Clsd	1.3	19.33	4,297	Lees/Richyal (7.2/7.2)	
MSILX	■	3.8	27,963	66	16	1	8	6	1	56	51	1	99	0	0	NL	0.99	15.28	832	Management Team	
LLINX	■	2.8	9,828	31	0	1	0	37	0	18	52	27	68	0	5	NL	1.28	13.8	1,071	Management Team	
EXWAX	■	11.5	36,188	51	21	8	4	13	0	42	71	2	98	0	0	NL	1.09	6.92	915	Management Team	
NIQVX	■	7.2	13,678	62	10	0	11	6	4	94	25	5	94	0	1	NL	1.25	20.2	1,527	Benjamin Segal (11.3)	
OAKIX	■	2.7	23,809	68	2	2	13	10	0	67	48	2	95	0	3	NL	0.95	22.12	23,827	David Herro (24.1)	
OAKEX	■	3.5	2,354	55	7	2	9	24	0	63	46	3	96	0	1	NL	1.35	14.49	2,373	Herro/Manelli (21.0/5.4)	
OIGAX	■	10.8	15,690	72	10	1	6	6	1	109	10	2	96	0	3	5.75	1.14	35.59	23,611	Dunphy/Evans (4.6/20.6)	
PRIDX	■	5.0	2,050	38	2	3	22	24	1	217	39	9	90	0	1	NL	1.2	55.73	4,934	Justin Thomson (17.8)	
TRIGX	■	5.8	21,886	55	1	1	19	15	3	118	25	5	95	0	0	NL	0.84	13.16	12,065	Jonathan Matthews (6.3)	
PRITX	■	6.4	31,818	41	9	2	15	25	1	127	32	6	94	0	1	NL	0.83	15.9	15,277	Richard Clattenburg (1.6)	
TROX	■	5.5	32,748	58	3	1	22	13	0	158	12	3	97	0	0	NL	0.84	9.14	12,205	Raymond Mills (9.8)	
TBGVX	■	6.3	32,282	60	12	1	2	9	0	198	1	10	83	7	0	NL	1.38	25.18	9,039	Management Team	
USIFX	■	6.1	17,378	60	5	1	20	11	2	593	62	1	99	0	1	NL	1.13	27.11	3,509	Management Team	
VTMGX	■	5.1	20,600	50	9	0	21	14	1	3837	3	2	95	0	3	NL	0.09	11.73	64,771	Franquin/Louie (3.7/0.5)	
VFWAX	■	4.9	25,899	41	7	3	17	22	4	2565	3	2	94	0	4	NL	0.13	27.72	25,186	Franquin/Hales (0.7/0.7)	
VFSVX	■	4.7	1,408	31	13	2	14	26	2	3529	9	9	89	0	2	NL	0.31	36.74	3,407	Miller/Perre (1.2/0.7)	
VINEX	■	7.3	1,664	52	1	0	24	15	0	319	42	3	93	0	4	NL	0.42	16.82	2,935	Dobbs/Thomas (16.8/6.3)	
VWIGX	■	5.9	31,949	41	9	2	12	22	1	171	29	2	94	0	4	NL	0.47	22.3	23,002	Management Team	
VTRIX	■	4.0	30,653	47	4	2	21	14	4	164	36	5	92	0	3	NL	0.46	32.3	8,006	Management Team	
VTIAX	■	4.9	19,204	40	7	3	17	24	4	6100	6	2	97	0	1	NL	0.12	24.89	224,515	Louie/Perre (0.7/8.2)	
JVIAX	■	17.2	60,781	54	19	0	6	18	3	46	32	0	100	0	0	5.75	1.41	28.23	1,444	Management Team	
	—	6.9	49,197	26	55	1	6	8	1	—	54	3	97	0	1	—	1.29	—	1,583	—	
CWGIX	■	7.7	52,125	28	43	1	4	14	1	418	35	1	92	3	4	5.75	0.77	44.59	83,658	Management Team	
ANWPX	■	11.8	57,891	26	49	1	6	7	2	319	27	2	92	2	4	5.75	0.75	36.6	61,061	Management Team	
SMCWX	■	7.2	2,969	19	44	2	6	17	1	604	33	3	90	2	5	5.75	1.07	45.54	29,866	Management Team	
ARTHX	■	13.4	36,062	24	61	0	6	8	0	64	78	1	99	0	0	NL	1.37	15.98	258	Management Team	
ARTRX	■	16.1	29,637	25	48	2	8	10	0	55	55	6	94	0	0	NL	1.19	21.06	1,837	Management Team	

Equity Style Box



Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 International Equity	Morningstar Analyst Rating	Morningstar Rating vs. Category 5=Best	Total Return % 10-31-16					Total Return % Category Rank					12-Mo Yld %	Stand-ard Deviation (R ²)	Risk Relative to Category	
			YTD	1 Yr	ANNUALIZED			YTD	1 Yr	1=Best, 100=Worst						
					3 Yr	5 Yr	10 Yr			3 Yr	5 Yr	10 Yr				
World Stock (cont'd)			—	3.3	1.0	2.7	8.1	4.0	—	—	—	—	—	—	11.56 (78)	—
Artisan Global Value Investor ARTGX	Silver	★★★★★	6.7	3.3	4.3	11.1	—	12	21	21	6	—	0.3	11.31 (81)	Avg	
BBH Global Core Select N BBGX	—	★★★	2.8	-1.1	1.7	—	—	58	74	71	—	—	0.6	10.0 (79)	-Avg	
Dodge & Cox Global Stock DODWX	Gold	★★★★	10.2	5.1	4.3	11.1	—	4	11	21	7	—	1.6	13.39 (90)	+Avg	
Fidelity Worldwide FWWFX	—	★★★★	-0.5	-0.8	2.9	9.3	5.4	85	71	45	26	19	0.6	11.31 (69)	Avg	
Franklin Mutual Global Discovery A TEDIX	Silver	★★★★★	6.6	4.1	3.7	9.1	5.5	13	16	29	31	16	1.3	9.9 (84)	-Avg	
Harding Loevner Global Equity Advisor HLMGX	Silver	★★★★	5.5	3.1	5.5	8.7	5.8	19	22	11	40	13	0.1	11.37 (84)	Avg	
Janus Global Research T JAWWX	Bronze	★★★	0.2	-2.3	3.0	7.9	5.9	81	82	44	58	12	0.7	11.9 (82)	Avg	
MFS Global Equity A MWEFX	Silver	★★★★	5.0	1.3	3.9	10.3	5.9	26	42	27	14	12	0.7	11.38 (83)	Avg	
Oakmark Global I OAKGX	Gold	↑★★★★	-2.1	-5.1	-0.1	8.4	4.4	93	97	86	46	41	1.1	14.36 (77)	High	
Oakmark Global Select I OAKWX	Silver	↑★★★★★	4.1	0.9	4.6	11.5	7.4	39	47	19	5	3	0.7	13.77 (82)	High	
Old Westbury Small & Mid Cap OWSMX	—	★★★★★	6.2	5.1	4.6	9.4	7.6	14	11	19	26	3	0.7	10.32 (79)	-Avg	
Oppenheimer Global A OPPAX	Silver	★★★	-1.4	-3.6	3.0	8.8	4.5	90	91	43	36	40	0.7	13.17 (79)	+Avg	
Perkins Global Value T JGVAX	Bronze	★★★★	1.4	-0.9	2.4	7.4	4.6	72	73	59	68	36	2.0	8.13 (84)	Low	
Tweedy, Browne Value TWEBX	Silver	★★★	3.8	0.6	1.5	7.9	4.6	44	52	74	56	38	1.0	9.13 (79)	Low	
Tweedy, Browne Worldwide Hi Div Yld Val TBHDX	Silver	★	0.3	-3.8	-2.1	4.1	—	80	92	97	96	—	2.8	10.66 (87)	-Avg	
USAA World Growth USAWX	Silver	★★★★★	5.0	1.2	3.9	10.4	6.0	26	43	26	13	9	0.7	11.42 (83)	Avg	
Vanguard Global Equity Inv VHGX	Bronze	★★★★	4.1	2.5	4.3	9.9	3.8	40	25	21	19	57	1.6	10.94 (86)	Avg	
Vanguard Global Minimum Volatility Inv VMVFX	Bronze	NR	5.5	4.2	—	—	—	19	15	—	—	—	1.7	— (—)		
Vanguard Total World Stock Index Inv VTWSX	Silver	★★★	5.3	2.8	3.5	8.4	—	21	23	34	46	—	2.2	11.0 (92)	Avg	
Regional Stock																
Matthews Asia Dividend Investor MAPIX	Silver	DP	★★★★	10.2	8.1	4.0	8.6	9.0	8	36	17	7	1	1.7	11.19 (77)	Low
Matthews Asian Growth & Inc Investor MACSX	Silver	PJ	↑★★★★	6.9	3.9	-0.1	5.3	6.2	70	80	84	46	60	2.0	10.85 (77)	Low
Matthews China Investor MCHFX	Bronze	CH	★★★	-1.2	-1.5	-0.3	1.6	7.4	98	93	84	84	18	1.0	20.59 (55)	+Avg
Matthews Emerging Asia Investor MEASX	—	PJ	★★★★★	18.6	17.5	11.0	—	—	2	2	2	—	—	0.0	8.77 (46)	Low
Matthews India Investor MINDX	Bronze	EI	★★★	8.7	5.7	22.0	12.2	9.6	100	100	13	14	1	0.1	17.05 (19)	Avg
Matthews Pacific Tiger Investor MAPTX	Silver	PJ	★★★★	7.2	7.6	5.2	7.1	8.3	68	31	8	19	1	1.5	13.29 (65)	Avg
T. Rowe Price New Asia PRASX	Bronze	PJ	★★★	7.4	6.4	2.7	4.8	8.0	63	64	42	56	20	1.2	13.6 (73)	Avg
Vanguard European Stock Index Adm VEUSX	Gold	ES	★★★	-2.9	-6.5	-2.6	4.9	1.0	30	37	60	67	58	3.5	12.78 (86)	Avg
Diversified Emerg. Mkts.																
American Funds New World A NEWFX	Gold	—	★★★★	13.8	8.1	-1.9	1.3	2.9	—	—	—	—	—	—	14.6 (72)	—
Causeway Emerging Markets Investor CEMVX	Bronze	—	★★★	7.3	5.1	-0.6	3.9	4.3	89	77	25	9	20	0.6	11.32 (91)	Low
DFA Emerging Markets Value I DFEVX	Bronze	—	★★★	13.8	4.5	-2.0	2.2	—	47	80	51	29	—	1.3	15.8 (73)	+Avg
Harding Loevner Emerging Markets Advisor HLEMX	Silver	—	↑★★★★	23.6	15.2	-2.5	0.2	3.7	4	6	59	67	33	2.6	18.07 (68)	High
Lazard Emerging Markets Equity Open LZOEEX	Silver	—	★★★★	18.0	10.7	-0.1	3.9	4.1	19	25	19	9	22	0.5	14.77 (77)	Avg
Oppenheimer Developing Markets A ODMAX	Silver	—	★★★	24.4	15.8	-3.0	1.3	4.0	4	5	71	47	25	1.6	17.71 (67)	High
Parametric Emerging Markets Investor EAEMX	—	—	★★★★	12.9	8.2	-2.6	2.3	5.9	53	50	63	28	3	0.4	15.08 (79)	Avg
Seafarer Overseas Gr and Income Investor SFGIX	Bronze	—	★★★	14.9	8.0	-3.4	0.5	2.8	42	53	75	62	51	1.2	13.98 (76)	-Avg
T. Rowe Price Emerging Markets Stock PRMSX	Bronze	—	★★★★★	15.9	10.2	3.0	—	—	36	30	2	—	—	1.2	13.72 (72)	Avg
Vanguard Emerging Mkts Stock Idx Adm VEMAX	Bronze	—	★★★★	19.4	14.3	1.2	2.5	3.4	13	9	9	24	42	0.4	15.75 (72)	+Avg
Virtus Emerging Markets Opportunities A HEMZX	Bronze	—	★★★	17.0	10.4	-1.1	1.0	3.5	25	28	34	55	36	2.4	16.18 (72)	+Avg
Virtus Emerging Markets Opportunities A HEMZX	Bronze	—	★★★★★	10.7	5.9	0.7	2.8	6.0	72	70	12	20	2	0.6	12.46 (59)	-Avg
World Allocation																
American Funds Capital Income Bldr A CAIBX	Silver	—	—	4.9	2.2	1.4	4.8	4.0	—	—	—	—	—	—	7.88 (85)	—
BlackRock Global Allocation Inv A MDLOX	Gold	—	★★★	5.6	2.7	3.5	7.3	4.4	35	40	9	10	35	3.5	8.28 (84)	Avg
First Eagle Global A SGENX	Bronze	—	★★★	2.5	1.0	2.0	4.8	4.9	78	73	48	62	24	0.6	6.77 (91)	-Avg
Franklin Mutual Quest A TEQIX	Silver	—	★★★★★	9.8	7.4	4.6	7.5	6.7	11	5	2	8	3	0.1	8.21 (88)	Avg
IVA Worldwide A IWVAX	Silver	—	↑★★★★	10.5	8.3	3.5	9.0	5.1	8	4	8	2	20	4.5	8.05 (84)	Avg
IVA Worldwide A IWVAX	Silver	—	★★	4.6	2.1	2.1	5.2	—	51	52	45	53	—	1.3	5.55 (89)	Low
Loomis Sayles Global Equity and Income A LGMAX	Bronze	—	★★★★	4.1	2.5	3.9	7.4	7.1	57	46	4	9	1	0.8	8.75 (87)	+Avg
PIMCO Global Multi-Asset D PGMDX	—	—	★★	2.7	0.9	2.4	1.0	—	75	76	34	94	—	0.8	8.23 (82)	Avg
T. Rowe Price Global Allocation RPGAX	—	—	★★★★★	5.7	4.1	3.8	—	—	34	18	6	—	—	0.9	7.21 (95)	Avg
MSCI Emerging Markets Index				16.3	9.0	-2.4	0.2	2.7								
MSCI World Index				3.5	1.2	3.8	9.0	3.9								
MSCI Pacific Index				5.4	5.3	1.8	6.2	2.2								

Legend

Red = Lowest return in group
Green = Highest return in group
Italic = Extended performance

★ = New this month
↑↓ = Increase/decrease in rating
NR = No Morningstar Rating; fund less than three years old.

Categories

CH China Region
DP Diversified Pacific/Asia Stock
EI India Equity
ES Europe Stock
FA Foreign-Small/Mid Value

FB Foreign-Large Blend
FG Foreign-Large Growth
FR Foreign-Small/Mid Growth
FV Foreign-Large Value
JS Japan Stock

LS Latin America Stock
PJ Pacific/Asia ex-Japan Stock
TV Tactical Allocation

Current Portfolio Style

Costs

Operations

	Current Equity Style Box	Price/Cash Flow	Average Market Cap (\$Mil)	Regional Exposure (% of Assets)						Total # of Holdings	Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV (\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				UK/W. Europe	North Amer	Latin Amer	Asia ex-Japan	Other	Cash			Stock	Bond	Other						
	—	6.9	49,197	26	55	1	6	8	1	—	54	3	97	0	1	—	1.29	—	1,583	—
ARTGX	☐☐	6.4	51,972	28	49	3	0	8	0	49	19	11	89	0	0	NL	1.29	15.2	2,069	O'Keefe/Samra (8.8/8.8)
BBGNX	☐☐	13.3	47,146	29	61	0	0	0	0	41	31	10	90	0	0	NL	1.25	11.11	117	Hartch/Lombardi (3.6/3.6)
DODWX	☐☐	6.4	49,671	25	53	4	2	10	4	99	20	2	98	0	0	NL	0.63	11.53	6,511	Management Team
FWWFX	☐☐	10.7	29,200	25	58	1	7	6	2	321	151	1	99	0	0	NL	0.96	22.09	1,550	DuFour/Kennedy (9.1/10.8)
TEDIX	☐☐	6.3	44,173	31	50	0	0	6	2	166	21	3	89	5	3	5.75	1.24	30.28	21,978	Management Team
HLMGX	☐☐	10.6	33,970	19	53	1	13	7	4	72	45	3	97	0	0	NL	1.18	32.47	862	Management Team
JAWWX	☐☐	9.4	38,467	21	63	0	5	7	1	130	51	1	97	0	1	NL	0.88	61.91	2,487	Carmel Welso (1.8)
MWFEF	☐☐	11.9	43,388	37	57	1	1	1	1	98	8	1	99	0	0	5.75	1.22	36.0	2,432	Management Team
OAKGX	☐☐	3.4	28,935	38	44	2	8	6	0	39	36	2	98	0	0	NL	1.12	26.55	2,356	Herro/McGregor (0.2/13.0)
OAKWX	☐☐	6.3	63,505	38	50	0	4	3	0	23	48	4	96	0	0	NL	1.13	16.09	2,040	Herro/Nygren (10.1/10.1)
OWSMX	☐☐	8.3	4,015	14	61	1	7	11	2	5499	50	4	96	0	0	NL	1.13	15.81	5,632	Management Team
OPPAX	☐☐	6.1	42,687	32	47	0	14	5	0	81	11	0	99	0	1	5.75	1.14	74.08	9,137	Rajeev Bhaman (12.2)
JGVAX	☐☐	5.2	43,513	30	45	3	7	3	0	75	25	12	88	0	0	NL	0.89	13.17	211	Kolb/Maglares (11.4/0.2)
TWEBX	☐☐	4.5	71,804	41	42	0	0	4	0	71	7	12	88	0	0	NL	1.38	20.56	520	Management Team
TBHDX	☐☐	7.4	64,769	67	16	0	0	9	0	30	5	8	92	0	0	NL	1.38	8.79	321	Management Team
USAWX	☐☐	11.8	43,737	36	57	1	1	1	1	100	10	1	98	0	1	NL	1.17	27.45	1,209	Management Team
VHGEX	☐☐	6.2	22,500	20	52	1	9	11	2	948	36	3	95	0	2	NL	0.57	24.6	4,516	Management Team
VMVFX	☐☐	9.9	10,103	16	58	3	3	16	1	394	57	1	97	0	2	NL	0.27	11.92	1,596	Management Team
VTWSX	☐☐	6.8	31,218	19	55	1	8	11	2	7607	7	1	98	0	0	NL	0.25	24.3	7,156	Franquin/Louie (3.7/0.7)
MAPIX	☐☐	6.2	11,254	0	2	0	31	64	0	71	35	0	99	0	1	NL	1.05	16.66	5,028	Management Team
MACSX	☐☐	10.6	14,788	3	4	0	8	75	0	59	16	0	90	0	10	NL	1.09	16.98	3,100	Horrocks/Lowe (7.5/4.8)
MCHFX	☐☐	2.6	41,201	0	0	0	0	93	0	37	66	0	100	0	0	NL	1.14	18.19	641	Management Team
MEASX	☐☐	7.8	682	0	0	0	0	99	0	65	12	0	100	0	0	NL	1.5	13.37	200	Harvey/Ishida (3.5/3.5)
MINDX	☐☐	25.7	4,077	0	9	0	0	91	0	48	9	0	100	0	0	NL	1.11	28.72	1,692	Asnani/Shroff (6.0/10.3)
MAPTX	☐☐	2.8	13,400	3	3	0	0	93	0	66	12	0	98	0	2	NL	1.07	25.23	7,569	Gupta/Shroff (1.5/8.8)
PRASX	☐☐	8.2	21,002	2	2	0	0	90	0	84	53	3	94	0	3	NL	0.94	16.39	2,743	Anh Lu (2.4)
VEUSX	☐☐	6.0	30,211	94	2	0	0	0	0	1262	13	1	96	0	3	NL	0.12	58.85	16,334	Franquin/Hales (0.7/0.7)
	—	5.7	20,956	3	2	14	0	62	15	—	73	1	98	0	0	—	1.51	—	1,316	—
NEWFX	☐☐	8.7	25,395	18	14	5	5	33	7	534	41	3	82	9	6	5.75	1.04	53.67	24,916	Management Team
CEMVX	☐☐	2.9	20,747	0	0	11	0	71	15	143	100	1	96	0	2	NL	1.48	10.99	3,092	Management Team
DFEVX	☐☐	2.4	6,813	1	0	15	0	68	12	2224	6	0	98	0	2	NL	0.56	24.84	16,206	Management Team
HLEMX	☐☐	5.9	21,383	3	1	16	0	58	18	80	30	2	96	0	3	Clsd	1.45	46.27	3,036	Management Team
LZOEX	☐☐	2.9	21,577	0	0	15	0	56	24	82	14	2	97	0	1	Clsd	1.37	17.1	11,376	Management Team
ODMAX	☐☐	7.4	26,286	7	2	13	2	57	12	93	18	4	93	0	3	Clsd	1.32	34.32	30,191	Lech/Leverenz (1.1/9.5)
EAEMX	☐☐	3.7	6,090	3	1	18	0	43	31	1690	8	1	95	0	5	NL	1.37	13.05	3,193	Atwill/Seto (2.4/9.7)
SFGIX	☐☐	6.7	7,067	0	0	15	2	52	16	48	7	9	85	2	4	Clsd	1.08	11.91	1,838	Management Team
PRMSX	☐☐	6.9	27,467	2	0	16	0	65	16	93	15	1	99	0	0	NL	1.24	34.04	9,164	Gonzalo Pangaro (8.1)
VEMAX	☐☐	4.1	13,367	0	0	13	0	64	15	4259	7	3	96	0	1	NL	0.15	31.33	60,976	Miller/Perre (0.7/8.2)
HEMZK	☐☐	13.3	47,028	16	2	15	0	59	5	54	27	1	97	0	1	5.75	1.56	9.61	7,565	Management Team
	—	6.2	38,422	12	28	1	5	6	1	—	73	15	55	24	6	—	1.24	—	2,876	—
CAIBX	☐☐	9.0	56,547	26	46	0	1	6	0	1511	63	1	79	18	2	5.75	0.59	57.48	102,125	Management Team
MDLOX	☐☐	6.6	39,945	11	31	0	9	3	0	783	84	5	54	36	6	5.25	1.14	18.29	43,790	Management Team
SGENX	☐☐	7.6	25,516	15	39	1	13	5	0	177	11	17	73	2	7	5.00	1.11	56.36	50,195	Brooker/McLennan (5.7/8.1)
TEQIX	☐☐	3.6	20,825	13	25	0	0	2	3	147	30	11	45	37	8	5.75	1.07	15.72	5,098	Luh/Tumulty (5.8/12.9)
IVWAX	☐☐	9.4	25,745	12	22	0	8	9	0	97	30	37	51	4	8	Clsd	1.25	17.08	8,283	de Lardemelle/de Vaulx (8.1/8.1)
LGMAX	☐☐	15.8	55,803	15	43	0	1	7	0	595	48	4	66	28	3	5.75	1.18	18.72	1,539	Management Team
PGMDX	☐☐	7.8	33,228	7	25	0	1	2	0	283	380	-19	53	61	5	NL	1.41	11.14	656	Sundstrom/Worah (1.2/2.7)
RPGAX	☐☐	7.1	30,838	15	25	1	5	8	1	1329	33	6	56	28	10	NL	1.2	11.11	181	Charles Shriver (3.4)

Equity Style Box

Val	Blnd	Grth	Up Mid Sm
☐	☐	☐	
☐	☐	☐	
☐	☐	☐	

Bold # = Cheapest Quintile

			Historical Performance										Historical Risk			
Morningstar 500 Bond Funds	Morningstar Analyst Rating	Morningstar vs. Category	Rating	Total Return % 10-31-16					Total Return % Category Rank					30-Day Yld %	Stand-ard Devia-tion (R ²)	Risk Relative to Category
				YTD	ANNUALIZED				YTD	1=Best, 100=Worst						
					1 Yr	3 Yr	5 Yr	10 Yr		1 Yr	3 Yr	5 Yr	10 Yr			
High-Quality Bond			—	4.6	3.8	2.7	2.2	3.7	—	—	—	—	—	—	3.14 (60)	—
AMG Managers Loomis Sayles Bond S MGFIX	—	CI	★★★★	7.1	5.7	3.4	4.5	5.7	7	9	36	6	7	2.8	3.1 (36)	High
Baird Aggregate Bond Inst BAGIX	Silver	CI	★★★★	5.7	4.9	4.0	4.1	5.0	35	29	11	14	26	2.1	2.72 (98)	Avg
Baird Short-Term Bond Inst BSBIX	Silver	CS	★★★★	2.6	2.4	1.7	2.1	3.0	37	28	21	23	36	1.3	0.84 (65)	Avg
Dodge & Cox Income DODIX	Gold	CI	★★★★	6.8	5.8	3.9	4.0	5.3	10	7	16	15	16	3.0	2.57 (50)	Avg
DoubleLine Total Return Bond I DBLTX	Neutral	CI	★★★★★	3.7	3.4	3.9	4.5	—	89	81	13	6	—	3.3	2.15 (81)	-Avg
Fidelity GNMA FGMNX	Gold	GI	★★★★★	3.2	3.1	3.1	2.4	4.8	36	19	12	13	8	1.8	2.03 (63)	Avg
Fidelity Government Income FGOVX	Gold	GI	★★★★	3.7	3.0	2.8	2.1	4.3	16	22	21	29	23	1.3	2.78 (92)	+Avg
Fidelity Intermediate Bond FTHRX	Silver	CI	★★	4.5	3.7	2.6	2.7	4.1	75	75	78	76	68	1.8	2.0 (91)	-Avg
Fidelity Investment Grade Bond FBNDX	Silver	CI	★★★	7.4	5.5	3.5	3.3	4.3	5	12	28	43	60	2.1	2.94 (80)	+Avg
Fidelity Mortgage Securities FMSFX	Silver	CI	★★★	3.7	3.3	3.4	2.9	3.8	89	83	39	64	78	2.0	1.98 (78)	Low
Fidelity Total Bond FTBFX	Gold	CI	★★★★	7.6	6.2	4.0	3.8	5.2	4	5	12	22	19	2.5	2.85 (74)	+Avg
Fidelity US Bond Index Investor FBIDX	—	CI	★★★	4.9	4.2	3.3	2.7	4.3	61	56	44	74	62	1.9	2.84 (99)	+Avg
Harbor Bond Institutional HABDX	Bronze	CI	★★★★	5.3	4.7	3.1	3.7	5.5	48	36	55	26	10	2.2	2.96 (73)	+Avg
Harbor Real Return Instl HARRX	—	IP	★★★★	6.9	5.5	1.4	1.2	4.3	26	32	35	20	9	0.1	4.76 (57)	+Avg
Janus Flexible Bond T JAFIX	Neutral	CI	★★★★	4.7	3.7	3.0	3.6	5.6	66	74	59	31	7	2.4	2.45 (93)	-Avg
Loomis Sayles Investment Grade Bond A LIGRX	Gold	CI	↓★★	7.5	5.1	2.0	3.6	5.7	5	24	91	30	6	2.2	4.47 (16)	High
Metropolitan West Total Return Bd M MWTRX	Gold	CI	★★★★★	4.4	3.8	3.2	4.4	6.1	77	70	52	7	3	1.4	2.28 (97)	-Avg
PIMCO Investment Grade Corp Bd Instl PIGIX	Silver	TW	★★★★★	9.2	7.8	5.7	6.2	7.7	38	33	15	8	8	2.8	4.01 (71)	Avg
PIMCO Low Duration D PLDDX	Bronze	CS	↓★★★	1.7	1.6	0.9	1.6	3.3	75	59	70	45	24	0.3	1.27 (10)	+Avg
PIMCO Real Return D PRRDX	Silver	IP	★★★★	6.8	5.1	1.2	1.1	4.2	28	46	47	28	14	-1.1	4.82 (61)	+Avg
PIMCO Short-Term D PSHDX	Silver	UB	↓★★★★	1.8	2.0	1.2	1.5	2.1	15	12	8	15	10	0.8	1.06 (16)	High
PIMCO Total Return Instl PTTRX	Bronze	CI	★★★★	4.6	4.3	3.0	3.8	5.9	71	49	63	22	5	2.0	3.03 (73)	+Avg
Scout Core Plus Bond Instl SCPZX	Silver	CI	★★★★	5.9	4.1	2.6	3.8	6.7	28	58	77	20	1	1.1	2.28 (50)	-Avg
T. Rowe Price Corporate Income PRPIX	—	TW	★★★★	7.9	6.8	4.9	4.9	5.6	60	54	32	39	47	2.5	3.87 (80)	Avg
T. Rowe Price GNMA PRGMX	—	GI	↑★★★★	2.9	2.7	2.6	2.1	4.1	59	40	34	34	26	1.5	1.89 (59)	-Avg
T. Rowe Price New Income PRCIX	Bronze	CI	★★★	5.0	4.3	3.4	3.0	4.8	56	51	39	58	37	1.9	2.59 (95)	Avg
T. Rowe Price Short-Term Bond PRWBX	Neutral	CS	★★★★	1.9	1.6	1.1	1.2	2.7	63	60	61	67	48	1.1	0.83 (49)	Avg
TCW Total Return Bond I TGLMX	Bronze	CI	★★★★★	4.0	3.6	3.4	5.1	6.8	85	77	35	2	1	2.2	2.08 (89)	-Avg
USAA Income USAIX	Neutral	CI	★★★★	8.0	6.5	4.0	4.0	5.3	3	3	12	15	15	2.8	2.9 (78)	+Avg
Vanguard GNMA Inv VFIIIX	Gold	GI	★★★★	3.5	3.6	3.3	2.5	4.6	21	4	4	10	12	2.0	2.07 (70)	Avg
Vanguard Inflation-Protected Secs Inv VIPSX	Gold	IP	★★★★	6.9	5.7	2.0	1.3	4.2	26	26	14	15	17	-0.2	4.22 (73)	Avg
Vanguard Interm-Term Bond Index Adm VBILX	—	CI	★★★★★	6.3	5.4	4.3	3.8	5.8	19	15	7	21	5	2.1	3.86 (97)	High
Vanguard Interm-Term Invmt-Grade Inv VFICX	Silver	TW	★★★	6.4	5.8	4.4	4.3	5.6	83	75	48	65	46	2.3	2.94 (92)	-Avg
Vanguard Interm-Term Treasury Inv VFITX	—	GI	★★★★	4.0	3.2	2.7	2.1	4.7	7	14	27	31	9	1.2	3.41 (85)	High
Vanguard Long-Term Investment-Grade Inv VWESX	Silver	TW	★★★★★	12.4	11.5	8.8	6.5	7.4	8	5	1	5	10	3.5	7.55 (84)	High
Vanguard Long-Term Treasury Inv VUSTX	—	GL	★★★★	10.2	9.0	9.0	5.1	7.3	39	29	34	35	45	2.2	11.04 (86)	Avg
Vanguard Short-Term Bond Index Adm VBIRX	Silver	CS	★★★★	2.4	1.9	1.4	1.4	3.1	45	43	36	59	29	1.2	1.3 (79)	+Avg
Vanguard Short-Term Federal Inv VSGBX	Silver	GS	★★★★	1.9	1.6	1.2	1.0	2.8	19	12	25	23	23	1.0	0.98 (72)	Avg
Vanguard Short-Term Investment-Grade Inv VFSTX	Silver	CS	★★★★	3.6	3.2	2.1	2.3	3.4	15	12	9	15	20	1.6	1.17 (68)	Avg
Vanguard Short-Term Treasury Inv VFISX	—	GS	★★★	1.6	1.1	0.8	0.7	2.4	39	37	49	46	40	0.7	1.01 (64)	Avg
Vanguard Shrt-Term Infl-Prot Sec Idx Inv VTIPX	—	IP	★★	2.9	2.5	0.3	—	—	95	95	86	—	—	-0.7	1.74 (29)	Low
Vanguard Total Bond Market Index Adm VBTIX	Silver	CI	★★★	5.1	4.4	3.4	2.8	4.6	52	44	36	69	46	2.0	2.82 (99)	+Avg
Western Asset Core Bond I WATFX	Silver	CI	★★★★	6.3	5.6	4.6	4.0	5.2	18	10	4	15	17	2.0	2.78 (89)	+Avg
Western Asset Core Plus Bond I WACPX	Silver	CI	★★★★★	6.7	6.0	4.9	4.7	5.8	12	5	3	4	5	2.6	3.0 (79)	+Avg
High-Yield Bond			—	11.7	7.0	3.1	5.9	6.0	—	—	—	—	—	—	5.46 (3)	—
Eaton Vance Income Fund of Boston A EVIBX	Silver	—	★★★	11.0	7.0	4.0	6.3	6.4	66	52	21	35	35	4.3	4.68 (5)	-Avg
Fairholme Focused Income FOCIX	Neutral	—	★★★★	16.1	3.4	3.8	8.6	—	4	95	31	1	—	—	10.98 (1)	High
Fidelity Capital & Income FAGIX	Silver	—	★★★★★	8.6	5.4	5.3	7.6	7.7	89	83	2	7	2	4.0	6.16 (1)	+Avg
BarCap US Agg Bond TR USD				4.8	4.2	3.5	2.8	4.5								
BofAML US HY Master II TR				15.7	10.2	4.5	7.1	7.5								

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance

★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

CI Intermediate-Term Bond
 CL Long-Term Bond
 CS Short-Term Bond
 GI Intermediate Government Bond
 GL Long Government Bond
 GS Short Government Bond
 IP Inflation-Protected Bond
 TW Corporate Bond
 UB Ultrashort Bond

Current Portfolio Style										Costs				Operations			
Current Bond Style Box	Avg Duration Years	Cat Avg Duration Years	Avg Credit Quality	Credit Quality Breakdown (% of Bonds)				Turn-over %	Recent Composition (% of Assets)				Sales Charge %	Expense Ratio%	NAV(\$)	Total Assets (\$Mil)	Portfolio Manager (Tenure Years)
				High	Mid	Low	Other		Cash	Stock	Bond	Other					
—	0.1	—	—	9	4	0	0	22	7	0	92	0	—	0.75	—	1,802	—
MGFIX	5.5	5.0	BBB	15	74	11	0	10	6	0	90	4	NL	0.99	27.27	2,114	Management Team
BAGIX	5.5	5.0	A	57	42	1	0	39	3	0	97	0	NL	0.3	11.0	10,087	Management Team
BSBIX	1.9	2.1	A	43	56	1	0	37	4	0	96	0	NL	0.3	9.73	3,828	Management Team
DODIX	4.0	5.0	BBB	52	38	11	0	24	2	0	97	1	NL	0.43	13.84	47,068	Management Team
DBLTX	2.3	5.0	BB	75	4	13	7	15	8	0	92	0	NL	0.47	10.85	61,747	Barach/Gundlach (6.5/6.5)
FGMNX	2.6	3.9	AAA	100	0	0	0	304	6	0	94	0	NL	0.45	11.66	6,398	Castagliuolo/Irving (6.8/12.0)
FGOVX	5.3	3.9	AA	98	0	0	2	93	3	0	97	0	NL	0.45	10.49	4,914	Castagliuolo/Irving (6.8/9.8)
FTHRX	4.0	5.0	A	49	48	3	0	58	1	0	96	3	NL	0.45	11.01	3,218	Foley/Galusza (3.0/7.3)
FBNDX	5.5	5.0	A	57	35	8	0	48	6	0	88	5	NL	0.45	7.97	8,725	Moore/Plage (11.9/0.0)
FMSFX	2.9	5.0	A	96	1	0	3	404	2	0	98	0	NL	0.45	11.45	1,119	Castagliuolo/Irving (6.8/8.6)
FTBFX	5.3	5.0	BBB	49	34	17	0	134	6	0	94	0	NL	0.45	10.77	26,000	Management Team
FBIDX	5.6	5.0	AA	78	22	0	0	63	3	0	97	0	NL	0.15	11.82	26,304	Bettencourt/Small (2.4/1.5)
HABDX	—	5.0	—	—	—	—	—	586	8	0	87	5	NL	0.51	11.88	2,529	Management Team
HARRX	—	8.5	—	—	—	—	—	531	3	0	91	5	NL	0.54	9.48	113	Banet/Worah (1.7/8.8)
JAFIX	5.5	5.0	BBB	49	41	8	1	99	4	0	91	5	NL	0.69	10.56	9,874	Management Team
LIGRX	4.2	5.0	BBB	33	57	10	0	23	5	1	84	11	4.25	0.83	11.47	6,823	Management Team
MWTRX	4.9	5.0	BBB	76	20	5	0	303	-8	0	107	1	NL	0.67	10.94	80,946	Management Team
PIGIX	6.8	6.0	—	—	—	—	—	87	-43	0	138	5	NL	0.5	10.49	10,674	Management Team
PLDDX	2.0	2.1	—	—	—	—	—	186	-53	0	146	7	NL	0.75	9.89	9,515	Mather/Schneider (2.1/2.1)
PRRDX	8.0	8.5	—	—	—	—	—	102	-3	0	101	2	NL	0.85	11.18	11,688	Banet/Worah (1.8/8.8)
PSHDX	0.0	0.6	—	—	—	—	—	1753	-62	0	156	7	NL	0.7	9.78	10,394	Jerome Schneider (5.8)
PTTRX	5.7	5.0	—	—	—	—	—	478	15	0	84	1	NL	0.46	10.28	84,392	Management Team
SCPZX	3.3	5.0	A	82	14	3	0	480	35	0	96	-31	NL	0.4	32.82	975	Management Team
PRPIX	7.8	6.0	BBB	10	86	4	0	48	3	0	97	0	NL	0.62	9.74	883	David Tiberii (13.2)
PRGMX	2.6	3.9	AAA	100	0	0	0	467	0	0	100	0	NL	0.59	9.48	1,579	Andrew McCormick (8.6)
PRCIX	5.5	5.0	BBB	64	28	8	0	73	10	0	90	0	NL	0.54	9.63	31,151	Daniel Shackelford (13.9)
PRWBX	1.8	2.1	A	50	44	5	0	44	7	0	93	0	NL	0.47	4.74	5,291	Reinartz/Wiese (1.7/21.8)
TGLMX	4.9	5.0	BB	85	4	11	0	287	7	0	93	0	NL	0.49	10.33	10,922	Management Team
USAIX	6.5	5.0	BBB	35	56	8	1	11	1	1	94	5	NL	0.53	13.24	6,833	Management Team
VFIIX	1.9	3.9	AAA	101	0	0	-1	706	2	5	92	2	NL	0.21	10.83	27,185	Michael Garrett (9.8)
VIPSX	8.3	8.5	AAA	100	0	0	0	43	0	0	100	0	NL	0.2	13.72	25,289	Gemma Wright-Casparius (5.2)
VBILX	6.5	5.0	A	60	40	0	0	9	1	0	99	0	NL	0.09	11.72	29,358	Joshua Barrickman (8.5)
VFICX	5.5	6.0	A	35	63	0	2	70	2	0	98	0	NL	0.2	10.02	28,199	Gregory Nassour (8.4)
VFITX	5.2	3.9	AA	99	0	0	1	142	0	0	99	1	NL	0.2	11.55	6,950	Gemma Wright-Casparius (1.8)
VWESX	13.8	6.0	A	42	57	0	1	35	4	0	96	0	NL	0.21	10.73	15,579	Nassour/St. John (2.8/2.4)
VUSTX	17.2	14.2	AA	100	0	0	0	117	0	0	100	0	NL	0.2	13.15	4,187	Gemma Wright-Casparius (1.8)
VBIRX	2.8	2.1	AA	75	25	0	0	52	1	0	99	0	NL	0.09	10.55	45,853	Barrickman/Pu (3.7/3.7)
VSGBX	2.2	1.8	A	96	0	0	4	314	4	0	96	0	NL	0.2	10.82	5,688	Brian Quigley (1.8)
VFSTX	2.6	2.1	A	47	49	2	2	75	3	0	97	0	NL	0.2	10.76	57,900	Gregory Nassour (8.4)
VFISX	2.2	1.8	AA	100	0	0	0	211	0	0	100	0	NL	0.2	10.74	7,811	Gemma Wright-Casparius (1.8)
VTIPX	1.9	8.5	AAA	100	0	0	0	26	0	0	100	0	NL	0.17	24.83	16,428	Barrickman/Wright-Casparius (4.0/4.0)
VBTLX	5.8	5.0	AA	73	27	0	0	10	3	0	97	0	NL	0.06	10.96	170,110	Joshua Barrickman (3.7)
WATFX	5.7	5.0	BBB	64	25	1	10	85	8	0	92	1	NL	0.45	12.63	7,175	Management Team
WACPX	6.1	5.0	BBB	56	28	15	1	93	-2	0	99	2	NL	0.45	11.87	17,742	Management Team
—	3.6	—	B	5	6	86	2	71	5	1	93	1	—	1.07	—	1,350	—
EVIBX	—	3.6	B	0	6	92	2	36	5	0	91	4	4.75	1.0	5.7	6,421	Concannon/Weilheimer (2.0/20.8)
FOCIX	—	3.6	—	—	—	—	—	67	25	8	48	18	Clsd	1.01	10.86	209	Bruce Berkowitz (6.8)
FAGIX	—	3.6	B	4	5	68	23	35	3	20	76	1	NL	0.75	9.6	10,488	Mark Notkin (13.2)

Fixed Income Style Box

Ltd	Mod	Ext
High	Mid	Low

PIMCO Composition Figures

PIMCO funds typically have large positions in futures and other derivatives that require that they hold an offsetting amount in bonds and cash. As a result, the composition figures for PIMCO funds can be confusing. We are working with PIMCO to get figures that better reflect the fund's true exposure levels.

Bold # = Cheapest Quintile

		Historical Performance										Historical Risk					
		Morningstar Rating	Total Return % 10-31-16					Total Return % Category Rank					30-Day Yld	Stand-ard Devia-tion	Risk Relative to Category		
		vs. Category	ANNUALIZED					1=Best, 100=Worst									
		5=Best	YTD	1 Yr	3 Yr	5 Yr	10 Yr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	%	(R ²)			
Morningstar 500 Bond Funds																	
High-Yield Bond (cont'd)																	
			—	11.7	7.0	3.1	5.9	6.0	—	—	—	—	—	5.46	(3)	—	
Fidelity High Income SPHIX	Silver	★★★★	13.7	8.1	3.3	6.1	6.7	19	26	47	49	24	5.8	6.16	(3)	+Avg	
Hotchkis & Wiley High Yield A HWHAX	Bronze	★★★★	13.7	8.1	3.6	6.8	—	20	27	36	17	—	6.2	5.92	(1)	+Avg	
Janus High-Yield T JAHYX	Neutral	★★★★★	11.1	7.3	3.7	6.3	6.7	64	44	33	37	24	6.6	4.7	(4)	-Avg	
Metropolitan West High Yield Bond M MWHYX	Neutral	★★★★	7.0	4.4	1.9	5.0	6.4	93	91	86	84	35	3.0	4.0	(4)	-Avg	
PIMCO High Yield D PHYDX	Silver	★★★★	10.9	6.8	4.0	6.1	6.2	66	55	24	46	42	4.4	5.22	(7)	Avg	

T. Rowe Price High Yield PRHYX	Gold	★★★★★	12.5	8.6	4.0	7.0	7.0	37	18	25	13	14	5.0	5.33	(2)	Avg	
Vanguard High-Yield Corporate Inv VWEHX	Silver	★★★★★	10.7	7.2	4.7	6.5	6.5	71	48	7	26	32	5.0	4.6	(6)	-Avg	

Specialty Bond																	
			—	8.5	6.1	1.5	3.3	3.9	—	—	—	—	—	5.93	(22)	—	
American Funds Capital World Bond A CWBFX	Neutral	IB	★★★★	7.0	5.2	1.0	1.4	3.8	45	51	46	54	57	1.2	4.42	(41)	Avg
Calamos Convertible A CCVIX	—	CV	★★	2.3	1.3	2.1	4.9	4.5	76	65	78	88	80	—	9.0	(81)	Avg
Dodge & Cox Global Bond DODLX	—	IB	NR	9.6	7.6	1.7	—	—	12	10	—	—	—	—	5.18	(7)	
Eaton Vance Floating Rate A EVBLX	Bronze	BL	★★★★	9.2	6.5	2.7	4.0	3.6	26	25	48	63	41	3.6	3.16	(0)	Avg
Fidelity Floating Rate High Income FFRHX	Bronze	BL	★★★★★	8.5	6.3	2.7	3.6	3.9	36	31	50	79	18	3.3	3.14	(0)	Avg

Fidelity New Markets Income FNMIX	Silver	EB	★★★★★	16.3	13.8	6.1	6.6	7.6	17	14	6	5	8	5.8	7.5	(7)	+Avg
Fidelity Strategic Income FSICX	Silver	MU	★★★★★	9.3	6.7	3.6	4.4	6.0	29	29	27	50	24	3.3	4.09	(16)	Avg
FPA New Income FPNIX	Bronze	NT	↓★★	2.3	1.8	1.2	1.4	2.6	79	78	61	85	78	2.8	0.73	(33)	Low
Janus Global Unconstrained Bond D JUCDX	—	NT	NR	4.9	5.8	—	—	—	40	23	—	—	—	3.2	—	(—)	
Loomis Sayles Bond Retail LSBRX	Gold	MU	★★★★	8.7	5.0	2.0	4.7	5.7	37	64	87	43	34	3.1	5.78	(4)	High

Loomis Sayles Global Bond Retail LSLGX	Bronze	IB	★★★★	8.1	6.1	0.4	1.0	3.9	25	34	63	65	53	1.3	4.78	(28)	Avg
PIMCO Emerging Local Bond Instl PELBX	Neutral	XP	★★★★	16.8	11.3	-4.2	-1.9	—	20	23	50	61	—	5.3	11.99	(9)	+Avg
PIMCO Foreign Bond (Unhedged) D PFBDX	Bronze	IB	★★★★	8.6	6.7	-0.1	0.1	4.6	19	22	73	83	36	1.1	6.92	(18)	High
PIMCO Foreign Bond (USD-Hedged) D PFODX	Bronze	IB	★★★★★	6.8	6.5	5.9	6.0	6.1	52	25	2	2	4	0.5	3.1	(56)	-Avg
PIMCO Income D PONDZ	Silver	MU	★★★★★	7.4	6.5	5.5	8.5	—	57	33	6	2	—	3.4	2.64	(9)	-Avg

PIMCO Unconstrained Bond D PUBDX	Neutral	NT	↑★★★★	4.9	5.0	1.2	2.1	—	42	33	62	64	—	2.9	3.21	(0)	Avg
T. Rowe Price International Bond RPIBX	Neutral	IB	★★	9.2	7.6	-0.9	-0.3	3.0	14	10	87	85	80	1.2	6.83	(15)	+Avg
T. Rowe Price Spectrum Income RPSIX	Bronze	MU	★★★★	8.7	6.9	3.4	4.7	5.4	38	25	33	43	48	2.9	3.76	(19)	Avg
Templeton Global Bond A TPINX	Gold	IB	↑★★★★	2.3	1.2	0.2	2.6	6.5	94	94	68	30	2	3.8	6.31	(1)	+Avg
Vanguard Convertible Securities Inv VCVSX	Bronze	CV	↑★★★★	4.1	1.6	2.2	7.2	5.9	53	61	77	69	20	1.9	7.15	(74)	-Avg

Vanguard Total Intl Bd Idx Investor VTIBX	—	IB	★★★★★	5.5	5.4	4.8	—	—	68	49	6	—	—	0.5	2.82	(77)	-Avg

Municipal Bond National																	
			—	2.9	3.9	4.5	4.0	3.4	—	—	—	—	—	2.3	(81)	—	
American Funds Tax-Exempt Bond A AFTEX	Bronze	MI	★★★★★	3.0	4.1	5.1	4.8	4.3	20	26	15	12	15	1.4	2.36	(98)	Avg
Baird Quality Intermediate Muni Bd Inst BMBIX	—	MI	★★★★	1.8	2.2	2.6	2.6	3.9	83	88	89	89	47	1.4	1.95	(88)	Low
Fidelity Interm Muni Inc FLTMX	Gold	MI	★★★★	2.5	3.3	3.7	3.4	3.9	47	56	56	63	45	1.4	2.05	(98)	-Avg
Fidelity Limited Term Municipal Income FSTFX	Gold	MS	★★★★★	1.3	1.4	1.5	1.6	2.7	28	28	24	27	26	0.9	1.16	(78)	Avg
Fidelity Municipal Income FHIGX	Gold	ML	★★★★★	3.5	4.7	5.6	4.8	4.6	32	39	40	48	22	1.7	2.77	(98)	Avg

Fidelity Tax-Free Bond FTABX	Gold	ML	★★★★★	3.7	4.9	5.7	5.0	4.8	22	32	38	40	14	1.9	2.8	(98)	Avg
Franklin Federal Tax-Free Income A FKTIX	Bronze	ML	★★★★	3.1	4.0	5.4	4.6	4.5	46	64	57	60	36	1.2	2.64	(96)	Avg
Franklin High Yield Tax-Free Inc A FRHIX	Bronze	HM	★★★★	4.9	6.3	6.9	5.5	4.7	47	53	71	82	23	2.0	3.32	(89)	Avg
T. Rowe Price Summit Municipal Intm PRSMX	Gold	MI	★★★★★	2.4	3.4	3.9	3.7	4.2	54	53	44	41	21	1.2	2.2	(98)	Avg
T. Rowe Price Tax-Free High Yield PRFHX	Gold	HM	★★★★★	4.8	6.3	7.6	6.8	4.9	52	54	50	40	9	2.4	3.16	(90)	Avg

T. Rowe Price Tax-Free Income Inv PRTAX	Gold	ML	★★★★★	2.9	4.1	5.4	4.7	4.5	58	56	55	52	33	1.5	2.58	(97)	-Avg
T. Rowe Price Tax-Free Shrt-Interm PRFSX	Gold	MS	★★★★★	1.1	1.0	1.3	1.6	2.8	37	46	34	28	25	0.7	1.28	(70)	+Avg
USAA Tax Exempt Intermediate-Term USATX	Bronze	MI	★★★★★	2.7	3.8	4.1	4.2	4.3	37	33	36	23	14	1.7	2.09	(97)	-Avg
Vanguard High-Yield Tax-Exempt VWAHX	Silver	MI	★★★★★	4.4	6.2	6.5	5.7	4.9	1	1	4	4	2	2.5	2.93	(96)	High
Vanguard Interm-Term Tx-Ex Inv VWITX	Silver	MI	★★★★★	2.6	3.6	4.1	3.9	4.2	39	39	36	37	21	1.5	2.19	(98)	Avg

Vanguard Long-Term Tax-Exempt VWLTX	Silver	ML	★★★★★	3.6	5.4	6.0	5.2	4.7	24	21	26	34	21	2.0	2.9	(97)	+Avg
Vanguard Ltd-Term Tx-Ex VMLTX	Silver	MS	★★★★★	1.2	1.3	1.4	1.6	2.5	29	31	28	31	31	1.1	1.09	(69)	Avg
Vanguard Short-Term Tx-Ex VWSTX	Silver	MS	★★	0.7	0.6	0.6	0.7	1.7	64	65	74	77	73	0.9	0.39	(39)	-Avg

BarCap Municipal TR USD				2.9	4.1	4.9	4.3	4.6									
BofAML US HY Master II TR				15.7	10.2	4.5	7.1	7.5									

Legend

Red = Lowest return in group
 Green = Highest return in group
 Italic = Extended performance
 ★ = New this month
 ↑↓ = Increase/decrease in rating
 NR = No Morningstar Rating; fund less than three years old.

Categories

BL Bank Loan
 CI Intermediate-Term Bond
 CV Convertibles Bond
 EB Emerging Market Bond
 HM High-Yield Muni
 IB World Bond
 MI Muni National, Intermediate
 ML Muni National, Long
 MS Muni National, Short
 MU Multisector Bond
 NT Nontraditional Bond
 XP Emerging Market Local Bond

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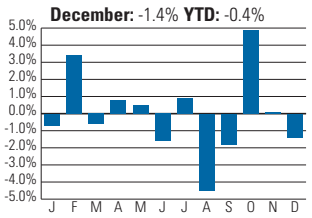
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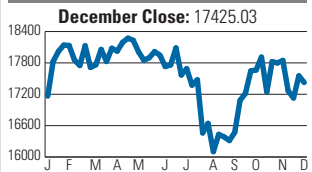
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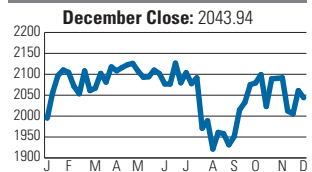


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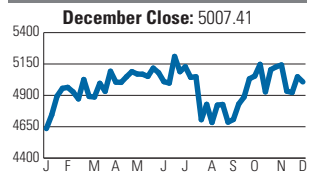
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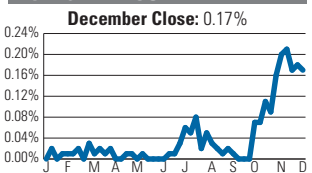
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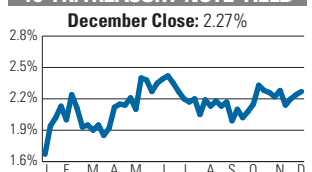
NASDAQ COMPOSITE



3-MO. TREASURY BILL YIELD



10-YR. TREASURY NOTE YIELD



Meandering Markets

DECEMBER TURNED OUT TO BE SOMETHING OF A MICROCOSM of the year with its swoops and swoons. **Total Stock Market Index** was down 3.9% midway through December but ended the month with a 2.0% loss, and finished the year with a fractional 0.3% gain. **Total Bond Market Index** was up almost a half percent at one point but ended the month down 0.4%. It also finished 2015 with a 0.3% gain. Though I know the turn of the calendar is meaningless in the investment context within which you and I work together, I'm glad we made it out of 2015 bowed but not broken.

It wasn't only the financial markets that made stomachs churn as 2015 came to a close. Many of you reported that dividend distributions were messed up when Vanguard began consolidating fund and brokerage accounts, sometimes reinvesting when you wanted cash instead, for instance.

Vanguard says it's fixed the problem, investors will be made whole and that the problems were limited to a "modest" number of accounts. My advice: Make darned sure that your money is where you expect it to be, and that it's going where you want it to go. Please keep me apprised of any further travails by emailing at service@adviseronline.com.

Oh, and that wasn't the only service glitch I heard about as the year was coming to a close. Apparently, if Vanguard tells you they'll be able to handle the required minimum distributions from Vanguard-offered 401(k) or 403(b) plans, you'd better check and double-check. One Flagship member (that's someone with at least a million bucks at Vanguard and who is supposedly working with Vanguard's best client reps) told me that

SEE **MEANDERING** PAGE 3 ➤

OUTLOOK 2016

Pause, Regroup, Continue

RETURNS DROPPED, AND VOLATILITY ROSE. And in the end, 2015 left most investors with little to show for their efforts.

That's about as succinct a description of the past year as I can come up with. How that translates into what we can all expect in the coming year is the million-dollar question, of course. Here's what I'm thinking.

First, I think the story in 2016 is going to be the strength of the U.S. consumer and the willingness, or lack thereof, to spend. With the political silly season giving way to primaries and then a full-on campaign, it wouldn't surprise me one bit if consumers keep a tight grip on their wallets. Why? Call it uncertainty, of which there'll be plenty to go around.

That very uncertainty could breed opportunity. Like stocks, earnings didn't really go anywhere in 2015, and I truly believe that the stock market's biggest drivers are

SEE **OUTLOOK** PAGE 4 ➤

GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	7,547	\$22.43	\$169,275	21%	-1.0%
Capital Opportunity	VHCOX	3,193	\$51.40	\$164,138	21%	0.3%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$98.97	\$142,992	18%	-3.3%
Selected Value	VASVX	5,415	\$25.85	\$139,972	17%	-3.7%
International Growth	VWIGX	4,504	\$21.10	\$95,027	12%	-2.4%
Health Care	VGHCX	294	\$220.35	\$64,835	8%	1.3%
Short-Term Inv.-Grade	VFSTX	2,364	\$10.56	\$24,966	3%	-0.4%

TOTAL				\$801,206		
CURRENT PERFORMANCE	Dec. -1.6%	2015 1.4%	1-yr 1.4%	3-yr 14.7%	5-yr 11.2%	
	Risk last 24 months 0.94		Risk since inception 0.96			

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2014:	10.9%	2002:	-17.8%
2013:	34.2%	2001:	-6.4%
2012:	14.3%	2000:	20.4%
2011:	-1.4%	1999:	36.3%
2010:	14.3%	1998:	23.5%
2009:	34.4%	1997:	23.2%
2008:	-38.4%	1996:	16.6%
2007:	10.0%	1995:	26.1%
2006:	18.4%	1994:	-0.2%
2005:	11.4%	1993:	16.6%
2004:	15.7%	1992:	6.1%
2003:	32.0%	1991:	28.9%

THIS MONTH'S CHANGES

None.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to index exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. **3-year** and **5-year returns** are compound, annualized returns. **Risk** is *Model Portfolio* volatility against the S&P 500 index. Flagship investors may open new accounts in all closed funds in the model portfolios, though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. With **Capital Opportunity** (and *PRIMECAP Odyssey Aggressive Growth*) closed I recommend investors consider *PRIMECAP Odyssey Growth* (POGRX) as a replacement. *PRIMECAP Odyssey Stock* (POSKX) is the preferred replacement for **PRIMECAP Core**. Both can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

CONSERVATIVE GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	5,663	\$22.43	\$127,011	23%	-1.0%
Capital Opportunity	VHCOX	2,421	\$51.40	\$124,459	22%	0.3%
Selected Value	VASVX	2,718	\$25.85	\$70,255	13%	-3.7%
S&P MidCap 400 ETF	IVOO	686	\$93.83	\$64,353	12%	-4.1%
International Growth	VWIGX	2,291	\$21.10	\$48,334	9%	-2.4%
Health Care	VGHCX	210	\$220.35	\$46,341	8%	1.3%
High-Yield Corporate	VWEHX	7,485	\$5.54	\$41,466	7%	-1.8%
Short-Term Inv.-Grade	VFSTX	2,965	\$10.56	\$31,314	6%	-0.4%

TOTAL				\$553,532		
CURRENT PERFORMANCE	Dec. -1.4%	2015 1.2%	1-yr 1.2%	3-yr 13.4%	5-yr 10.8%	
	Risk last 24 months 0.85		Risk since inception 0.82			

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2014:	10.8%	2002:	-16.4%
2013:	29.8%	2001:	-3.5%
2012:	13.8%	2000:	14.0%
2011:	1.0%	1999:	19.7%
2010:	12.0%	1998:	15.2%
2009:	29.1%	1997:	22.6%
2008:	-33.6%	1996:	17.6%
2007:	8.6%	1995:	21.5%
2006:	15.8%	1994:	1.1%
2005:	8.8%	1993:	14.9%
2004:	13.0%	1992:	6.5%
2003:	28.9%	1991:	26.0%

INCOME MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	4,511	\$22.43	\$101,187	25%	-1.0%
PRIMECAP Core	VPCCX	4,355	\$20.82	\$90,665	23%	-0.9%
Int-Term Investment-Grade	VFICX	7,650	\$9.64	\$73,743	18%	-0.5%
High-Yield Corporate	VWEHX	6,992	\$5.54	\$38,738	10%	-1.8%
Health Care	VGHCX	139	\$220.35	\$30,524	8%	1.3%
Short-Term Inv.-Grade	VFSTX	2,770	\$10.56	\$29,254	7%	-0.4%
International Growth	VWIGX	1,154	\$21.10	\$24,350	6%	-2.4%
MidCap Index	VIMSX	344	\$32.79	\$11,285	3%	-2.7%

TOTAL				\$399,745		
CURRENT PERFORMANCE	Dec. -0.9%	2015 1.9%	1-yr 1.9%	3-yr 10.3%	5-yr 9.5%	
	Risk last 24 months 0.65		Risk since inception 0.60			

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2014:	11.1%	2002:	-4.5%
2013:	18.6%	2001:	-1.1%
2012:	11.5%	2000:	-3.5%
2011:	5.1%	1999:	9.9%
2010:	11.2%	1998:	18.2%
2009:	21.9%	1997:	22.5%
2008:	-24.1%	1996:	18.4%
2007:	3.8%	1995:	28.4%
2006:	10.6%	1994:	-1.2%
2005:	6.2%	1993:	10.8%
2004:	8.4%	1992:	6.3%
2003:	19.1%	1991:	22.4%

GROWTH INDEX MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
S&P MidCap 400 Growth ETF	IVOG	772	\$98.97	\$76,398	24%	-3.3%
Dividend Appreciation ETF	VIG	830	\$77.76	\$64,519	20%	-0.9%
S&P MidCap 400 Value ETF	IVOV	679	\$88.41	\$60,021	18%	-5.1%
S&P 500 Growth ETF	VOOG	503	\$103.78	\$52,236	16%	-1.6%
Total International Stock ETF	VXUS	804	\$45.11	\$36,271	11%	-2.2%
Health Care ETF	VHT	196	\$132.88	\$25,983	8%	1.2%
Short-Term Corporate ETF	VCSH	140	\$78.99	\$11,053	3%	-0.2%

TOTAL				\$326,480		
CURRENT PERFORMANCE	Dec. -2.3%	2015 -0.5%	1-yr -0.5%	3-yr 12.9%	5-yr 10.5%	
	Risk last 24 months 0.96		Risk since inception 1.06			

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%
2005:	12.1%		

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	12/31 Price	Dec. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$39.98	-2.5%	2.2%	2.2%	14.1%	11.7%	Capital Opp.
Artisan MidCap Value	ARTQX	\$18.75	-5.1%	-9.9%	-9.9%	7.5%	8.0%	Selected Value
Polaris Global Value	PGVFX	\$21.16	-1.3%	1.6%	1.6%	13.0%	9.9%	Global Equity
Fidelity International SmallCap	FISMX	\$22.12	0.7%	6.4%	6.4%	10.8%	6.4%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$14.92	0.6%	10.1%	10.1%	10.8%	8.7%	International Expl.
T. Rowe International Discovery	PRIDX	\$53.95	0.3%	9.9%	9.9%	10.8%	8.1%	International Expl.
Hartford Healthcare	HGHAX	\$35.06	0.4%	12.6%	12.6%	28.6%	22.4%	Health Care
ICON Healthcare	ICHCX	\$14.92	2.5%	1.9%	1.9%	22.7%	19.2%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$27.32	0.5%	6.2%	6.2%	19.0%	14.0%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$32.40	1.0%	4.6%	4.6%	23.6%	17.9%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$23.61	-1.4%	1.7%	1.7%	16.3%	12.8%	PRIMECAP Core
Fidelity High Income	SPHIX	\$7.95	-2.6%	-5.4%	-5.4%	0.8%	4.0%	High-Yield Corporate

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

not only did Vanguard assure him that they'd take care of his distributions, but when it wasn't done, they sent him the forms they needed, then told him he wouldn't make the end-of-year cutoff and would owe IRS penalties. Happy New Year?

Vanguard is proposing to launch an actively run bond fund called **Core Bond** during the first quarter of 2016. The fund will have a trio of Vanguard veterans at the helm, building the portfolio with both investment-grade and non-investment-grade bonds. Junk bonds will be layered in at up to 5% of assets, while what Vanguard calls "medium quality" bonds will take up as much as 30% of assets. Up to 10% of the fund can be invested in non-dollar-denominated bonds.

I think this new fund has the potential to outshine Total Bond Market Index over time. But I wouldn't rush into it, as I think it will take some assets to build the diversified portfolio Vanguard needs to make the fund shine.

Why do I think this fund will do well? First, three accomplished managers will run it. Second, Vanguard keeps very tight reins on its active bond funds, prescribing limits on the amount of duration or risk the managers can take vis-à-vis their benchmarks, as well as how far outside the benchmark the managers can go when searching for bonds. So add all that up with expense ratios that are just 5 to 8 basis points higher than Total Bond Market's comparable-share-class expenses, and you've got a pretty low hurdle for the managers to exceed.

2015 Scoreboard

	End 2015	Change 2015
Dow Jones	17425.03	-2.2%
S&P 500	2043.94	-0.7%
NASDAQ	5007.41	5.7%
Russell 2000	1135.89	-5.7%
Stoxx 600	365.81	6.8%
London	6242.32	-4.9%
Frankfurt	10743.01	9.6%
Tokyo	19033.71	9.1%
Shanghai	3539.18	9.4%
Hong Kong	21914.4	-7.2%
Sao Paulo	43349.96	-13.3%
Gold (oz.)	\$1,060.50	-10.4%
Oil (bbl)	\$37.10	-30.4%
Nat. Gas (MMBtu)	\$2.35	-19.8%
3-mo. T-bill	0.17%	up 13 bp
10-yr. T-bond	2.27%	up 10 bp
30-yr. T-bond	3.02%	up 27 bp
Fed funds	0.50%	up 25 bp
Euro	\$1.086	-10.2%
Yen	\$0.008	-0.3%
Renminbi	\$0.154	-4.4%

Vanguard also has filed to offer an active emerging markets bond fund, but there's a catch. **Emerging Markets Bond**, to be run by Daniel Shaykevich, a former member of BlackRock's EM debt team who's been at Vanguard for a few years, will be more diversified than **Emerging Markets Government Bond Index** and is supposedly going to offer up Investor and Admiral shares. However, Vanguard says the fund will not be "available for immediate public investment."

That could mean many things. It's worth noting that Vanguard Chairman Bill McNabb recently wrote that investing in emerging markets is "only suitable for those willing to accept a higher level of volatility than one might expect from developed markets." Hardly an earth-shattering

insight, but it does reflect Vanguard's thinking on the subject.

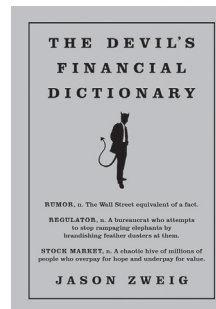
One thought I have is they'll seed the fund by offering it only to investors who are part of their advisory service program. Once it's got sufficient assets, then they'll open it up to the public. We'll just have to wait to see what's up with this new active emerging markets bond offering.

Some of you asked about the **Capital Value** trade I made in September. Over the past three months, the fund is up 5.7% versus Total Stock Market Index's 6.2% gain. Remember that this is a long-term strategy and is based on buying when Capital Value is **not** performing as well as the market. Since you can't catch the bottom, you have to take a long-term view here. I'm sticking with the strategy.

Also, the 2016 *Hot Hands* fund is **International Explorer**. I'll have the details on the *Hot Hands* strategy next month, but the strategy aims to identify hot funds—and with an 8.6% gain in 2015, International Explorer is a "hot" fund in a "cold" market space (foreign stocks).

Finally, let me put a plug in for what may be the best financial book of the year, *The Devil's Financial Dictionary*. Written by my friend Jason Zweig, this funny and acerbic take on Wall Street jargon and hypocrisies belongs on every investor's and would-be investor's desk.

If FedEx or UPS botched your holiday gift-giving and you're looking for something better than that faux-leather bow tie you've been trying to return, buy this instead. You won't be sorry. ■



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earnings (the price you pay for a stock is a call on the earnings and cash flow from the company issuing the shares) and interest rates (since bonds, with their virtually guaranteed payouts, are strong competition for investor dollars).

We won't know just how companies fared in 2015 until the books are closed and financials are massaged to meet, beat or retreat from expectations. But through the third quarter of 2015, after-tax profits, which are probably the best and broadest measure of how companies big and small have done this year, have fallen 8.2% compared to the third quarter of 2014 (which was, I should note, the peak earnings period in this long, drawn-out expansion we've been in).

Earnings comparisons probably won't be too pretty in Q4, but they might surprise in Q1 2016 when com-

pared to the wintry slowdown of 2015, though we won't know that until well into May or June.

So you might think I'm pretty negative on the idea of earnings propping up stocks. But let's look at the interest-rate side of the ledger. With their fairly punk yields, bonds aren't exactly providing steep competition. The 10-year Treasury's yield ended 2015 at 2.27%, up just 10 basis points, or 0.10%, from the end of 2014. It's not surprising, then, that the total return on the 10-year was only 1.0%, which was just shy of the 1.2% gain for **500 Index**, for example.

One way to look at the competition for investor dollars from stocks and bonds is to compare bond yields with the stock market's "earnings yield," which is the level of earnings being produced for each dollar of stock value. (For those who want the specifics, this is the inverse of the market's price-earnings, or p-e, multiple.)

The trend in the size of the gap between the market's earnings yield and the Treasury yield gives some indication of whether stocks are losing their advantage over bonds or not. You can see that in the late 1990s: When stocks, led by the techs, moved into bubble-pricing territory, the market's p-e was so high, and its earnings yield was so low, that bond yields actually looked super attractive. What we now know is that bonds ended up being a great place to put your money, because when that bubble burst, stocks cratered.

The market's earnings yield fell below the bond yield in Q2 1999. By the time it had gotten more than a fraction over the bond yield in Q3 2001, the stock market had dropped 21.5%, while the bond market was up 21.7%. Of course, the stock market didn't hit bottom until late in 2002, but the fact is that while the earnings yield to Treasury yield gap isn't a market-timing barometer, it does give some sense

PUNDITS

Ear-Plug Approved

"With over 50 foreign cars already on sale here, the Japanese auto industry isn't likely to carve out a big slice of the U.S. market."

—*Business Week*, August 2, 1968

OVER THE YEARS, I've tried to give you an honest take on where my year-ago thinking was right and where it was flawed. This year, you can find it in the box on page 12. Yes, I get some things wrong, and I fess up to them. On the other hand, I don't make wild or speculative predictions, because I've learned a very good lesson from watching how wrong some of Wall Street's biggest mouthpieces are year after year after year.

Let's start with my annual *Roubini Award*, named for the playboy economist who, as I've said, has called more recessions than the Boston Red Sox have won World Series, in a much shorter period of time. Last year, I handed the award to the collective of Wall Street analysts predicting ever-higher interest rates, which failed to come to pass.

This year, I think JP Morgan Private Bank's Richard Madigan deserves the *Roubini Award* for his hedged bets in the article "Possible Market Surprises for 2015," published in *Barron's*. In that piece, he said that "possible doesn't mean probable," which I take to mean he's willing to predict stuff just so he can say, "I told you so," if he's right, but still has an out if he's wrong.

As it turns out, Madigan's predictions were way, way off the mark. Right off the top, Madigan said U.S. growth would stall and pull back to

1.5% growth (wrong—the 12-month gain through Q3 was 2.2%), that 10-year Treasury yields would drop below 2% again (half wrong—they were there for a nanosecond in October) and the dollar would weaken (way wrong; see page 3). He had plenty of other predictions, and virtually all of them were wrong, but his calls that "Brazil and Argentina [would be] the best performing emerging markets" and that "a military coup in North Korea [would lead] to civil war" were almost laughable.

It's not as if last year's winners, the Wall Street herd, didn't deserve a follow-up award. At the end of 2014, *Barron's* asked 10 of "Wall Street's top strategists," who hailed from places like JP Morgan Chase, Goldman Sachs and BlackRock, their predictions for 2015. Their targets for the S&P 500, for instance, ranged from 2100 to 2350, which, given when they made the forecasts, translated into gains of 5% to 18%. As you know by now, the S&P index fell 0.7%. Oops.

Morgan Stanley's Jorge Kuri, director of equity research for Latin America, was a lot closer to being on the money, calling for 10% declines on a dollar basis for Latin America and saying his firm was underweight to Brazil (a smart move).

Byron Wien, a former Morgan Stanley strategist who still gets ink with his predictions each year, said the S&P 500 would rise 15%. He also said Vladimir Putin would resign as lower oil prices deepened problems in Russia. I don't have to tell you why he's a former strategist.

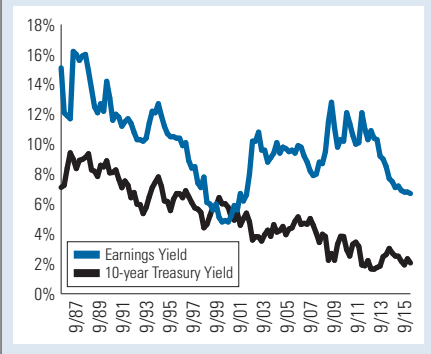
And I always like to reserve space for the 2013 *Roubini Award* winner, A. Gary Shilling, who is so consistently wrong that I can't figure out how he keeps getting people to write up his musings. In late 2014, he asked

of where relative values lie between the two major asset classes.

You might ask what happened during the financial crisis. Yes, the gap narrowed dramatically by the end of June 2007, and then rebounded to a high during the first quarter of 2009. The only time the gap has widened that far again was during the third quarter of 2011, when stocks were pummeled amidst uncertainty over government budget battles and the debt ceiling, and gold was moving towards \$1,900 per ounce. Treasury yields flirted with sub-2% levels, and investors were frightened. Over the next four years, though, stocks returned 84.4%, while the bond market gained 9.6%.

So where are we today? Neither hot, nor cold. The yield-earnings gap is trending right around its average over the past 30 years. If companies begin earning a bit more money, the needle will point more towards stocks, while a rise in yields will tip the scale more

Stock Earnings Yields vs. Bond Yields



towards bonds. Given this scenario, I'm neither pounding the table for stocks, nor am I recommending retreat.

I'm a bit more optimistic about this when I think about our portfolios than when I think about investors who trust their investments to the whims of the stock and bond market indexes. Why? Because you and I invest with some of the smartest managers on the planet—

managers who will pick and choose which stocks and bonds are cheaper than normal and avoid those they think are a bit too pricey. Even if these managers are only successful on the margins—and we know from experience that they do a whole lot better than that (see page 16)—we'll come out ahead over the long haul.

One thing I don't recommend, and hope you won't fall prey to, is the "buy the beaten down" mantra that is currently making the rounds as pundits and prophets gush about their "best" ideas for the year ahead. The most popular topic: Oil and energy stocks. As I read the financial press, as well as analysts' reports and even the letters to shareholders from Vanguard's managers, one of the biggest themes I'm seeing again and again is an unwavering belief that oil prices are destined to rise in 2016, and therefore, so are energy stocks.

Of course, there's no question that this is one of the most unloved sectors >

if you were "Ready for \$20 Oil," though, of course, as the year ended oil was trading closer to \$37. He also called for the 10-year Treasury's yield to fall to 1.0%.

You have to love this one: *MarketWatch's* Lawrence McMillan wrote that 2015 would be bullish because "years ending in '5' far outperform any other year of a given decade." Of course, that didn't hold true for 2005, which was only the sixth best of the years from 2000 through 2009, but nonetheless he was willing to get investors' juices flowing with this lovely, useless and wrong tidbit. In fact, with the Dow having fallen 2.2%, 2015 is, so far, the worst year of the current decade by a country mile.

Chris Rupkey, the chief financial economist at Bank of Tokyo-Mitsubishi UFJ, told *Bloomberg* that the 10-year Treasury yield would rise to 3.4% by the end of 2015. He wasn't far off... from his peers, at least. The median forecast of 74 economists and strategists that *Bloomberg* surveyed was 3.01%. Now, just in case you weren't keeping track, the 10-year ended 2015 at 2.27%.

Speaking of surveys, the *Wall Street Journal's* survey of 70 economists saw the average seer predicting oil rising over 2015 to a bit more than \$63 per barrel. While the forecasters' average prediction for unemployment was 5.2%, a handful actually expected the rate to fall below 5% by year-end.

Jeremy Siegel told *CNBC* that the Dow Jones Industrial Average could hit 20000 in 2015, which sounds pretty wild. But that would have been a rise of about 10.9% from where it stood when he made his prediction around year-end. The author of *Stocks for the Long Run* and Wharton professor is a perma-bull, and has often been right. But on this one, he got gored.

Bond guru Jeffrey Gundlach said that the 10-year Treasury could see its yield fall below its 1.38% low of 2012, particularly if oil prices fell to \$40. Well, oil did, but bonds didn't.

Another bull, Brian Wesbury, chief economist for First Trust, predicted oil stabilizing in the \$55 to \$70 range. It didn't. He also said the fed funds rate would end 2015 around 1%, and the 10-year Treasury's yield would rise to 3%, while the S&P 500 would rise 15%. Nope.

Oh, and so much for the famous *Dow Theory*. Its best-known practitioner wrote that the "third phase" of the bull market was going to begin in 2015 and "the stock market boom will envelope [sic] everything from housing prices to precious metals to all commodities." The envelope please: Wrong.

I'm also quite wary of stock pickers and their top picks. Michael Farr of Farr, Miller & Washington had 10 for *CNBC* followers at the end of 2014. In fact, he said he would buy all of his picks on the afternoon of Dec. 31. How'd he do? Well, here's the rub. If you had bought equal shares of each of his 10 stocks, which were priced anywhere from under \$48 per share (PDCO) to over \$530 (GOOG), you'd have seen your portfolio gain 12.0%. But had you bought equal dollar amounts of each stock, your portfolio would have sunk 2.3%. Now, Google was a massively smart purchase for 2015, though another stock, Qualcomm, was a pretty lousy choice. Take those two out of the mix and, well, no matter how you bought the other eight stocks, you lost money—lots of money.

The bottom line: To protect your own bottom line, tune out the pundits and predictors who fill the airwaves with buys and sells. Build a strong, diversified portfolio of some of the best stock and bond pickers in the business (see page 2 if you're having trouble identifying good ones), and don't be too smug as you laugh your way to the bank.

> across the markets. **Energy** fell 21.5% in 2015, and **Energy ETF** tumbled 23.2%. Over the past three years, cumulative returns are -20.5% and -13.0%, respectively, which is at least one reason there's so much talk

of a big rebound. And it could come, given that oversupply has been ratcheted down substantially. But be very careful—many of those who are beating the (oil) drum for energy are the same people who were also energy bulls a

year ago. As the old saying goes, even a stopped clock is right twice a day.

Eventually, the energy believers will be able to say, "I told you so." But that doesn't mean you and I need to make a bet on the sector. I'd rather leave the

LOOKING BACK

2015 Year in Review

THE MARKETS WERE VOLATILE, and yet they ended 2015 with little to show for it. Meantime there were plenty of goings-on around the globe and in Vanguard's offices, and there was plenty to show for that. Here's a bit of a rundown on how the year proceeded.

JANUARY: Vanguard registers to offer **Tax-Exempt Bond Index**, its first muni-bond index fund and ETF, almost five years to the day after originally filing to offer three muni index funds...A terrorist attack on satirical magazine *Charlie Hebdo's* Paris editorial offices sets off global condemnation...Oil's price drops below \$50 per barrel...The Swiss National Bank removes its cap on the euro/Swiss-franc currency relationship, and the franc soars while the Swiss market tumbles...The European Central Bank (ECB) announces a bond purchasing program to jumpstart stagnant euro-zone economies and fend off deflation. The plan is to buy 60 billion euros (\$69 billion) worth of bonds a month starting in March through at least September 2016...Vanguard opens **Explorer Value** and **Emerging Markets Select Stock** to all investors...Greek anti-austerity party Syriza takes power, leading investors to question whether Greece will continue to pay its debts...TOP FUND: **Extended Duration Treasury ETF**, 14.2%. WORST: **Financials ETF**, -5.5%.

FEBRUARY: **Ultra-Short-Term Bond** opens its doors and begins investing shareholder money after a 10-day subscription period...Jobs numbers continue to point to a U.S. economy in expansion...Greece reaches a temporary four-month plan with other euro-zone countries that buys everyone time to work out a long-term Greek financing deal...The FTSE 100 (essentially the U.K.'s S&P 500 index) reaches a new high for the first time since 12/30/1999...Vanguard files for an **Institutional Target Retirement** series of funds and an **Alternative Strategies** fund that is primarily intended for use by **Managed Payout**...For the **Target Retirement** and **STAR Lifestrategy** funds, Vanguard boosts the foreign stock exposure to 40% of equity assets and increases the foreign bond allocation to 30% of bond assets...Without notice from Vanguard, Ed Antoian of Chartwell drops off of both **Explorer** and **MidCap Growth**. He leaves his co-manager, John Heffern, to handle Chartwell's portion of each fund solo...NOAA data shows February 2015 to be the coldest February since 1979...TOP FUND: **Information Technology ETF**, 8.3%. WORST: **Extended Duration Treasury ETF**, -9.1%.

MARCH: The NASDAQ crosses 5000 for the first time since March 2000—though it doesn't yet reach a new high mark...Vanguard announces that a number of index funds will move from annual to quarterly dividend distributions starting in the third quarter...Apple

replaces AT&T in the Dow Jones Industrial Average...The ECB starts its 19-month-long, 1-trillion-euro bond buying (quantitative easing) program...Vanguard revamps its "personal investor" website...Heinz, owned by Berkshire Hathaway and 3G Capital (a Brazilian private equity group), announces a merger with Kraft Foods to create one of the largest food and beverage companies in the world...TOP FUND: **Health Care**, 2.5%. WORST: **Precious Metals & Mining**, -9.1%.

APRIL: Former Federal Reserve Chairman Ben Bernanke announces he will become a senior adviser to both Chicago hedge fund Citadel and bond shop PIMCO rather than return to academia or take a position at a bank...After 15 long years, the NASDAQ surpasses the high set during the tech market's March 2000 bubble peak. In the same week, Japan's Nikkei index also hits a 15-year high as it crosses 20000...Vanguard delays the launch of its **Tax-Exempt Bond Index** fund and ETF until May...TOP FUND: **Energy**, 10.4%. WORST: **REIT Index**, -5.9%.

MAY: Vanguard enters the robo-adviser space by broadening the availability of Personal Advisor Services with a lowered investment minimum of \$50,000...Federal Reserve Chair Janet Yellen describes stock valuations as "quite high"... "Sell in May" takes a backseat to new records for the Dow, the S&P 500 and the NASDAQ...Vanguard postpones the launch of **Tax-Exempt Bond Index** yet again...Six of the largest banks pay \$5.8 billion in fines as five of them plead guilty to currency-rigging...Vanguard also enters the "liquid alternatives" fund space, an area it has often critiqued as inappropriate for most individuals, with the launch of **Alternative Strategies**...The U.S. removes Cuba from its "state sponsors of terror" list...TOP FUND: **Health Care ETF**, 5.3%. WORST: **Energy**, -6.3%.

JUNE: The Greek debt drama dominates headlines throughout June as Greece defers a payment to the IMF; summits are held, and ultimately no deal is reached. At the end of June, Greece closes its banks and stock market, and the country becomes the first to default on an IMF loan...**Prime Money Market's** yield moves above 0.01% for the first time in nearly two years...Vanguard announces changes to benchmark indexes for four international stock index funds: **Developed Markets Index**, **European Index**, **Pacific Index** and **Emerging Markets Stock Index**. The moves add small-caps to all portfolios, Canadian stocks to Developed Markets Index and Chinese A-Share stocks to Emerging Markets Stock Index...In response to new money market regulations, Vanguard reopens **Federal Money Market** and announces that **Admiral Treasury Money Market** will lose its Admiral status, while the Institutional shares of **Prime Money Market** will become Admiral shares...Tragedy strikes at Emanuel African Methodist Episcopal Church in Charleston in a mass shooting...Once

investing to brilliant managers like Don Kilbride at **Dividend Growth**, who, despite a large overweight to the energy sector, was able to generate a total return of 2.7% in 2015, outpacing the market and his index fund competitor,

Dividend Appreciation Index, which lost 2.0%. For that matter, the team at PRIMECAP Management has done well with long-term bets on the oil sector over the years.

You're also going to be hearing

more and more about gold, since its proponents believe not only that the shiny metal protects against inflation (it doesn't) and is a store of value (it

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again, Vanguard files with the SEC for exemptive relief to offer ETF shares of its actively managed funds... The Supreme Court legalizes same-sex marriage across the country and again upholds provisions in Obamacare... TOP FUND: **S&P SmallCap 600 Growth ETF**, 1.5%. WORST: **Precious Metals & Mining**, -8.7%.

JULY: Greece votes overwhelmingly against IMF proposals and austerity, pushing the country one step closer to leaving the euro... The NYSE halts trading for nearly four hours due to a computer glitch... China's government, in an effort to stem panic selling, bans major stockholders from selling shares for six months... Greece receives its third bailout in five years, though the terms are even more stringent than the ones it voted against... Jobless claims hit their lowest level since 1973... Chinese stocks decline 8.5% in a single day, the biggest daily decline since 2007... TOP FUND: **Extended Duration Treasury ETF**, 7.0%. WORST: **Precious Metals & Mining**, -16.2%.

AUGUST: A Puerto Rican agency defaults on bonds for the first time, paying just \$628,000 on \$58 million that was due... IMF delays giving the Chinese yuan reserve currency status for at least a year, silencing shrill warnings of a looming dollar collapse... After multiple delays, Vanguard finally launches **Tax-Exempt Bond Index**... China devalues its currency, the yuan, by 4% or so versus the dollar, sending ripples across global markets... A Vanguard insider calls out the mutual fund giant in a whistleblower tip for lax cybersecurity practices... Vanguard launches **Alternative Strategies** fund, but unless you are an institutional client of Vanguard, the only way to access the new fund will be through **Managed Payout**... On Aug. 24, the Dow opens a whopping 1,000 points below its prior close, but recoups half those losses by the end of the day. The S&P 500 index falls into correction territory (down 10% or more from the prior high) for the first time in about four years... Second-quarter GDP's growth rate is revised up to 3.7% from 2.3%... **Federal Money Market** joins **Prime Money Market** in yielding more than 0.01%... TOP FUND: **Ohio Long-Term Tax-Exempt**, 0.5%. WORST: **Emerging Markets Select Stock**, -9.5%.

SEPTEMBER: Oil falls below \$40 a barrel for the first time since 2009... Vanguard changes its frequent trading policy to 30 days from 60 days, making it easier for shareholders to book tax losses... In a much-hyped meeting, the Fed leaves interest rates unchanged... Presidential hopeful Hillary Clinton tweets about a plan to regulate drug pricing, sparking a sell-off in biotech stocks... Vanguard files with the SEC to launch two new foreign index funds, **International Dividend Appreciation Index** and **International High Dividend Yield Index**... A prominent tax attorney says Vanguard could be liable for \$34.6 billion in back taxes and penalties if a whistleblower's accusations prove valid... Corporate raider Carl Icahn releases a video warning of an approaching crisis, but provides little in the way of solutions... At the

eleventh hour, Congress passes a stopgap spending bill to keep the government open until December 11... TOP FUND: **Market Neutral**, 5.0%. WORST: **Materials ETF**, -7.8%.

OCTOBER: Vanguard announces Jim Barrow will retire from his duties at **Windsor II** and **Diversified Value Annuity** at the end of the year... **European Index** and **Pacific Index** transition to the new indexes that were announced in June, adding small-cap stocks to their portfolios... China abandons its one-child policy in the face of demographic imperatives... In a first, the U.S. Treasury sells \$21 billion of 3-month bills at a 0.0% yield to overwhelming demand... Money market yields continue rising slightly, with **Prime Money Market** up to 0.08%... The Fed gives its clearest signal yet that a rate hike is coming in December... Vanguard puts the **Health Care** team on a performance incentive plan, the first ever for the fund's managers... TOP FUND: **Materials ETF**, 12.9%. WORST: **Intermediate-Term Government Bond ETF**, -0.6%.

NOVEMBER: **Emerging Markets Stock Index** begins its transition to the all-inclusive FTSE Emerging Markets All Cap China A Inclusion index... Jack Bogle tells the *Philadelphia Inquirer* that his market predictions in the press are simply "casual" comments and that only his academic papers' predictions should be considered serious... Chinese consumers spend over \$14 billion through Alibaba (the e-commerce giant) on "Singles Day"... Tragedy hits Paris on Friday, Nov. 13, as terrorists strike multiple targets in a coordinated attack, killing more than 120 people and wounding hundreds more. ISIS claims responsibility for the massacres... The IMF approves letting the Chinese yuan join the dollar, yen, euro and pound as a reserve currency. The change will take effect in 2016... Marriott buys Starwood in a \$12 billion deal to create the largest hotelier in the world, and Pfizer, in an inversion that will make it an Irish company, inks a \$160 billion merger deal with Allergan... Turkey downs a Russian fighter jet near the Syrian border... **Energy's** Karl Bandtel and **Long-Term Investment-Grade's** Lucius Hill both announce they will retire in June 2016... TOP FUND: **Russell 2000 Growth ETF**, 3.7%. WORST: **Precious Metals & Mining**, -9.6%.

DECEMBER: Vanguard delays the launch of two new foreign stock index funds, **International Dividend Appreciation Index** and **International High Dividend Yield Index**, until 2016... Less than a week after a shooting in Colorado, two shooters kill 14 people in San Bernardino, California... Two new active funds, **Core Bond** and **Emerging Markets Bond**, are proposed for 2016 release, though the EM fund may be kept from the public for a bit... The Fed ends its ZIRP (zero interest rate policy) with a 0.25% increase in the fed funds rate, seven years to the day after it last cut rates... Donald Trump and Ted Cruz lead the GOP field as we head into an embattled primary season... Investors suffer glitches as they combine brokerage and fund accounts at Vanguard's request... TOP FUND: **Consumer Staples ETF**, 2.2%. WORST: **Energy ETF**, -11.1%.

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	12/31 Price	Dec. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$20.51	0.5%	—	—	—	—	—	—
Energy (51)	VGENX	\$3K	—	Hold	\$41.07	-9.6%	-21.5%	-21.5%	-7.4%	-4.3%	2.6%	1.86
Precious Metals & Mining (53)	VGPMX	\$3K	—	Sell	\$6.36	-1.1%	-29.4%	-29.4%	-26.0%	-22.7%	2.3%	2.23
Health Care (52)	VGHGX	\$3K	—	Buy	\$220.35	1.3%	12.7%	12.7%	27.5%	21.6%	1.1%	1.07
REIT Index (123)	VGSIX	\$3K	—	Hold	\$26.48	1.8%	2.2%	2.2%	10.8%	11.6%	3.8%	1.30
Global ex-U.S. Real Estate Index (738)	VGXRX	\$3K	0.25%/0.25%	Hold	\$20.58	0.5%	-1.5%	-1.5%	1.4%	4.2%	2.7%	1.06
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$51.40	0.3%	2.6%	2.6%	20.3%	14.1%	0.6%	1.05
Explorer (24)	VEXPX	\$3K	—	Hold	\$80.44	-3.9%	-4.3%	-4.3%	12.8%	10.1%	0.3%	1.25
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$28.46	-5.0%	-2.8%	-2.8%	12.1%	10.3%	0.8%	1.19
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$22.45	-2.8%	0.2%	0.2%	14.2%	11.6%	0.3%	1.10
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$34.18	-3.4%	-2.6%	-2.6%	11.7%	10.0%	0.8%	1.19
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$53.03	-4.2%	-3.8%	-3.8%	12.4%	10.3%	1.4%	1.15
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$23.69	-4.9%	-4.8%	-4.8%	12.8%	10.3%	1.8%	1.16
Strategic Equity (114)	VSEGX	\$3K	—	Hold	\$28.30	-3.6%	-1.4%	-1.4%	16.6%	13.8%	1.6%	1.00
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$28.98	-4.6%	-3.1%	-3.1%	14.8%	12.3%	1.2%	1.13
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$44.38	-4.7%	-1.8%	-1.8%	13.7%	11.5%	1.3%	1.22
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$10.92	-3.6%	-9.8%	-9.8%	10.9%	7.5%	1.2%	1.40
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$63.61	-4.0%	-3.4%	-3.4%	12.8%	10.3%	1.2%	1.13
Growth Index (9)	VIGRX	\$3K	—	Buy	\$54.78	-2.4%	3.2%	3.2%	15.7%	13.0%	1.2%	1.10
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$39.22	-2.6%	-1.1%	-1.1%	13.9%	10.5%	0.7%	1.07
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$32.79	-2.7%	-1.5%	-1.5%	14.8%	11.4%	1.3%	1.00
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$33.86	-2.8%	-1.9%	-1.9%	15.3%	12.1%	1.9%	0.95
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$24.92	-1.7%	6.7%	6.7%	16.9%	12.3%	0.7%	1.07
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$99.70	-0.4%	2.6%	2.6%	19.4%	14.0%	1.1%	0.98
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$20.82	-0.9%	0.9%	0.9%	17.9%	13.2%	1.1%	1.00
Selected Value (934)	VASVX	\$3K	—	Buy	\$25.85	-3.7%	-3.8%	-3.8%	13.3%	11.0%	1.6%	1.02
Social Index (213)	VFTSX	\$3K	—	Buy	\$13.21	-1.7%	1.2%	1.2%	17.0%	13.4%	1.5%	1.03
STAR Growth (122)	VASGX	\$3K	—	Sell	\$27.26	-1.7%	-1.2%	-1.2%	8.7%	7.5%	2.2%	0.79
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$103.75	-1.8%	1.7%	1.7%	15.2%	12.5%	1.7%	1.00
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$29.79	-0.3%	8.5%	8.5%	18.4%	14.3%	0.5%	1.11
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$188.48	-1.6%	1.2%	1.2%	15.0%	12.4%	2.0%	1.00
Convertible Securities (82)	VCV SX	\$3K	—	Buy	\$12.10	-2.4%	-1.4%	-1.4%	6.3%	5.1%	2.0%	0.62
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$29.85	-2.2%	0.7%	0.7%	14.8%	12.0%	1.1%	1.04
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$31.12	-0.8%	-2.0%	-2.0%	11.5%	10.4%	2.2%	0.99
Dividend Growth (57)	VDIGX	\$3K	—	Buy	\$22.43	-1.0%	2.7%	2.7%	14.7%	12.8%	1.9%	0.96
Equity Income (65)	VEIPX	\$3K	—	Buy	\$29.56	-1.3%	0.8%	0.8%	13.4%	12.9%	2.9%	0.97
Growth & Income (93)	VQNPX	\$3K	—	Sell	\$39.55	-1.7%	1.9%	1.9%	15.5%	13.0%	1.8%	0.96
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$26.45	-0.9%	0.3%	0.3%	14.0%	13.0%	3.2%	0.98
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$37.78	-1.7%	0.9%	0.9%	14.8%	12.2%	1.8%	0.99
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$12.13	0.8%	5.5%	5.5%	6.1%	4.9%	0.0%	0.45
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$23.06	-1.4%	-0.6%	-0.6%	7.0%	6.5%	2.2%	0.59
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$50.78	-2.0%	0.3%	0.3%	14.6%	12.0%	1.9%	0.99
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$16.30	-2.3%	-1.7%	-1.7%	14.8%	13.2%	2.1%	0.92
Value Index (6)	VIVAX	\$3K	—	Hold	\$31.82	-1.0%	-1.0%	-1.0%	14.1%	11.5%	2.5%	0.95
Windsor (22)	VWVNDX	\$3K	—	Hold	\$19.15	-3.3%	-3.3%	-3.3%	13.7%	11.3%	1.8%	1.07
Windsor II (73)	VWVNF	\$3K	—	Buy	\$33.50	-2.5%	-3.2%	-3.2%	12.0%	11.0%	2.3%	1.01
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$29.22	-1.4%	0.4%	0.4%	9.1%	8.5%	2.0%	0.60
Managed Payout (1498)	VPDXX	\$25K	—	Sell	\$17.33	-1.2%	-0.7%	-0.7%	6.8%	6.4%	8.4%	0.58
STAR (56)	VGSTX	\$1K	—	Hold	\$23.29	-1.5%	-0.2%	-0.2%	8.1%	7.7%	2.0%	0.66
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$17.84	-1.1%	-0.2%	-0.2%	5.2%	5.3%	2.2%	0.42
STAR Income (723)	VASIX	\$3K	—	Sell	\$14.57	-0.8%	0.2%	0.2%	3.4%	4.1%	2.2%	0.28
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$26.86	-0.5%	2.3%	2.3%	8.7%	8.5%	2.1%	0.46
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$24.52	-0.8%	1.3%	1.3%	6.1%	7.6%	3.0%	0.40
Wellington (21)	VWELX	\$3K	—	Buy	\$36.79	-1.4%	0.1%	0.1%	9.6%	9.0%	2.6%	0.66
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTT SX	\$1K	—	—	\$27.21	-1.9%	-1.7%	-1.7%	9.4%	—	1.8%	0.89
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$30.83	-1.9%	-1.7%	-1.7%	9.4%	8.2%	1.9%	0.89
Target Retirement 2050 (699)	VFIFX	\$1K	—	—	\$28.49	-1.8%	-1.6%	-1.6%	9.5%	8.1%	2.0%	0.89
Target Retirement 2045 (306)	VTIVX	\$1K	—	—	\$17.78	-1.9%	-1.6%	-1.6%	9.5%	8.1%	2.1%	0.89
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$28.45	-1.9%	-1.6%	-1.6%	9.5%	8.1%	2.1%	0.88
Target Retirement 2035 (305)	VTHHX	\$1K	—	—	\$16.84	-1.7%	-1.3%	-1.3%	9.2%	7.9%	2.2%	0.82
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$27.72	-1.6%	-1.0%	-1.0%	8.5%	7.6%	2.1%	0.74
Target Retirement 2025 (304)	VTVX	\$1K	—	—	\$15.62	-1.5%	-0.8%	-0.8%	7.9%	7.2%	2.1%	0.67
Target Retirement 2020 (682)	VTVNX	\$1K	—	—	\$27.15	-1.4%	-0.7%	-0.7%	7.2%	6.9%	2.1%	0.60
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$14.23	-1.2%	-0.5%	-0.5%	6.2%	6.3%	2.0%	0.51
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$24.88	-1.0%	-0.2%	-0.2%	4.9%	5.6%	1.8%	0.38
Target Retirement Income (308)	VTINX	\$1K	—	—	\$12.45	-0.9%	-0.2%	-0.2%	3.7%	4.9%	1.8%	0.33

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

EQUITY FUNDS (CONTINUED)

Fund (fund #)	Ticker	Minimum	Loads	Advice	12/31 Price	Dec. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$9.15	-1.8%	-0.3%	-0.3%	—	—	2.8%	1.27
Emerging Markets Stock Index (533)	VEIEE	\$3K	—	Hold	\$20.81	-2.5%	-15.5%	-15.5%	-7.0%	-5.0%	3.0%	1.42
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$15.22	-2.9%	-15.3%	-15.3%	-7.2%	—	1.9%	1.46
European Index (79)	VEURX	\$3K	—	Hold	\$26.85	-2.4%	-2.0%	-2.0%	4.5%	4.0%	3.1%	1.17
Global Equity (129)	VHGEX	\$3K	—	Hold	\$23.64	-2.0%	-0.2%	-0.2%	9.9%	7.7%	1.7%	0.95
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$11.30	-1.6%	5.8%	5.8%	—	—	1.8%	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$16.95	0.6%	8.6%	8.6%	11.2%	5.4%	1.5%	0.90
International Growth (81)	VWIGX	\$3K	—	Buy	\$21.10	-2.4%	-0.7%	-0.7%	4.8%	3.6%	1.4%	1.21
International Value (46)	VTRIX	\$3K	—	Hold	\$31.09	-3.1%	-6.4%	-6.4%	2.2%	1.8%	2.1%	1.19
Pacific Index (72)	VPACX	\$3K	—	Hold	\$10.80	-0.4%	2.2%	2.2%	4.6%	2.6%	2.3%	1.11
Total International Stock Index (113)	VGTSX	\$3K	—	Hold	\$14.49	-2.1%	-4.4%	-4.4%	1.8%	1.2%	2.8%	1.09
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$23.45	-2.0%	-2.0%	-2.0%	7.7%	6.2%	2.3%	1.00
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$17.14	-2.2%	-4.8%	-4.8%	1.4%	1.1%	2.8%	1.10
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$35.39	-0.7%	-0.3%	-0.3%	3.7%	1.4%	2.5%	1.04

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	12/31 Price	Dec. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk	
													25%	28%	36.8*	38.8*	43.4*	
TAXABLE INCOME																		
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.1	\$9.97	-0.0%	—	—	—	—	—	0.96%	—	—	—	—	—		
Short-Term Treasury (32)	VFISX	Sell	2.5	\$10.65	-0.2%	0.5%	0.5%	0.4%	0.8%	0.7%	0.87%	—	—	—	—	0.31		
Short-Term Federal (49)	VSGBX	Sell	2.8	\$10.71	-0.1%	0.7%	0.7%	0.5%	1.1%	0.9%	1.04%	—	—	—	—	0.31		
Short-Term Inflation Index (1967)	VTIPX	Hold	2.4	\$24.14	-0.2%	-0.2%	-0.2%	-1.0%	—	0.0%	0.32%	—	—	—	—	0.59		
Short-Term Investment-Grade (39)	VFSTX	Buy	3.3	\$10.56	-0.4%	1.0%	1.0%	1.3%	2.0%	2.0%	2.07%	—	—	—	—	0.38		
Short-Term Bond Index (132)	VBISX	Hold	2.8	\$10.43	-0.3%	0.9%	0.9%	0.7%	1.4%	1.2%	1.37%	—	—	—	—	0.43		
Inflation-Protected Sec. (119)	VIPSX	Hold	8.7	\$12.84	-1.0%	-1.8%	-1.8%	-2.4%	2.3%	0.0%	0.47%	—	—	—	—	1.50		
Intermed. Treasury (35)	VFITX	Sell	5.7	\$11.26	-0.4%	1.5%	1.5%	0.9%	3.0%	1.7%	1.59%	—	—	—	—	1.15		
Intermed. Investment-Grade (71)	VFICX	Buy	6.3	\$9.64	-0.5%	1.5%	1.5%	1.9%	4.5%	3.1%	2.87%	—	—	—	—	1.06		
Intermed.-Term Bond Index (314)	VBIIIX	Hold	7.2	\$11.26	-0.6%	1.2%	1.2%	1.4%	4.3%	2.7%	2.66%	—	—	—	—	1.38		
Total Bond Market (84)	VBMFX	Hold	8.0	\$10.64	-0.4%	0.3%	0.3%	1.2%	3.0%	2.4%	2.33%	—	—	—	—	1.00		
GNMA (36)	VFIIIX	Hold	6.5	\$10.66	0.0%	1.3%	1.3%	1.9%	3.1%	2.3%	2.40%	—	—	—	—	0.77		
Long-Term Treasury (83)	VUSTX	Sell	25.1	\$12.19	-0.3%	-1.5%	-1.5%	2.4%	7.5%	2.8%	2.70%	—	—	—	—	3.92		
Long-Term Investment-Grade (28)	VWESX	Hold	23.1	\$9.90	-0.7%	-2.2%	-2.2%	2.8%	7.3%	4.4%	4.22%	—	—	—	—	2.80		
Long-Term Bond Index (522)	VBLTX	Sell	24.1	\$13.20	-1.1%	-3.5%	-3.5%	1.6%	6.8%	4.1%	4.07%	—	—	—	—	3.07		
High-Yield Corporate (29)	VWEHX	Buy	6.4	\$5.54	-1.8%	-1.4%	-1.4%	2.5%	5.7%	5.8%	6.27%	—	—	—	—	1.66		
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	10.1	\$9.27	-1.5%	1.5%	1.5%	—	—	4.7%	5.41%	—	—	—	—	1.87		
Total International Bond Index (1231)	VTIBX	Hold	8.9	\$10.55	-0.3%	1.0%	1.0%	—	—	1.6%	1.08%	—	—	—	—	0.95		
MONEY MARKET																		
Treasury MM (11) (CLOSED)	VUSXX	—	56	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.14%	—	—	—	—	—		
Federal MM (33)	VMFXX	—	54	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.22%	—	—	—	—	—		
Prime MM (30)	VMMXX	—	54	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.26%	—	—	—	—	—		
Tax-Exempt Money Market (45)	VMSXX	—	42	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—		
CA Tax-Exempt MM (62)	VCTXX	—	34	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—		
NJ Tax-Exempt MM (95)	VNJXX	—	48	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—		
NY Tax-Exempt MM (163)	VYFXX	—	33	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—		
OH Tax-Exempt MM (96)	VOHXX	—	36	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—		
PA Tax-Exempt MM (63)	VPTXX	—	26	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—		
TAX-FREE INCOME																		
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.5	\$15.80	0.1%	0.4%	0.4%	0.5%	0.8%	0.7%	0.57%	0.8%	0.8%	0.9%	0.9%	1.0%	0.11	
Limited-Term Tax-Exempt (31)	VMLTX	Buy	3.0	\$11.02	0.1%	1.3%	1.3%	1.2%	1.8%	1.5%	0.95%	1.3%	1.3%	1.5%	1.6%	1.7%	0.39	
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.3	\$14.26	0.7%	2.9%	2.9%	2.8%	4.7%	2.9%	1.63%	2.2%	2.3%	2.6%	2.7%	2.9%	0.76	
Tax-Exempt Bond Index (1491)***	VTEBX	Hold	5.6	\$10.16	0.8%	—	—	—	—	—	1.67%	2.2%	2.3%	2.6%	2.7%	3.0%	—	
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.2	\$11.75	1.0%	4.0%	4.0%	3.9%	6.0%	3.6%	2.22%	3.0%	3.1%	3.5%	3.6%	3.9%	1.00	
High-Yield Tax-Exempt (44)	VWAHX	Hold	6.7	\$11.32	0.9%	4.1%	4.1%	4.0%	6.4%	3.7%	2.67%	3.6%	3.7%	4.2%	4.4%	4.7%	1.01	
STATE TAX-FREE																		
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.4	\$11.85	0.7%	3.2%	3.2%	3.4%	5.4%	2.8%	1.56%	2.3%	2.4%	2.8%	2.8%	3.1%	0.80	
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.5	\$12.21	1.0%	4.4%	4.4%	4.4%	6.7%	3.5%	2.04%	3.0%	3.2%	3.6%	3.7%	4.0%	1.04	
MA Tax-Exempt (168)	VMATX	Sell	6.3	\$10.92	0.9%	4.0%	4.0%	3.5%	5.4%	3.0%	2.03%	2.9%	3.0%	3.4%	3.5%	3.8%	1.03	
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.3	\$12.10	1.3%	2.7%	2.7%	3.2%	5.3%	3.5%	2.71%	4.0%	4.1%	4.7%	4.9%	5.3%	1.12	
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.0	\$11.91	1.0%	4.1%	4.1%	3.9%	5.6%	3.3%	1.98%	2.9%	3.0%	3.4%	3.5%	3.8%	0.94	
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.0	\$12.65	1.0%	4.2%	4.2%	3.9%	5.8%	3.3%	2.23%	3.2%	3.3%	3.8%	3.9%	4.2%	1.04	
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	5.7	\$11.71	1.0%	4.0%	4.0%	3.9%	5.7%	3.6%	2.29%	3.2%	3.3%	3.7%	3.9%	4.2%	0.94	

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1). **3-year and 5-year returns** are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	12/31 Price	Dec. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	-0.1%	-0.1%	-0.2%	-0.2%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$18.51	-0.3%	0.8%	0.8%	1.0%	1.8%	0.38
Total Bond Market Annuity (67)	Hold	\$36.85	-0.4%	0.0%	0.0%	1.0%	2.8%	1.00
High-Yield Bond Annuity (146)	Buy	\$28.86	-1.8%	-1.9%	-1.9%	2.1%	5.2%	1.60
Conservative Allocation Annuity (801)	Hold	\$25.77	-1.0%	-0.1%	-0.1%	5.0%	—	0.42
Moderate Allocation Annuity (803)	Hold	\$27.79	-1.4%	-0.5%	-0.5%	6.8%	—	0.60
Balanced Annuity (69)	Buy	\$82.40	-1.4%	-0.2%	-0.2%	9.3%	8.7%	0.65
Capital Growth Annuity (603)	Buy	\$39.81	-0.5%	2.3%	2.3%	18.6%	13.7%	0.95
Diversified Value Annuity (145)	Buy	\$28.05	-2.3%	-2.7%	-2.7%	11.2%	10.6%	0.99
Equity Income Annuity (8)	Buy	\$70.77	-1.4%	0.6%	0.6%	13.1%	12.5%	0.97
Equity Index Annuity (68)	Buy	\$80.39	-1.6%	1.0%	1.0%	14.6%	12.1%	1.00
Growth Annuity (10)	Hold	\$42.53	-0.2%	7.7%	7.7%	18.1%	14.0%	1.10
MidCap Index Annuity (143)	Buy	\$46.25	-2.7%	-1.7%	-1.7%	14.4%	11.1%	1.00
REIT Index Annuity (147)	Hold	\$54.49	1.7%	1.9%	1.9%	10.5%	11.3%	1.30
Small Company Growth Annuity (160)	Hold	\$63.06	-4.2%	-3.0%	-3.0%	13.5%	11.0%	1.29
Total Stock Market Annuity (604)	Hold	\$29.19	-2.1%	0.1%	0.1%	14.2%	11.7%	1.00
International Annuity (86)	Buy	\$36.71	-2.6%	-1.1%	-1.1%	4.4%	3.3%	1.23

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	12/31 Price	Dec. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$63.43	-2.6%	6.3%	6.3%	18.7%	16.7%	1.3%	—	1.23
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$63.63	2.3%	6.0%	6.0%	16.3%	14.7%	2.6%	—	1.00
Energy (551)	VGELX	\$50K	—	Hold	\$77.04	-9.6%	-21.4%	-21.4%	-7.3%	-4.3%	2.7%	—	1.86
Energy Index (5480)	VENAX	\$100K	—	—	\$41.54	-11.0%	-23.2%	-23.2%	-4.5%	-1.5%	3.2%	—	1.84
Financials Index (5486)	VFAIX	\$100K	—	—	\$24.29	-2.5%	-0.4%	-0.4%	14.7%	10.3%	2.0%	—	1.00
Health Care (552)	VGHAX	\$50K	—	Buy	\$92.94	1.3%	12.7%	12.7%	27.6%	21.7%	1.2%	—	1.07
Health Care Index (5485)	VHCIX	\$100K	—	—	\$66.48	1.3%	7.2%	7.2%	24.3%	20.4%	1.2%	—	1.15
Industrials Index (5482)	VINAX	\$100K	—	—	\$51.86	-2.9%	-3.6%	-3.6%	14.1%	11.2%	1.9%	—	1.10
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$55.44	-2.7%	5.0%	5.0%	17.5%	13.2%	1.3%	—	1.20
Materials Index (5481)	VMIAX	\$100K	—	—	\$48.01	-4.6%	-10.1%	-10.1%	5.9%	4.8%	2.3%	—	1.48
REIT Index (5123)	VMSLX	\$10K	—	Hold	\$112.98	1.8%	2.4%	2.4%	11.0%	11.8%	3.9%	—	1.31
Global ex-U.S. Real Estate Index (1758)	VGRLX	\$10K	0.25% ^f /0.25% ^r	Hold	\$31.16	0.5%	-1.3%	-1.3%	1.5%	4.4%	2.8%	—	1.06
Telecom Svcs. Index (5488)	VTCAX	\$100K	—	—	\$42.78	-0.3%	2.7%	2.7%	9.9%	8.7%	3.6%	—	0.99
Utilities Index (5489)	VUIAX	\$100K	—	—	\$47.12	2.2%	-4.8%	-4.8%	11.6%	11.0%	3.6%	—	1.22
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$118.65	0.3%	2.7%	2.7%	20.4%	14.2%	0.6%	—	1.05
Explorer (5024)	VEXRX	\$50K	—	Hold	\$74.76	-3.9%	-4.2%	-4.2%	13.0%	10.3%	0.5%	—	1.25
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$42.73	-3.4%	-2.5%	-2.5%	11.9%	—	1.0%	—	1.20
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$53.05	-4.2%	-3.6%	-3.6%	12.6%	10.4%	1.5%	—	1.15
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$42.46	-4.9%	-4.7%	-4.7%	12.9%	—	2.0%	—	1.16
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$63.58	-3.9%	-3.3%	-3.3%	12.9%	10.5%	1.3%	—	1.13
Growth Index (509)	VIGAX	\$10K	—	Buy	\$54.77	-2.4%	3.3%	3.3%	15.8%	13.1%	1.3%	—	1.10
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$42.94	-2.5%	-1.0%	-1.0%	14.1%	—	0.8%	—	1.07
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$148.72	-2.7%	-1.3%	-1.3%	14.9%	11.5%	1.5%	—	1.00
MidCap Value Index	VMVAX	\$10K	—	Hold	\$44.54	-2.8%	-1.8%	-1.8%	15.5%	—	2.0%	—	0.95
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$77.19	-1.7%	6.9%	6.9%	17.0%	12.5%	0.8%	—	1.07
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$103.27	-0.4%	2.6%	2.6%	19.5%	14.1%	1.1%	—	0.98
U.S. Growth (523)	VWUJAX	\$50K	—	Hold	\$77.07	-0.3%	8.6%	8.6%	18.6%	14.5%	0.6%	—	1.10
500 Index (540)	VFIAX	\$10K	—	Buy	\$188.48	-1.6%	1.4%	1.4%	15.1%	12.5%	2.1%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$21.11	-0.8%	-1.9%	-1.9%	—	—	2.3%	—	0.99
Equity Income (565)	VEIRX	\$50K	—	Buy	\$61.95	-1.3%	0.9%	0.9%	13.5%	13.0%	2.9%	—	0.97
Growth & Income (593)	VGIAX	\$50K	—	Sell	\$64.56	-1.7%	2.0%	2.0%	15.6%	13.2%	1.9%	—	0.96
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$47.23	-1.7%	1.1%	1.1%	15.0%	12.4%	2.0%	—	0.99
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$50.79	-2.0%	0.4%	0.4%	14.7%	12.2%	2.0%	—	1.00
Value Index (506)	VVIAX	\$10K	—	Hold	\$31.82	-1.0%	-0.9%	-0.9%	14.3%	11.7%	2.6%	—	0.95
Windsor (5022)	VWNEX	\$50K	—	Hold	\$64.57	-3.3%	-3.2%	-3.2%	13.8%	11.4%	1.9%	—	1.07
Windsor II (573)	VWNAX	\$50K	—	Buy	\$59.44	-2.5%	-3.1%	-3.1%	12.1%	11.1%	2.4%	—	1.01
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$29.22	-1.4%	0.5%	0.5%	9.3%	8.7%	2.1%	—	0.60
Wellesley Income (527)	VWIAX	\$50K	—	Hold	\$59.40	-0.8%	1.3%	1.3%	6.2%	7.7%	3.1%	—	0.40
Wellington (521)	VWENX	\$50K	—	Buy	\$63.54	-1.4%	0.1%	0.1%	9.6%	9.1%	2.7%	—	0.66
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$11.82	-1.8%	-0.2%	-0.2%	4.8%	3.6%	2.9%	—	1.08
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$27.33	-2.4%	-15.3%	-15.3%	-6.8%	-4.8%	3.2%	—	1.42
European Index (579)	VEUSX	\$10K	—	Hold	\$62.51	-2.4%	-1.9%	-1.9%	4.6%	4.2%	3.2%	—	1.17
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$22.60	-1.6%	5.9%	5.9%	—	—	1.9%	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$67.06	-2.4%	-0.5%	-0.5%	5.0%	3.7%	1.5%	—	1.22
Pacific Index (572)	VPADX	\$10K	—	Hold	\$70.10	-0.3%	2.4%	2.4%	4.7%	2.7%	2.4%	—	1.11
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$24.24	-2.0%	-4.3%	-4.3%	1.8%	1.3%	2.8%	—	1.09
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$27.01	-2.2%	-4.7%	-4.7%	1.6%	—	3.0%	—	1.10
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSFX	\$50K	—	Buy	\$19.94	-0.1%	—	—	—	—	1.00%	—	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.65	-0.2%	0.6%	0.6%	0.5%	0.9%	0.8%	0.97%	0.31
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.71	-0.1%	0.8%	0.8%	0.6%	1.2%	1.0%	1.13%	0.31
Short-Term Gov't Index (1942)	VSBSX	\$10K	—	Sell	\$20.26	-0.1%	0.5%	0.5%	0.4%	0.6%	0.6%	0.98%	0.23
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.17	-0.2%	-0.2%	-0.2%	-1.0%	—	0.0%	0.33%	0.59
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.56	-0.4%	1.1%	1.1%	1.4%	2.1%	2.1%	2.16%	0.38
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.45	-0.4%	1.2%	1.2%	1.5%	2.6%	2.0%	2.32%	0.46
Short-Term Bond Idx. (5132)	VBIRX	\$10K	—	Hold	\$10.43	-0.3%	0.9%	0.9%	0.8%	1.5%	1.3%	1.43%	0.43
Inflation-Protected Securities (5119)	VAIPX	\$50K	—	Hold	\$25.21	-0.9%	-1.7%	-1.7%	-2.3%	2.4%	0.0%	0.55%	1.51
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.26	-0.4%	1.6%	1.6%	1.0%	3.1%	1.8%	1.69%	1.15
Interm.-Term Gov't Index (1943)	VSIGX	\$10K	—	Sell	\$21.72	-0.3%	1.7%	1.7%	1.0%	3.0%	1.6%	1.78%	1.11
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$9.64	-0.5%	1.6%	1.6%	2.0%	4.6%	3.2%	2.96%	1.06
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25% ^f	Buy	\$22.60	-0.9%	0.9%	0.9%	2.1%	5.1%	3.3%	3.72%	1.35
Intermed.-Term Bond Idx. (5314)	VBILX	\$10K	—	Hold	\$11.26	-0.6%	1.3%	1.3%	1.5%	4.4%	2.7%	2.69%	1.38
Total Bond Market (584)	VBTXL	\$10K	—	Hold	\$10.64	-0.4%	0.4%	0.4%	1.3%	3.1%	2.5%	2.44%	1.00
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.66	0.0%	1.4%	1.4%	2.0%	3.2%	2.4%	2.50%	0.77
Mortgage-Backed Sec. Idx (1948)	VMBSX	\$10K	—	Hold	\$21.08	-0.0%	1.4%	1.4%	1.9%	2.8%	1.5%	2.13%	0.68
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$12.19	-0.3%	-1.4%	-1.4%	2.5%	7.6%	2.9%	2.80%	3.93
Long-Term Gov't Index (1944)	VLGSX	\$10K	—	Sell	\$25.07	-0.3%	-1.3%	-1.3%	2.5%	7.5%	2.8%	2.90%	3.85
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$9.90	-0.7%	-2.1%	-2.1%	2.9%	7.4%	4.5%	4.32%	2.80
Long-Term Corp. Index (1947)	VLTCX	\$10K	1.00% ^f	Hold	\$22.46	-1.5%	-4.6%	-4.6%	1.6%	6.4%	4.7%	5.05%	2.80
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.54	-1.7%	-1.3%	-1.3%	2.6%	5.8%	5.9%	6.36%	1.66
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75% ^f	Buy	\$18.55	-1.5%	1.6%	1.6%	—	—	4.9%	5.44%	1.88
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$21.10	-0.3%	1.1%	1.1%	—	—	1.6%	1.08%	0.94
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.80	0.1%	0.5%	0.5%	0.6%	0.9%	0.8%	0.65%	0.11
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.02	0.1%	1.4%	1.4%	1.3%	1.9%	1.6%	1.03%	0.39
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.26	0.7%	2.9%	2.9%	2.9%	4.8%	3.0%	1.71%	0.76
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25% ^f	Hold	\$20.32	0.8%	—	—	—	—	—	1.75%	—
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$11.75	1.0%	4.1%	4.1%	4.0%	6.1%	3.7%	2.30%	1.00
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.32	0.9%	4.2%	4.2%	4.1%	6.5%	3.7%	2.75%	1.01
CA Intermed. Tax-Exempt (5100)	VCADX	\$50K	—	Buy	\$11.85	0.7%	3.3%	3.3%	3.5%	5.4%	2.8%	1.64%	0.80
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.21	1.0%	4.4%	4.4%	4.5%	6.8%	3.6%	2.12%	1.04
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.10	1.3%	2.8%	2.8%	3.3%	5.4%	3.6%	2.79%	1.12
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$11.91	1.0%	4.2%	4.2%	3.9%	5.7%	3.3%	2.06%	0.94
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$11.71	1.0%	4.1%	4.1%	4.0%	5.8%	3.7%	2.37%	0.94

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	12/31 Price	Dec. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$121.44	-3.5%	-2.6%	-2.6%	11.9%	10.2%	1.0%	—	1.19
S&P SmallCap 600 Growth	VI0G	Buy	\$106.86	-3.9%	3.0%	3.0%	15.1%	12.4%	1.0%	—	1.22
Russell 2000 Growth	VTWG	Hold	\$102.06	-4.0%	-1.1%	-1.1%	14.6%	10.7%	0.7%	—	1.44
SmallCap	VB	Hold	\$110.64	-4.2%	-3.7%	-3.7%	12.6%	10.4%	1.5%	—	1.16
S&P SmallCap 600	VI0O	Hold	\$99.15	-4.9%	-2.2%	-2.2%	13.3%	11.1%	1.3%	—	1.23
Russell 2000	VTWO	Hold	\$90.21	-5.0%	-4.4%	-4.4%	11.7%	9.1%	1.2%	—	1.32
SmallCap Value	VBR	Hold	\$98.77	-4.9%	-4.7%	-4.7%	12.9%	10.4%	2.0%	—	1.16
S&P SmallCap 600 Value	VI0V	Hold	\$93.84	-4.3%	-6.2%	-6.2%	12.0%	10.1%	1.3%	—	1.25
Russell 2000 Value	VTWV	Hold	\$79.76	-5.2%	-7.6%	-7.6%	9.1%	7.5%	2.0%	—	1.23
Extended Market	VXF	Sell	\$83.80	-3.9%	-3.2%	-3.2%	12.9%	10.5%	1.3%	—	1.13
Growth	VUG	Hold	\$106.39	-2.4%	3.2%	3.2%	15.8%	13.1%	1.3%	—	1.14
S&P 500 Growth	VOOG	Buy	\$103.78	-1.6%	5.4%	5.4%	17.0%	13.9%	1.6%	—	1.06
Russell 1000 Growth	VONG	Hold	\$102.00	-1.5%	5.6%	5.6%	16.7%	13.4%	1.5%	—	1.05
MegaCap Growth	MGK	Buy	\$83.04	-2.5%	3.7%	3.7%	16.0%	13.5%	1.4%	—	1.13
MidCap Growth	VOT	Buy	\$99.71	-2.6%	-1.1%	-1.1%	14.1%	10.6%	0.8%	—	1.08
S&P MidCap 400 Growth	IVOG	Buy	\$98.97	-3.3%	1.8%	1.8%	13.2%	10.9%	1.0%	—	1.05
MidCap	VO	Hold	\$120.11	-2.7%	-1.3%	-1.3%	14.9%	11.5%	1.5%	—	1.04
S&P MidCap 400	IVOO	Buy	\$93.83	-4.1%	-2.3%	-2.3%	12.6%	10.4%	1.4%	—	1.04
MidCap Value	VOE	Hold	\$85.95	-2.9%	-1.9%	-1.9%	15.5%	12.2%	2.0%	—	0.95
S&P MidCap 400 Value	IVOV	Buy	\$88.41	-5.1%	-7.0%	-7.0%	11.9%	9.8%	1.7%	—	1.12
S&P 500	V00	Buy	\$186.93	-1.8%	1.3%	1.3%	15.0%	12.5%	2.1%	—	1.00
Russell 1000	VONE	Buy	\$93.63	-1.8%	0.7%	0.7%	14.9%	12.3%	1.9%	—	1.00
Dividend Appreciation	VIG	Buy	\$77.76	-0.9%	-1.9%	-1.9%	11.6%	10.5%	2.3%	—	1.00
High Dividend Yield	VYM	Hold	\$66.75	-1.1%	0.3%	0.3%	14.0%	13.0%	3.2%	—	0.97
LargeCap	VV	Buy	\$93.50	-1.7%	1.0%	1.0%	14.9%	12.3%	2.0%	—	1.00
MegaCap	MGC	Buy	\$69.76	-1.6%	1.4%	1.4%	14.9%	12.5%	2.1%	—	1.02
Total Stock Market	VTI	Hold	\$104.30	-2.1%	0.4%	0.4%	14.6%	12.1%	2.0%	—	1.00
Russell 3000	VTHR	Hold	\$93.59	-1.9%	0.2%	0.2%	14.8%	12.1%	1.8%	—	1.00
Value	VTV	Hold	\$81.52	-1.2%	-1.0%	-1.0%	14.9%	12.0%	2.6%	—	0.95
S&P 500 Value	VOOV	Hold	\$85.25	-1.8%	-3.1%	-3.1%	12.7%	10.8%	2.4%	—	0.98
Russell 1000 Value	VONV	Hold	\$85.66	-2.3%	-3.8%	-3.8%	13.1%	11.1%	2.4%	—	0.98
MegaCap Value	MGV	Hold	\$59.03	-0.7%	-0.2%	-0.2%	14.2%	11.7%	2.6%	—	0.95
INTERNATIONAL ETFs											
Emerging Markets Stock	VW0	Hold	\$32.71	-3.4%	-15.8%	-15.8%	-7.2%	-5.0%	3.3%	—	1.45
Developed Markets	VEA	Sell	\$36.72	-2.1%	-0.4%	-0.4%	4.5%	3.5%	2.9%	—	1.10
European	VGK	Hold	\$49.88	-2.6%	-1.9%	-1.9%	4.3%	4.0%	3.3%	—	1.18
Pacific	VPL	Hold	\$56.67	-0.8%	2.0%	2.0%	4.6%	2.7%	2.4%	—	1.16
Total International Stock	VXUS	Hold	\$45.11	-2.2%	-4.2%	-4.2%	1.5%	—	2.8%	—	1.11
Total World Stock	VT	Hold	\$57.62	-2.2%	-1.9%	-1.9%	7.7%	6.3%	2.5%	—	1.03
World ex-U.S.	VEU	Sell	\$43.41	-2.5%	-4.8%	-4.8%	1.2%	1.2%	3.0%	—	1.14
World ex-U.S. SmallCap	VSS	Hold	\$92.87	-1.1%	-0.0%	-0.0%	3.4%	1.4%	2.7%	—	1.07
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$122.55	-2.7%	6.3%	6.3%	18.7%	16.6%	1.3%	—	1.23
Consumer Staples	VDC	—	\$129.07	2.2%	5.8%	5.8%	16.2%	14.7%	2.6%	—	1.00
Energy	VDE	—	\$83.12	-11.1%	-23.2%	-23.2%	-4.5%	-1.6%	3.2%	—	1.85
Financials	VFH	—	\$48.45	-2.5%	-0.6%	-0.6%	14.6%	10.3%	2.0%	—	1.00
Health Care	VHT	—	\$132.88	1.2%	7.2%	7.2%	24.3%	20.4%	1.2%	—	1.15
Industrials	VIS	—	\$101.03	-2.8%	-3.5%	-3.5%	14.1%	11.2%	1.9%	—	1.10
Information Tech.	VGT	—	\$108.29	-2.8%	5.1%	5.1%	17.5%	13.2%	1.3%	—	1.21
Materials	VAV	—	\$94.19	-4.6%	-10.1%	-10.1%	5.9%	4.7%	2.3%	—	1.47
REIT	VNO	Hold	\$79.73	1.8%	2.4%	2.4%	10.9%	11.8%	3.9%	—	1.32
Global ex-U.S. Real Estate	VNQI	Hold	\$51.10	-0.8%	-1.8%	-1.8%	0.9%	4.0%	2.9%	—	1.11
Telecom Services	VOX	—	\$83.91	-0.4%	2.8%	2.8%	9.9%	8.6%	3.6%	—	1.00
Utilities	VPU	—	\$93.93	2.2%	-4.8%	-4.8%	11.5%	10.9%	3.6%	—	1.21
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$60.76	-0.1%	0.5%	0.5%	0.4%	0.6%	0.7%	0.98%	0.21
Short-Term Inflation Bond	VTIP	Hold	\$48.35	0.0%	0.2%	0.2%	-0.9%	—	0.0%	0.33%	0.64
Short-Term Corporate	VCSH	Buy	\$78.99	-0.2%	1.3%	1.3%	1.5%	2.6%	2.0%	2.32%	0.44
Short-Term Bond	BSV	Hold	\$79.57	-0.1%	0.9%	0.9%	0.8%	1.5%	1.3%	1.43%	0.42
Int.-Term Government Bond	VGIT	Sell	\$64.44	-0.0%	1.6%	1.6%	1.1%	3.0%	1.7%	1.78%	1.12
Int.-Term Corporate	VCIT	Buy	\$84.09	-0.7%	0.9%	0.9%	2.1%	5.1%	3.3%	3.72%	1.35
Int.-Term Bond	BIV	Hold	\$83.06	-0.6%	1.0%	1.0%	1.5%	4.4%	2.7%	2.67%	1.33
Total Bond Market	BND	Hold	\$80.76	-0.2%	0.6%	0.6%	1.3%	3.1%	2.5%	2.44%	1.03
Mortgage-Backed Securities	VMBS	Hold	\$52.72	0.1%	1.4%	1.4%	2.0%	2.8%	1.5%	2.13%	0.70
Long-Term Government	VGLT	Sell	\$74.62	-0.2%	-1.4%	-1.4%	2.6%	7.6%	2.8%	2.90%	3.82
Long-Term Corporate	VCLT	Hold	\$84.18	-1.3%	-4.8%	-4.8%	1.7%	6.4%	4.7%	5.05%	2.93
Long-Term Bond	BLV	Sell	\$86.81	-1.2%	-4.0%	-4.0%	1.7%	6.9%	4.1%	4.09%	3.19
Ext. Duration Treasury	EDV	Sell	\$113.20	-0.7%	-4.8%	-4.8%	3.3%	12.0%	3.1%	3.14%	6.34
Emerging Mkts. Gov't Bond	VWOB	Buy	\$73.96	-1.5%	1.6%	1.6%	—	—	4.9%	5.44%	1.93
Total International Bond	BNDX	Hold	\$52.88	-0.1%	1.2%	1.2%	—	—	1.6%	1.08%	0.94
Tax-Exempt Bond	VTEB	Hold	\$50.99	1.2%	—	—	—	—	—	1.75%	—

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

DISTRIBUTIONS

Fund	DECEMBER REGULAR	Dist.
Ultra-Short-Term Bond		\$0.01
Short-Term Treasury		\$0.01
Short-Term Federal		\$0.01
Short-Term Investment-Grade		\$0.02
Short-Term Bond Index		\$0.01
Intermediate-Term Treasury		\$0.02
Intermediate-Term Investment-Grade		\$0.03
Intermediate-Term Bond Index		\$0.03
Total Bond Market Index		\$0.02
GNMA		\$0.02
Long-Term Treasury		\$0.03
Long-Term Investment-Grade		\$0.04
Long-Term Bond Index		\$0.05
High-Yield Corporate		\$0.03
Emerging Markets Gov't Bond		\$0.05
Total International Bond		\$0.03
Admiral Treasury MM		\$0.00010
Federal MM		\$0.00014
Prime MM		\$0.00017
Tax-Exempt MM		\$0.00001
CA Tax-Exempt MM		\$0.00001
NJ Tax-Exempt MM		\$0.00001
NY Tax-Exempt MM		\$0.00001
OH Tax-Exempt MM		\$0.00001
PA Tax-Exempt MM		\$0.00001
Short-Term Tax-Exempt		\$0.01
Limited-Term Tax-Exempt		\$0.01
Intermediate-Term Tax-Exempt		\$0.03
Tax-Exempt Bond Index		\$0.02
Long-Term Tax-Exempt		\$0.04
High-Yield Tax-Exempt		\$0.04
CA Int.-Term Tax-Exempt		\$0.03
CA Long-Term Tax-Exempt		\$0.04
MA Tax-Exempt		\$0.03
NJ Long-Term Tax-Exempt		\$0.04
NY Long-Term Tax-Exempt		\$0.03
OH Long-Term Tax-Exempt		\$0.04
PA Long-Term Tax-Exempt		\$0.04
ETF DISTRIBUTIONS		
Short-Term Government Bond		\$0.09
Short-Term Corporate Bond		\$0.30
Short-Term Bond		\$0.18
Intermed.-Term Government Bond		\$0.20
Intermed.-Term Corporate Bond		\$0.51
Intermediate-Term Bond		\$0.37
Total Bond Market		\$0.34
Mortgage-Backed Securities Bond		\$0.18
Long-Term Government Bond		\$0.37
Long-Term Corporate Bond		\$0.69
Long-Term Bond		\$0.61
Emerging Markets Gov't Bond		\$0.68
Total International Bond		\$0.25
Tax-Exempt Bond		\$0.14

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

isn't), but also that, having been beaten down, it is now ripe for recovery. Where have I heard that before? I don't know if you remember the predictions that the current decade would be a golden one for metals, with gold moving to \$5,000 per ounce. Well, we're now six years in, and we're right about where we started. **Precious Metals & Mining** may have shot up 76.5% in 2009, but it wasn't enough to recover the prior year's 56.0% loss, and the fund has gone on to notch its largest

single overall loss since its May 1984 inception. In late December, the fund was 75.9% below its May 2008 high. Is that what you'd call a store of value? Barring a catastrophe of global proportions, I maintain my mantra that the best investment you can make in gold is to hang some around the neck of someone you love.

Global Conundrum

I've always been a proponent of keeping a chunk of your portfolio overseas, but as with our domestic stock allocations, I think you need to be picky

about both who you're trusting to invest your money in far-flung markets and how much you're willing to give them.

In 2016, investors traveling into foreign stock markets are going to be buffeted by continuing questions about China's growth prospects and the level of trust that we can have in their reporting of such. And between China and the global oil economy, the growth of many emerging market economies will hang in the balance. I wouldn't be one to jump into a fund like **Emerging Markets Stock Index** or, for that matter, any of the region-specific foreign


LOOKING BACK

2015 Scorecard



A BIT MORE VOLATILITY, smaller gains and a focus on active management all were good calls for 2015. I didn't have lots of bad ones, but even when I was right, you couldn't always take it to the bank—though active managers saved the day overseas.

As I do every year at this time, I look back and give an honest appraisal of just how close my thinking was or how wide of the mark I ranged when I wrote to you one year ago. You may not agree with all of my grades, and I am sure to have made some other boneheaded comments over the course of the year that you'll hold me accountable for, but usually I own up to them pretty quickly. As I've said before, we can always hope that the light will finally shine through on the myriad financial advisers, writers, pundits and glory-chasers who make wild and wacky predictions all year long. I still seem to be one of the few who actually fesses up on an annual basis. Last year, I gave myself two thumbs-up and one up-and-down rating for my 2014 predictions and comments. I looked a little better for 2015.

"The bias that... we'll all need to be most conscious of as we enter 2015, is 'recency bias'—the tendency to extrapolate the recent past into the near-term future... If stocks went up, they'll continue to go up. If interest rates went down, they'll continue to go down."

 After a year in which **Total Stock Market** returned 12.4% and **Total Bond Market** returned 5.8%, I'd say 2015's returns of 0.3% from both index funds prove the point that a good year doesn't necessarily lead to another one—all other things equal. While I was right to warn about recency bias, I'll take a ding for my next one.


"I'm expecting a bumpier ride in 2015, but I still think U.S. stocks can gain ground during the year."

  Okay, the ride was bumpier, for sure. The Dow saw 9 daily moves of 2% or more in 2015 versus just two in 2014, three in 2013 and four in 2012. S&P volatility, as measured by the VIX, averaged 16.7 versus 14.2 in both 2014 and 2013. But with price losses of 2.2% for the Dow index and 0.7% for the S&P 500

index, well, I was wrong. You have to look at total returns, like the 1.2% gained by **500 Index**, to see any improvement.

By the way, volatility was also up in the bond market. Over the course of the year, the 10-year Treasury's yield moved up or down 2% or more from its prior-day close 109 times, which is more than all the days this occurred in 2014 and 2013 combined.

"It's only a question of when, not if, we'll get a 10% correction or more in U.S. stocks."

 For me, this was a no-brainer, though I think a lot of investors had become so complacent about market setbacks that they probably didn't put too much stock in my warning. Too bad. If you were prepared, then you didn't panic when markets tumbled in August and September. At its worst, the Dow was off 14.4% from its May high, while the S&P 500 index was down 12.4%.

"Much-improved balance sheets mean there is plenty of ammunition to continue spending, which in turn will move the economy forward."

 You need only look at the sales of cars and light trucks to know that the consumer was in a better frame of mind for spending (and on sounder financial footing) in 2015 than in years past. Automobile sales exceeded \$1 trillion through November and will almost certainly set a new record when December's sales are tallied up.

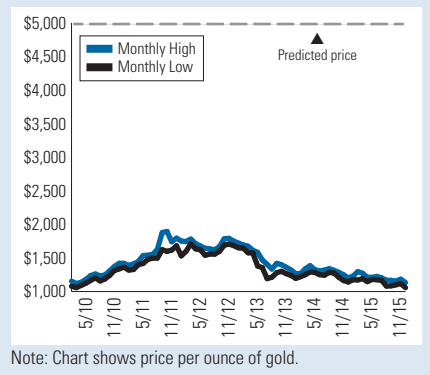
"It's important to let an active portfolio manager make decisions about where to invest and what to invest in overseas."

 Amen to that. My choice (and one I've stuck with for many years), **International Growth**, lost 0.7% during 2015, while **Total International Stock Index** fell 4.4%. In fact, a quick glance at Vanguard's foreign offerings shows that the active managers at **Emerging Markets Select Stock** beat out Vanguard's EM index fund, **International Explorer** outpaced **World ex-U.S. SmallCap Index**, and both **Global Minimum Volatility** and **Global Equity** earned more than **Total World Stock Index**. Not a bad call.

funds. It will be much better to continue relying on the teams running **International Growth** rather than buying the whole market as offered by **Total International Stock Index** or **World ex-U.S. Index**. I do think Vanguard has a winner in its **Global Minimum Volatility** option, and if markets remain volatile and don't veer to the upside, this fund should do well. However, as I have cautioned (and Vanguard has confirmed), strong foreign markets will see Global Minimum Volatility lag.

On the bond side, you can pretty much ignore **Total International Bond Index**. I'd wager it's seen the best of its days for a while now, relative to the U.S. market. And even with the tailwind of higher yields, the fund, up 1.0%, couldn't keep up with **Intermediate-Term Investment-Grade**, one of my favorites in the intermediate-maturity category. Just because foreign bond funds are available doesn't mean you need to own them.

Are the "Teens" a Golden Decade?



Keeping It Long

For more than 25 years now, I've taken the long view, and recommended that you do the same. "Time in the market," rather than trying to time the market, has been my watchword. Still, there may be times when you ask yourself, "Just how long is 'long-term'?"

Well, as I was thinking about this, I came upon an article by Teresa Hassara, who runs the institutional retirement

operations for TIAA-CREF, originally founded by Andrew Carnegie to provide investment options for teachers. Hassara's article was about lifetime income, but it began with a vignette. She wrote that TIAA-CREF's CEO sends a bouquet of flowers to every retirement plan participant when he or she turns 100.

My initial thought was, "Big deal. What could that be, a dozen a year or so?" Wrong. Hassara says the company sends out 30 to 40 every month! Think about that for a moment, and then consider what long really means. To me, it means there's a distinct possibility that you and I, with a little luck and attention to our health, could easily make it to the triple-digits, something our parents and their parents probably never considered to be anything other than a novelty.

It's no novelty now. So think long-term, and don't let the market's machinations, and the scare tactics of pundits with pulpits, knock you off your investment course. And Happy New Year. ■

RETIREMENT

Contribute the Max for Retirement

YOU MAY THINK it's 2016, but for retirement savers, you can still invest like it's 2015 if you haven't reached the contribution limits on your retirement savings accounts.

I bring this up each new year because it bears repeating: Tax-deferred accounts such as 401(k)s, 403(b)s and IRAs are unmatched when it comes to saving for retirement, particularly for those who regularly add to their accounts through the markets' ups and downs. While there's no definitive retirement spending strategy, I don't think there's much to argue about when it comes to saving. One of the best ways to ensure you can live the lifestyle you desire in retirement is to save long and hard, well before you get there.

How much is enough? Well, that's going to depend on your individual situation. Fidelity offers a guideline for retirement savings that suggests you need to

Contribution Limits for Retirement Savings Accounts

	2015	2016	Notes
IRA	\$5,500	\$5,500	Indexed to inflation
SIMPLE IRA	\$12,500	\$12,500	Indexed to inflation
SEP IRA*	\$53,000	\$53,000	Up to 25% of comp.
401(k), 403(b) & 457 Plans	\$18,000	\$18,000	Indexed to inflation

*Contribution is the lesser of the percentage allowed or the limits as stated. Check with your accountant for the specifics of your individual situation.

Catch-Up Limits

	2015	2016	Notes
IRA	\$1,000	\$1,000	Indexed to inflation
SIMPLE IRA	\$3,000	\$3,000	Indexed to inflation
401(k), 403(b) & 457 Plans	\$6,000	\$6,000	Indexed to inflation

have put away eight times your annual income by the time you hit age 67 to have a shot at 85% of your pre-retirement annual income available to you after you retire. While I can't vouch for Fidelity's math, I do agree with the underlying message: When it comes to your retirement, the more you can save, the better.

Saving is the one thing that is really under your control. Neither you nor I, nor anyone I know, can control the market or the Fed or the economy. And while we'd all like to get a performance boost out of our portfolios, if you are banking on higher market returns to bail your retirement plan out, well, that's not >

> planning, that's wishing. But saving a little bit more each year is within your control. So if you haven't done so already, set your savings goal for 2016 today.

Savings Limits Stalled

According to many who viewed the Federal Reserve's extended zero-interest rate policy and bond purchasing program (also known as quantitative easing) skeptically, all that buying was supposed to lead to inflation, if not hyper-inflation. It has not. So far, inflation remains tepid. In fact, inflation has remained so low that it hasn't triggered any increase in retirement savings contribution limits this year. Just like last year, investors will be able to save up to \$18,000 in 401(k), 403(b) and 457 plans in 2016. IRA and SIMPLE plan account holders can sock

away \$5,500 and \$12,500, respectively.

As you know, I'm a big believer in retirement savings plans, contributing the maximum to my own 401(k) as well as my IRA (which I converted to a Roth in 2010) every year. In fact, when I can, I add my 401(k) money early in the year on the assumption that markets rise more often than they fall, hence my preference to buy early, and at what very well may

money away up front as you might miss the biweekly or monthly matches. Speak with your benefits manager to make sure you don't miss out.

Playing Catch-Up

As if the opportunity to save your hard-earned dollars for retirement, tax-deferred, wasn't good enough news, the fact that folks like me, age 50 and

Tax-deferred accounts are unmatched when it comes to saving for retirement.

be the lowest prices of the year.

That being said, you need to check on just how your company matches your contributions. If they do so by pay period rather than on an annual basis, then you won't want to sock all your

older, can save additional dollars is an added bonus.

For those of us past the half-century mark, we can once again contribute an extra \$1,000 to our IRAs in 2016, for a total of \$6,500, and the numbers are

December Special Distributions

500 Index	\$1.042	Growth ETF	\$0.413	Mortgage-Backed Securities ETF	\$0.240	STAR Growth	\$0.947
Admiral Int-Term Gov't Index	\$0.009	Growth Index	\$0.193	NJ Long-Term Tax-Exempt	\$0.021	STAR Income	\$0.156
Admiral Mortgage-Backed Sec. Index	\$0.096	Health Care	\$11.551	NY Long-Term Tax-Exempt	\$0.011	STAR Mod. Growth	\$0.656
Admiral Short-Term Corp. Index	\$0.017	Health Care ETF	\$0.476	OH Long-Term Tax-Exempt	\$0.059	Strategic Equity	\$3.474
Admiral Short-Term Gov't Index	\$0.008	Health Care Index	\$0.238	PA Long-Term Tax-Exempt	\$0.039	Strategic SmallCap Equity	\$0.676
Admiral T-M Balanced	\$0.157	High Dividend Yield ETF	\$0.599	Pacific ETF	\$0.623	Target Retirement 2010	\$1.393
Admiral T-M Capital Appreciation	\$0.496	High Dividend Yield Index	\$0.234	Pacific Index	\$0.116	Target Retirement 2015	\$0.996
Admiral T-M SmallCap	\$0.181	High-Yield Corporate	\$0.021	PRIMECAP	\$5.894	Target Retirement 2020	\$1.126
Alternative Strategies	\$0.095	Industrials ETF	\$0.545	PRIMECAP Core	\$1.032	Target Retirement 2025	\$0.778
Balanced Index	\$0.171	Industrials Index	\$0.279	REIT ETF	\$1.098	Target Retirement 2030	\$1.032
Capital Opportunity	\$2.725	Inflation-Protected Securities	\$0.096	REIT Index	\$0.356	Target Retirement 2035	\$0.786
Capital Value	\$1.190	Information Technology ETF	\$0.403	Russell 1000 ETF	\$0.535	Target Retirement 2040	\$0.850
Consumer Discretionary ETF	\$0.469	Information Technology Index	\$0.206	Russell 1000 Growth ETF	\$0.443	Target Retirement 2045	\$0.585
Consumer Discretionary Index	\$0.244	Intermediate-Term Bond ETF	\$0.258	Russell 1000 Value ETF	\$0.640	Target Retirement 2050	\$0.673
Consumer Staples ETF	\$0.898	Intermediate-Term Bond Index	\$0.035	Russell 2000 ETF	\$0.477	Target Retirement 2055	\$0.609
Consumer Staples Index	\$0.442	Intermediate-Term Government ETF	\$0.027	Russell 2000 Growth ETF	\$0.262	Target Retirement 2060	\$0.523
Convertible Securities	\$0.270	Intermediate-Term Investment-Grade	\$0.034	Russell 2000 Value ETF	\$0.584	Target Retirement Income	\$0.287
Developed Markets ETF	\$0.221	Intermediate-Term Treasury	\$0.081	Russell 3000 ETF	\$0.562	Telecom Services ETF	\$0.639
Developed Markets Index	\$0.052	International Explorer	\$0.924	S&P 500 ETF	\$1.092	Telecomm. Svcs. Index	\$0.325
Diversified Equity	\$2.811	International Growth	\$0.293	S&P 500 Growth ETF	\$0.447	Total Bond Market ETF	\$0.053
Dividend Appreciation ETF	\$0.475	International Value	\$0.662	S&P 500 Value ETF	\$0.573	Total Bond Market Index	\$0.007
Dividend Appreciation Index	\$0.182	LargeCap ETF	\$0.507	S&P MidCap 400 ETF	\$0.445	Total International Stock ETF	\$0.347
Dividend Growth	\$0.709	LargeCap Index	\$0.197	S&P MidCap 400 Growth ETF	\$1.034	Total International Stock Index	\$0.110
Emerging Markets Select Stock	\$0.284	Long-Term Bond ETF	\$0.138	S&P MidCap 400 Value ETF	\$1.471	Total Stock Market ETF	\$0.583
Emerging Markets Stock ETF	\$0.159	Long-Term Bond Index	\$0.021	S&P SmallCap 600 ETF	\$1.248	Total Stock Market Index	\$0.268
Emerging Markets Stock Index	\$0.094	Long-Term Investment-Grade	\$0.108	S&P SmallCap 600 Growth ETF	\$0.408	Total World Stock ETF	\$0.368
Energy	\$1.078	Long-Term Tax-Exempt	\$0.016	S&P SmallCap 600 Value ETF	\$0.390	Total World Stock Index	\$0.144
Energy ETF	\$0.683	Long-Term Treasury	\$0.220	Selected Value	\$1.467	U.S. Growth	\$2.665
Energy Index	\$0.340	MA Tax-Exempt	\$0.017	Short-Term Bond ETF	\$0.053	U.S. Value	\$1.011
Equity Income	\$1.267	Managed Payout	\$0.750	Short-Term Bond Index	\$0.007	Utilities ETF	\$0.878
Europe ETF	\$0.202	Market Neutral	\$0.002	Short-Term Corporate ETF	\$0.063	Utilities Index	\$0.441
European Index	\$0.100	Materials ETF	\$0.600	Short-Term Federal	\$0.029	Value ETF	\$0.588
Explorer	\$8.614	Materials Index	\$0.305	Short-Term Government ETF	\$0.024	Value Index	\$0.218
Explorer Value	\$1.797	MegaCap ETF	\$0.427	Short-Term Investment-Grade	\$0.002	Wellesley Income	\$0.831
Extended Duration Treasury ETF	\$2.273	MegaCap Growth ETF	\$0.349	Short-Term Treasury	\$0.016	Wellington	\$1.676
Extended Market ETF	\$0.398	MegaCap Value ETF	\$0.431	SmallCap ETF	\$0.626	Windsor	\$1.434
Extended Market Index	\$0.280	MidCap ETF	\$0.609	SmallCap Growth ETF	\$0.462	Windsor II	\$2.256
Financials ETF	\$0.367	MidCap Growth	\$1.840	SmallCap Growth Index	\$0.119	World ex-U.S. ETF	\$0.335
Financials Index	\$0.184	MidCap Growth ETF	\$0.355	SmallCap Index	\$0.287	World ex-U.S. Index	\$0.128
Global Equity	\$0.405	MidCap Growth Index	\$0.130	SmallCap Value ETF	\$0.744	World ex-U.S. SmallCap ETF	\$1.248
Global ex-U.S. Real Estate ETF	\$0.803	MidCap Index	\$0.157	SmallCap Value Index	\$0.170	World ex-U.S. SmallCap Index	\$0.467
Global ex-U.S. Real Estate Index	\$0.314	MidCap Value ETF	\$0.538	Social Index	\$0.065		
Global Minimum Volatility	\$0.364	MidCap Value Index	\$0.202	STAR	\$1.130		
Growth & Income	\$2.653	Morgan Growth	\$2.142	STAR Cons. Gro.	\$0.300		

even higher for other retirement plans (see the table on page 13). If you are over 50 or are turning 50 this year, take advantage of the option. And if you didn't do so in 2015, you still have until April 15, 2016, to make the most of this fantastic feature. (In 2015, the limit was the same, \$5,500 plus an additional \$1,000 catch-up.)

If you're newly eligible for the catch-

up contributions, talk to your company's Human Resources or employee benefits department about your in-house retirement account and make sure that they'll accommodate you. While employers are not required to allow the catch-up contributions, most should be with the program by now.

Regardless of your age or income level, you should strongly consider

making your 2016 contributions now, rather than later. But, if you still haven't done all you can for 2015, do that first, before the opportunity to contribute ends on April 15, 2016. Retirement accounts are great long-term savings and investment vehicles, and regular contributions, when properly invested in, say, one of my *Model Portfolios*, will really add up over time. ■

QUOTABLE

Morgan's Multiple Manager Mess

I'M ALWAYS AMUSED by the ways that Vanguard justifies the often poor performance of its multimanaged funds. The latest comes from Bill McNabb's chairman's letter in **Morgan Growth's** 2015 annual report. In the course of three paragraphs, Morgan Growth shareholders are told that the fund's multimanager strategy "provides diversification, which can mute some of the volatility associated with the stocks of fast-growing companies."

Then shareholders are told that the fund lagged its benchmark (the Russell 3000 Growth index) by more than 0.5% per annum over the past decade. That's followed by a note that the past six years have been good ones, because the fund was up in each of its last six fiscal years, and that the fund's "multi-manager advisory team deserves credit for delivering these solid long-term results."

Technically, McNabb (or the person who penned this letter for him) is correct. Morgan Growth did underperform its benchmark by 0.64% per annum, 7.41% to 8.05%. And yes, it did report gains in each of its last six fiscal years. What's left unsaid is that the fund also lagged its benchmark over that six-year period.

And that ignores the fact that an investment in another growth fund with a single management team at the helm,

PRIMECAP, generated a 9.0% return over the same 10 years, or nearly a full percentage point ahead of the index, which, as we know, is unencumbered by expenses.

As for multimanagers reducing volatility, I can tell you that over the full decade, Morgan Growth's volatility relative to the S&P 500 was about 1.09, while that of, say, **Growth Index** was 1.03, and **PRIMECAP's** was 1.02. Plus, while some investors might be interested in this Greek alphabet soup of risk statistics, Morgan Growth's maximum drawdown, or loss, of 50.3% during the financial crisis was greater than Growth Index's 47.2% decline and **PRIMECAP's** 44.3% drop.

I stand by my research and my long perspective on multimanaged funds: Most of the time, they don't improve performance, and they also don't reduce risk. Over a 10-year period, if a hodge-podge of managers really were able to reduce risk, it would stand to reason that even a bit of sub-par performance would win the long-term race, since recoveries from smaller drawdowns would give the active managers a fighting chance. That isn't the case at Morgan Growth.

And in a Postscript

Not only did Vanguard Chairman

McNabb miss the point on Morgan Growth, he also, in my view, misled shareholders in **Growth & Income**, another fund that recently issued its own annual report. McNabb tells shareholders, "The fund's three advisors have seen success over time," and goes on to say that Growth & Income's 10-year return of 6.16% was close to that of its S&P 500 Index benchmark (up 6.80%) and also ahead of peers. And he adds that the fund has "outdistanced" the S&P 500 in each of the last five years.

I found just one problem with this: Not one of the teams running Growth & Income today was on board 10 years ago. In fact, they weren't even on board five years ago. All three management teams joined Growth & Income when the fund was overhauled in 2011, so they've only been running the fund for four years. McNabb's ghostwriter should have checked Vanguard's website, or my annual *Independent Guide to the Vanguard Funds*.

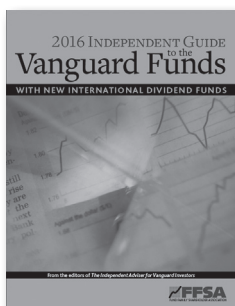
To write that "[w]e expect this multimanager approach will continue to provide competitive returns over the long term" is to ignore the facts. Once again, the attempts to cast a positive spin on multimanagement get in the way of the truth. ■

A Decade of Underperformance

	Sep-06	Sep-07	Sep-08	Sep-09	Sep-10	Sep-11	Sep-12	Sep-13	Sep-14	Sep-15	10 Years
Morgan Growth	8.2%	21.2%	-23.7%	-4.3%	12.8%	0.7%	27.2%	20.7%	16.8%	4.8%	7.4%
Russell 3000 Growth Index	6.1%	19.3%	-20.6%	-2.2%	12.8%	3.4%	29.3%	20.3%	17.9%	3.2%	8.1%
Growth Index	6.1%	19.2%	-19.0%	-3.8%	12.6%	2.7%	31.1%	18.5%	19.1%	1.8%	7.9%

Note: Table shows 12-month returns through dates listed; 10 Years column shows 10-year annualized return through 9/30/15.

The Ultimate Fund Guide



WITHOUT TURNING ON A COMPUTER, without even looking up a telephone number, you can have at your fingertips all the data on your favorite Vanguard funds—with the new FFSA **2016 Independent Guide to the Vanguard Funds**.

This year, we have more data than ever, including our proprietary risk and return statistics like rolling returns and Maximum Cumulative Loss (MCL), plus our take on new funds Vanguard plans to launch, such as **Core Bond**, **Emerging Markets Bond**, **International Dividend Appreciation Index** and **International High Dividend Yield Index**.

Even with our huge computer files and access to fund managers, my co-editor Jeff DeMaso and I still find ourselves thumbing through the annual guide to find that quick MCL statistic, fund correlation, or even a total return figure for 2006.

My *2016 Guide* is a great resource for me, and for you. Call Customer Service at 800/211-7641 for all the details on how to sign up for the guide pre-publication.

MODEL PORTFOLIOS

Active Wins!

VANGUARD FOUNDER Jack Bogle was wrong when he said investors should opt for indexing over active management, but he was totally correct when he wrote on the difference that 1% in performance can mean over time. His words: “Seemingly small differences in annual rates of return can result in enormous differences in total return over long periods of time. Do not ignore the magic of compounding.”

And how. With December’s end marking 25 years of performance for my *Model Portfolios*, I think it’s fair to say that active management has more than kept up its end of the bargain for both you and me.

Since inception at the end of 1990, the three original *Model Portfolios* have generated compounded rates of return

ranging from 8.7% for the *Income Model Portfolio* to 11.7% for the *Growth Model Portfolio*. By comparison, **500 Index** has returned 9.7% over the period, and **Total Bond Market Index** returned 5.9%.

The *Model Portfolios’* returns were built on the backs of terrific active managers, low costs, and a modicum of trading among funds. And they kept risk in check. Despite outperforming the stock market by more than 2% per annum, the *Growth Model Portfolio* was slightly less volatile than the overall stock market. In fact, when Jack Bogle talked about an additional 1% in annual gains, I doubt he considered what would happen if an investor actually earned 2% more!

The numbers speak for themselves. ■

25 Years of Model Portfolio Returns

	ANNUALIZED				CUMULATIVE RETURNS			
	10-yr	15-yr	20-yr	Inception	10-yr	15-yr	20-yr	Inception
Growth	7.7%	7.0%	11.0%	11.7%	109.9%	174.7%	699.6%	1502.6%
Conservative Growth	7.3%	6.5%	9.2%	10.1%	101.8%	158.0%	484.5%	1006.4%
Income	6.4%	6.0%	7.7%	8.7%	85.7%	140.5%	337.4%	699.0%
Growth Index	7.3%	6.9%	8.7%	—	101.5%	170.4%	429.4%	—
500 Index	7.2%	4.9%	8.1%	9.7%	100.1%	104.4%	373.7%	912.2%
Total Bond Market Index	4.4%	4.7%	5.1%	5.9%	53.2%	99.6%	171.6%	323.1%

DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ Gains were hard to come by in 2015, but that doesn’t tell us anything about next year or the long run—which is what really matters. Stick to your plan with winners like **Dividend Growth** and **International Growth**. (See page 1)
- ✓ Tune out those economic and market pundits. (See page 4)
- ✓ Don’t let the fact that retirement contribution limits have stalled out discourage you from funding your IRA. Do it now. (See page 13)



Daniel P. Wiener is America’s leading expert on the Vanguard family of funds. He is founder of the Fund Family Shareholder Association and chairman and chief executive officer of Adviser Investments, LLC, a Newton, Massachusetts, investment advisory firm (800-492-6868). As

editor of *The Independent Adviser for Vanguard Investors*, he is a five-time recipient of the *Newsletter Publishers Foundation’s* Editorial Excellence Award. He also edits the annual *Independent Guide to the Vanguard Funds*. Mr. Wiener is often quoted in the nation’s leading financial publications.



Jeffrey D. DeMaso, Editor/Director of Research, works directly with Dan Wiener researching and writing the multiple-award winning *Independent Adviser for Vanguard Investors* newsletter. He also leads the analyst team for Adviser Investments, LLC. Jeff graduated magna cum laude from Tufts University with a B.A. in economics, holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the Boston Security Analysts Society.

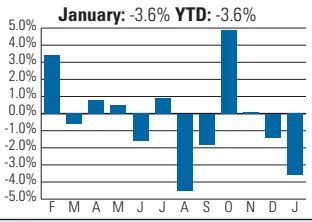
THE INDEPENDENT ADVISER

for Vanguard Investors

FEBRUARY 2016

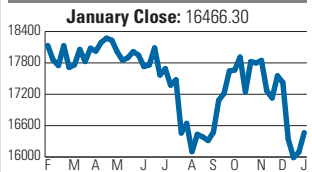
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AVERAGE VANGUARD INVESTOR*

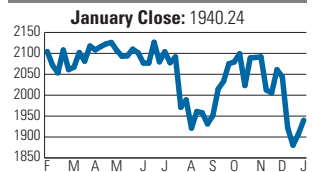


*See the footnotes on page 2.

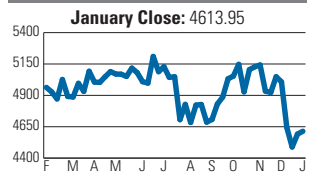
DOW JONES INDUSTRIALS



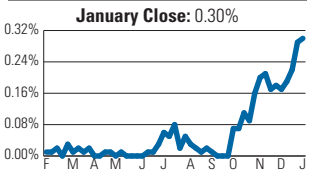
STANDARD & POOR'S 500



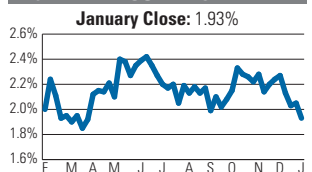
NASDAQ COMPOSITE



3-MO. TREASURY BILL YIELD



10-YR. TREASURY NOTE YIELD



Faulty Barometer

AN OLD MARKET CHESTNUT says that “as goes January, so goes the rest of the year.” This so-called “January Barometer” gets trotted out every time the year starts with a decline (you almost never read about it when January is in an uptrend). But just because **500 Index** fell 5.0%, its worst start to a year since 2009, you shouldn’t pay it much heed.

If there’s one stat that debunks the January Barometer in my mind, it’s this: Since 500 Index’s 1976 inception, the January Barometer correctly predicted when the market would finish the year with a gain or a loss 72% of the time. That’s better than a coin flip! But if you “naively” expected stocks to notch gains each year (based on the assumption that stocks go up over time), you would have been correct 82% of the time.

This isn’t to say I’m blasé about the start of the year. I get it. Investing in stocks today doesn’t feel great. So let’s take a step back and take stock of where we are. After a hum year last year, stocks of all shapes and sizes have stumbled out of the gate. The S&P 500 index is 8.9% below its May 2015 high. Small-cap stocks have fared worse, with the Russell 2000 index falling 8.8% in January and now technically in bear territory, down 20.1% from its June 2015 high. The Euro Stoxx 600 index, akin to our S&P 500 index, fell 6.4% in January, and is less than 3% from finding itself in a bear market. Emerging market stocks have seen prices fall even further.

Those are the indexes, but what about the managers you and I invest with? Well, Don Kilbride at **Dividend Growth** is holding up relatively well, as we’d expect, down only 2.9% in January. Our buffer positions in **Short-Term Investment-Grade** and **Intermediate-Term Investment-Grade** continue to fill that role well, gaining 0.5% and

SEE **BAROMETER** PAGE 3 >

MOMENTUM

Eking Out Another Win

IN A YEAR WHEN MOST STOCK FUNDS’ returns hovered around zero, inking a win in any investment competition was tough. **PRIMECAP Core**, our 2015 *Hot Hands* fund, just managed to outperform **Total Stock Market Index** with a 0.9% gain, edging the index fund’s 0.3% rise. **PRIMECAP Odyssey Stock**, the near-clone of the closed **PRIMECAP Core** and the alternative suggested one year ago, gained 1.7%.

But what may surprise you the most (it certainly surprised me) is the fact that while it came down to the wire, the 2016 *Hot Hands* fund, **International Explorer**, is the first foreign stock fund to make it into the *Hot Hands* derby since capturing that crown four years running, from 2003 through 2006. In every one of those years, the fund sailed past the domestic index fund benchmark. Are we setting up for a repeat? Read on.

SEE **MOMENTUM** PAGE 4 >

GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	7,547	\$21.78	\$164,370	22%	-2.9%
Capital Opportunity	VHCOX	3,193	\$46.83	\$149,544	20%	-8.9%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$93.23	\$134,699	18%	-5.8%
Selected Value	VASVX	5,415	\$23.75	\$128,601	17%	-8.1%
International Growth	VWIGX	4,504	\$19.48	\$87,731	12%	-7.7%
Health Care	VGHCX	294	\$200.67	\$59,044	8%	-8.9%
Short-Term Inv.-Grade	VFSTX	2,368	\$10.60	\$25,102	3%	0.5%

TOTAL **\$749,093**

CURRENT PERFORMANCE	Jan.	YTD	1-yr	3-yr	5-yr
	-6.5%	-6.5%	-4.0%	10.1%	9.3%
Risk last 24 months	0.99		Risk since inception	0.97	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

THIS MONTH'S CHANGES

None.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to invest exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. **3-year** and **5-year returns** are compound, annualized returns. **Risk** is *Model Portfolio* volatility against the S&P 500 index. Flagship investors may open new accounts in all closed funds in the model portfolios, though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. With **Capital Opportunity** (and *PRIMECAP Odyssey Aggressive Growth*) closed I recommend investors consider *PRIMECAP Odyssey Growth* (POGRX) as a replacement. *PRIMECAP Odyssey Stock* (POSKX) is the preferred replacement for **PRIMECAP Core**. Both can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

CONSERVATIVE GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	5,663	\$21.78	\$123,331	24%	-2.9%
Capital Opportunity	VHCOX	2,421	\$46.83	\$113,393	22%	-8.9%
Selected Value	VASVX	2,718	\$23.75	\$64,547	12%	-8.1%
S&P MidCap 400 ETF	IVOO	686	\$88.46	\$60,670	12%	-5.7%
International Growth	VWIGX	2,291	\$19.48	\$44,623	8%	-7.7%
Health Care	VGHCX	291	\$200.67	\$42,203	8%	-8.9%
High-Yield Corporate	VWEHX	7,519	\$5.46	\$41,054	8%	-1.0%
Short-Term Inv.-Grade	VFSTX	2,970	\$10.60	\$31,484	6%	0.5%

TOTAL **\$521,304**

CURRENT PERFORMANCE	Jan.	YTD	1-yr	3-yr	5-yr
	-5.8%	-5.8%	-3.6%	9.3%	9.2%
Risk last 24 months	0.90		Risk since inception	0.82	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	4,511	\$21.78	\$98,255	25%	-2.9%
PRIMECAP Core	VPCCX	4,355	\$19.52	\$85,004	22%	-6.2%
Int-Term Investment-Grade	VFICX	7,668	\$9.72	\$74,536	19%	1.1%
High-Yield Corporate	VWEHX	7,024	\$5.46	\$38,353	10%	-1.0%
Short-Term Inv.-Grade	VFSTX	2,775	\$10.60	\$29,413	8%	0.5%
Health Care	VGHCX	139	\$200.67	\$27,798	7%	-8.9%
International Growth	VWIGX	1,154	\$19.48	\$22,480	6%	-7.7%
MidCap Index	VIMSX	344	\$30.34	\$10,442	3%	-7.5%

TOTAL **\$386,281**

CURRENT PERFORMANCE	Jan.	YTD	1-yr	3-yr	5-yr
	-3.4%	-3.4%	-1.1%	8.0%	8.5%
Risk last 24 months	0.66		Risk since inception	0.60	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
S&P MidCap 400 Growth ETF	IVOG	772	\$93.23	\$71,967	23%	-5.8%
Dividend Appreciation ETF	VIG	830	\$75.98	\$63,040	20%	-2.3%
S&P MidCap 400 Value ETF	IVOV	679	\$83.50	\$56,688	18%	-5.6%
S&P 500 Growth ETF	VOOG	503	\$98.46	\$49,558	16%	-5.1%
Total International Stock ETF	VXUS	804	\$42.65	\$34,293	11%	-5.5%
Health Care ETF	VHT	196	\$120.51	\$23,563	8%	-9.3%
Short-Term Corporate ETF	VCSH	140	\$79.15	\$11,075	4%	0.2%

TOTAL **\$310,184**

CURRENT PERFORMANCE	Jan.	YTD	1-yr	3-yr	5-yr
	-5.0%	-5.0%	-4.2%	8.9%	9.1%
Risk last 24 months	0.97		Risk since inception	1.05	

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	1/29 Price	Jan. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$35.69	-10.7%	-10.7%	-7.3%	8.0%	8.9%	Capital Opp.
Artisan MidCap Value	ARTQX	\$17.76	-5.3%	-5.3%	-12.6%	3.1%	6.2%	Selected Value
Polaris Global Value	PGVFX	\$19.88	-6.0%	-6.0%	-4.1%	8.6%	8.4%	Global Equity
Fidelity International SmallCap	FISMX	\$20.78	-6.1%	-6.1%	0.9%	7.2%	4.9%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$14.06	-5.8%	-5.8%	3.6%	7.6%	7.5%	International Expl.
T. Rowe International Discovery	PRIDX	\$50.61	-6.2%	-6.2%	3.8%	7.3%	6.8%	International Expl.
Hartford Healthcare	HGHAX	\$30.49	-13.0%	-13.0%	-4.8%	19.8%	18.5%	Health Care
ICON Healthcare	ICHCX	\$13.51	-9.5%	-9.5%	-10.8%	16.2%	16.6%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$24.66	-9.7%	-9.7%	-2.2%	12.3%	11.2%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$29.01	-10.5%	-10.5%	-4.7%	16.2%	15.1%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$22.03	-6.7%	-6.7%	-2.6%	11.5%	10.7%	PRIMECAP Core
Fidelity High Income	SPHIX	\$7.79	-1.5%	-1.5%	-7.2%	-0.1%	3.2%	High-Yield Corporate

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

1.1%, respectively. But some of our managers did lag in January. Health care stocks have historically held up relatively well in tough markets, but that wasn't the case in the first 19 trading days of the year. **Health Care** fell 8.9%, and the weakness in the health care sector weighed on **Capital Opportunity**, which also declined 8.9%.

Also, I've received a number of questions about **High-Yield Corporate**, which fell 1.0%. Jeff and I will have much more to say on this next month, but the short answer is that I'm sticking with High-Yield Corporate, and suggest you do, too.

So far, I've described losses that have already happened. They are behind us. Selling now won't change that fact. So let's acknowledge that declines are a natural part of investing. In fact, over the past 115 years, we've seen stocks decline 10% or more every 18 to 24 months, on average. And remember that while every bear market was preceded by a correction, not every correction necessarily leads to a bear market. Historically, only one out of three corrections has led to a bear market.

I suspect you've heard the multitude of reasons to be scared—slowing Chinese growth, tumbling oil prices, Middle East turmoil, a U.S. election, etc. And while the pessimists always seem to sound smarter because of their absolutism, I think there are plenty of reasons to be optimistic.

Oil prices are low. Yes, I see this as a positive. Unless you are a country (think Saudi Arabia, Russia or Brazil) or region (say, North Dakota) which depends on oil revenues, then lower oil

prices are a boon, and eventually the benefits of lower oil prices will start to come through the system.

Earnings suggest the economy remains in solid shape, particularly once you've taken oil company declines out of the equation. In particular, companies tied to the consumer continue to do well.

And interest rates and inflation remain low, which means you can borrow cheaply.

In Malvern

Vanguard had a busy January, trimming the manager ranks at **Explorer** and **Morgan Growth**, but adding a manager to **Small Company Growth Annuity** (see page 7 for more). A shake-up in Vanguard's Quantitative Equity Group saw Binbin Guo and Anatoly Shtekhman named as co-managers to various funds, replacing James Troyer and Michael Roach. Vanguard also shook up the managers on a number of their index-based annuities.

As the month closed, Vanguard launched an Institutional Select share class for three core index funds with operating expenses of just 0.01%—or 1 basis point. Three others will charge 0.02% to 0.045%. Of course, you'll need a minimum of \$3 billion to invest in the new share classes, or \$5 billion for 500 Index's and **Total Stock Market's** shares. That's billion with a "b." Pension funds will love this, and it's a real stick in the eye to Vanguard's competitors.

Meanwhile, Vanguard delayed the launch of its two new foreign stock index funds (and ETFs), **International High Dividend Yield Index** and **International Dividend Appreciation Index**. We'll have more to say on

these and will be adding them to our *Performance Review* pages when they finally arrive, but I wouldn't rush to invest in either fund.

One last note. I wanted to say a big "Thank You" to those who wrote about your service issues at Vanguard. Some of you wrote to say you had had a smooth transition with your account consolidations. Terrific. Others, however, complained that the switch to a new money market fund and the lack of checks caused them to bounce checks to the IRS, which is *not* a good thing. Vanguard obviously dropped the ball on customer service there, and from what you tell me, its reps haven't been sympathetic to your travails. I'm really sorry to hear that, and remind you that you have a couple of options—one is to check, double-check and triple-check everything that Vanguard does. The other is, unfortunately, to move your account. I had one letter from a former Vanguard investor who says his multimillion-dollar account was so bungled that he moved everything he had to Fidelity. He still uses Vanguard funds, but says he's much happier with Fidelity's service. I think it's worth mentioning yet again that when a company like Vanguard makes its reputation on low, low costs, something has to give, and that's often service.

Finally, from our "check your sources" file, Vanguard has once again trotted out that old quote attributed to Albert Einstein that compound interest is the eighth wonder of the world. As good as it sounds, Einstein never said it. I mentioned this to Vanguard. The response? Silence. Having been caught, I wouldn't be surprised if that misquote is finally put to rest. ■

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From the many emails I receive and comments posted on our members-only conversation boards, I am confident that many FFSA members already know what a *Hot Hands* fund is, and I also know a lot of you have earned very nice returns following this strategy. But because we are constantly gaining new FFSA members, and because there apparently are a few veterans who like a regular update, I think it's important to review the *Hot Hands* history and strategy at least once a year.

With that said, first, I'll walk you through the methodology I use and show you the results from both backtesting and in real time. You don't need a computer or a calculator. You don't need a spreadsheet. Jeff and I have done all the work for you.

The *Hot Hands* thesis is quite simple: Investors who purchase the prior year's best diversified Vanguard stock fund and hold it for a year, and continue with that pattern year after year, will beat the stock market over time. Another way to look at this would be to understand that investment success doesn't disappear with the turn of the calendar.

That's it. No fancy talk. No mumbo jumbo. No candlestick charts, tea leaves, patterns in the coffee grounds or astrological observations. It's performance, plain and simple.

Now, you've often heard me say that investors need to be cautious of something called "recency bias," which is the tendency to believe that whatever's worked most recently will continue to work into the future. And I still believe that wholeheartedly. But the *Hot Hands* methodology is a mechanical system with strong backtesting that doesn't require you to make a qualitative judgment to follow or not follow a particular fund, manager or investment strategy. Plus, and this is important, *Hot Hands* is not something I would recommend you apply to your entire investment portfolio. I never have, and I never would.

And please note that in my explanation of the methodology, I didn't say (and never have said) that this strategy

beats the market every time, year in and year out. It didn't in 2007 (missing by 0.3%); it didn't in 2009 (a miss of 7.0%); and to my chagrin, we missed in 2011 (by 2.6%), 2012 (by 2.8%) and 2014 (by 8.5%).

Plus, *Hot Hands* was decidedly cold in 2008 if you didn't take my advice (my qualitative advice) to avoid the now-defunct Growth Equity. Still, I'll count that turkey's 47.9% loss in the record—warts and all. All the results, by the way, can be found in a table on page 5.

So let me repeat: I am not telling you this strategy is a lock on doubling or tripling the market's return every year. And I've never advocated that you sink your entire stash into this year's (or any year's) *Hot Hands* fund. That would be foolish and would fly in the face of the diversified investment approach that I preach to all Vanguard investors.

While I've often allocated a portion of my *Growth Model Portfolio* to the *Hot Hands* fund, I don't always do so, and I certainly don't go overboard when I do. My feeling, though, is that growth-oriented investors (particularly those who, like me, benchmark their overall performance against the stock market) can often improve their total portfolio's performance by making sure that at least a portion of their money is following the *Hot Hands* strategy.

Hot or Not

The first question that investors new to this strategy always ask is, "Why are *Hot Hands* hot?" Well, not all of them are, as some recent years have shown. Full stop. But if you read on, I'll show you that within the Vanguard family, there is strong evidence that top fund performance persists. That "repeat winners" can stay ahead of the masses. Or as I like to put it: *Hot Hands stay hot*.

This cuts against the grain of fund industry dogma that past performance is neither a guarantee nor a predictor of future results. On the face of it, this sounds reasonable. But momentum, which is what this strategy is grounded in, has many adherents—even at Vanguard.

Consider that Vanguard has often handed assets over to quantitative man-

agers who, in part, rely on past performance to choose stocks for their portfolios. To name a few, just look at the momentum strategies employed by Acadian Asset Management (**Global Equity**) or Vanguard's Equity Investment Group (**Strategic Equity**, **Strategic SmallCap Equity**, **U.S. Value** and various other sub-portfolios) or the managers at **Growth & Income**.

As I've said, the *Hot Hands* approach doesn't work each and every year, and some "persistence of performance" investors have had their heads handed to them chasing a variant of the strategy. One fund guru who used to pursue the "persistence" theory gave it up because it didn't work within the huge sea of funds that he was tracking, then came back to it when results turned around. But after 2007, 2008 and 2009, he began to question whether the theory still held true. It failed to beat the market in 2010, and as far as I can tell, the strategy has been abandoned completely.

Plus, I think it's worth noting that this persistence tracker set himself up against a rather easy benchmark: The average equity fund. I consider the average fund a low hurdle that doesn't hold a candle to the market benchmark I use.

My Vanguard-focused *Hot Hands* is better.

One of the reasons the *Hot Hands* system works over the long run at Vanguard and not within the greater universe of funds is that Vanguard's fund objectives and investment policies are very well-defined. With Vanguard's funds, there's little room for managers to change their tactics. (Though as we've seen time and time again, there is room for managers to fail, and to change.) The managers do what they do, and they keep doing it, no matter how the markets move around them. If they don't, then generally Vanguard fires them. One thing Vanguard seeks when hiring outside managers is those who'll strictly follow their investment styles and objectives.

So using the prior year's performance as a guide for selecting Vanguard stock funds is not only useful, but very profitable, because investment styles

and markets don't automatically shift once the calendar turns from December to January. And ignoring hot strategies, or going with the "dogs," as some investment advisers who use a contrarian approach like to suggest, can lead Vanguard investors to market-lagging and even negative returns. Dogs are dogs for a reason. They make great pets, but lousy bets.

But, let's get back to the *Hot Hands* winners. Here are the ground rules for the strategy as I originally set them out in 1995 when I conducted the first analysis (and when we owned **PRIMECAP**, 1994's best fund, in our *Model Portfolios*). I've continued to follow these rules and have updated my research as new funds have been introduced.

I have looked at the best and worst Vanguard equity funds for each year between 1981 and 2015. The funds I exclude are sector funds, such as **Energy, Precious Metals & Mining, Health Care**, both of the REIT funds and the old Utilities Income (now **Dividend Growth**, which I do include), as well as the regional international index funds, **Emerging Markets Stock Index, European Index and Pacific Index**, since they are what I would consider sector funds. I've also excluded the actively managed **Emerging Markets Select Stock**. Plus, I don't consider balanced funds and **Market Neutral**, which (besides having a prohibitive investment minimum) is really a hybrid fund.

However, I do include the diversified internationals in the mix. You see, domestic funds have the right to invest overseas, and, indeed, funds like **U.S. Growth** or **PRIMECAP** can and have owned foreign companies like Nokia and Sony. And a fund like **Global Equity** can invest in the U.S. So the way I see it, international/global funds are simply diversified equity funds investing in another portion of the world stock market. We shouldn't exclude them. (I should mention that I do track a *U.S.-Only Hot Hands* strategy as well, and its record is also extremely good, with an annualized return of 13.3% versus the 11.1% return for the market.

Long-Term Performance

	Hot Hands fund	Total return	Following year	Total Stock Market*
1981	Windsor	16.8%	21.7%	18.7%
1982	SmallCap Index	46.4%	18.2%	23.5%
1983	International Growth	43.0%	-3.3%	3.0%
1984	Windsor	19.4%	28.0%	32.6%
1985	International Growth	57.0%	56.7%	16.1%
1986	International Growth	56.7%	12.5%	2.3%
1987	International Value	24.0%	18.8%	17.9%
1988	Windsor	28.7%	15.0%	29.2%
1989	U.S. Growth	37.7%	4.6%	-6.2%
1990	U.S. Growth	4.6%	46.8%	34.2%
1991	Explorer	55.9%	13.0%	9.0%
1992	Convertible Securities	19.0%	13.5%	10.6%
1993	International Growth	44.7%	0.8%	-0.2%
1994	PRIMECAP	11.4%	35.5%	35.8%
1995	Windsor II	38.8%	24.2%	21.0%
1996	Windsor	26.4%	22.0%	31.0%
1997	PRIMECAP	36.8%	25.4%	23.3%
1998	Growth Index	42.2%	28.8%	23.8%
1999	Capital Opportunity	97.8%	18.0%	-10.6%
2000	SmallCap Value Index	21.9%	13.7%	-11.0%
2001	Selected Value	15.0%	-9.8%	-21.0%
2002	Global Equity	-5.6%	44.5%	31.4%
2003	International Explorer	57.4%	31.8%	12.5%
2004	International Explorer	31.8%	20.5%	6.0%
2005	International Explorer	20.5%	30.3%	15.5%
2006	International Explorer	30.3%	5.2%	5.5%
2007	Growth Equity	22.5%	-47.9%	-37.0%
2008	Dividend Growth	-25.6%	21.7%	28.7%
2009	Capital Value	81.5%	20.2%	17.1%
2010	SmallCap Growth Index	30.7%	-1.6%	1.0%
2011	Equity Income	10.6%	13.5%	16.3%
2012	Capital Value	22.3%	43.9%	33.3%
2013	Explorer	44.4%	3.9%	12.4%
2014	PRIMECAP Core	19.3%	0.9%	0.3%
2015	International Explorer	8.6%	—	—

*Figures for Total Stock Market Index prior to the fund's inception are for the Wilshire 5000 index. Bold figures indicate superior performance in the given year.

The *U.S.-Only Hot Hands* fund for 2015 is the same as the *October Hot Hands* pick, U.S. Growth.)

That's the background. Now that I have my universe of funds, I can determine the "hot" fund each year, follow it in the next year and compare its return with the market benchmark. When I make those comparisons, I measure rolling three-year, five-year and 10-year returns for the *Hot Hands* fund against Total Stock Market Index, a proxy for the entire stock market, rather than the average Vanguard fund or the average stock fund.

Measuring performance against the stock market, rather than the "average" stock fund, puts even greater pressure on the methodology to generate decent returns, since the market generally outperforms the "average" money manager. Why make my hurdle that much harder to overcome? Because I'm not interested in average perfor-

mance—you and I want outstanding performance. And that's what we get with *Hot Hands*.

Long-Term Heat

Here's the bottom line: Following a *Hot Hands* investment strategy at Vanguard from the end of 1981, when you would have put your money into **Windsor**, through the end of 2015, when your money would have been in **PRIMECAP Core**, would have netted you a total return of 13,720% compared with a return of 3,523% for Total Stock Market Index. Those are whopping numbers, but they simply reflect the power of compounding over a 34-plus year period.

Playing the contrarian and buying the previous year's worst fund, however, has proven to be an awful idea. Since 1981, the strategy would have netted the investor an index-lagging 1,076% return. (That's less than one-tenth the *Hot Hands* gain.)



► On an annualized basis, that's 15.6% for *Hot Hands* versus 11.1% for Total Stock Market Index and just 7.5% for the contrarian "dog" fund strategy.

Now, I'm the first to say that I've never seen a backtest I didn't like. So, what about the performance only since I first told you about the strategy in 1995? *Hot Hands* has generated a 13.2% annualized return versus 8.2% for Total Stock Market Index, and just a 4.1% return for the "cold" fund through 2015. Not bad.

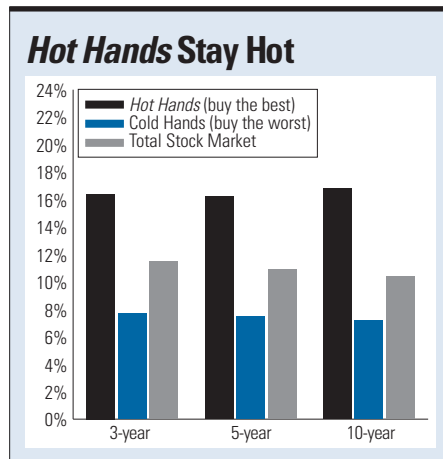
Okay. Before we go further, here's a warning I feel it's my duty to give you just one more time. As I said before, buying the *Hot Hands* fund doesn't guarantee you are going to beat the market every year. In fact, as the table on page 5 shows, it missed in 12 of the past 34 years, for a "miss" rate of about one-third.

But the "miss" rate is not the point. It's the accumulation of market-beating periods when the *Hot Hands* fund "hits" that really makes the difference. As I've said, it's the long haul I'm interested in. And over the long haul, this strategy soars like an eagle, while other strategies drop like turkeys.

One of my favorite analogies is the performance of the fund managers at PRIMECAP Management. The PRIMECAP team tends to beat the market a little less than six out of every 10 months, or 55% of the time—but when they beat, they really beat. It's those wins that make the PRIMECAP team's long-term performance sing. The same can be said for *Hot Hands*.

Rolling Returns

Another way of assessing the success of the *Hot Hands* methodology is by analyzing rolling returns, something I do when looking at manager performance. As you know, I don't believe that one should measure performance by looking at a single three-year or 10-year period. Instead, let's consider rolling time periods. As longtime FFSA members have come to expect, I use rolling time periods to analyze performance because they give you many more periods in which to measure returns. Also, they help to eliminate the bias that creeps in when only one time period is examined. This is also why



Note: Chart shows average annualized rolling returns from 1981 through 2015.

annual reviews of the best funds over the past 10 years, or over the past three years, are so shallow and useless. As I write this, plenty of "Best of" lists of mutual funds and ETFs based on three-year and five-year returns ending in December 2015 are appearing on newsstands across the country and on the web. These lists have no investment value at all, but they do get lots of clicks and sell a lot of advertising.

For the uninitiated, rolling time periods are sequential periods of, say, 12 months, 36 months or even 60 months. When applied to the *Hot Hands* strategy, you can think of them as all of the different one-year, three-year or five-year periods that an investor might have followed the strategy. It would include the three-year period from 1985 through 1987, plus the three years from 1986 through 1988, and up through the periods ending with 2015.

Putting it to this more extensive test, does my *Hot Hands* strategy work over rolling periods? Not only does it work, but the returns are quite consistent, beating the index fund over all but two 10-year periods since 1981, over 80% of five-year periods and 72% of all three-year periods.

Over 32 different rolling three-year periods (calculated using calendar-year returns), the *Hot Hands* strategy produced an average 16.4% annualized return, compared with the average 11.5% return for Total Stock Market. The worst three-year period? A loss of 12.6% for *Hot Hands* versus a 14.3% loss for the index fund. This is particularly encouraging, since the one

thing you worry about when pursuing a mechanical strategy like this one is whether you ever suffer tremendous losses, something to which other "persistence" strategies are not immune.

Over 30 five-year periods, *Hot Hands* returned an average 16.2% per annum (compared to 10.9% for the index). And over the 25 ten-year periods, the results are just as compelling, with an average annual return of 16.4% (10.4% for the index) and a worst 10-year annualized return of 7.7% versus a 0.7% loss for the market.

Say No to Being Contrary

As the graph above also makes crystal clear, investors who bought into the contrarian investing theory—buying the prior year's worst performer—aren't doing themselves any favors. While there may be a time and place for contrarian thinking, this isn't one of them.

So, how can Vanguard investors like us make use of this *Hot Hands* phenomenon? First, this isn't meant to be an all-or-nothing strategy. Again, I don't recommend that you put all of your money into one *Hot Hands* fund. We need to use our heads as well as our spreadsheets. But the *Hot Hands* strategy does lead us to funds that can serve as one component of a well-rounded portfolio.

As 2016 opens, I haven't recommended a shift in any *Model Portfolio* assets, in part because of the overlap between managers at International Explorer and **International Growth**, which is a component of our Models. Matt Dobbs at International Explorer (he runs about 70% of the fund) and Simon Webber (who runs about a third of International Growth) work together at Schroder Investment Management. Yes, International Explorer is focused on much smaller fare than what you'll find at International Growth, and that might be reason enough to buy some for our *Models*. I'll keep you apprised as Jeff and I run the numbers and assess how we want to play it. Obviously, if we add International Explorer to the *Growth Model Portfolio*, we'll add a similar position in **World ex-U.S. SmallCap Index** to the *Growth Index Model Portfolio*. Stay tuned. ■

Vanguard Trims Its Ranks

HAS VANGUARD FINALLY figured out what I've been saying for years, that too many cooks spoil the multimanagered fund broth?

In early January, Vanguard reduced the headcount on both **Explorer** and **Morgan Growth**, two of the poster-children for excessive multimanagerment. This is good news for the funds' shareholders. But I don't think they went far enough. Vanguard continues to claim that throwing lots of different management teams at a single portfolio is smart active management, but I beg to differ.

In the latest manager musical chairs, Century Capital Management was fired from Explorer and leaves the Vanguard fold, while Kalmar remains a manager on Explorer but has been relieved of its role on Morgan Growth.

This reduced the headcount on Explorer to seven management teams made up of 15 individual portfolio managers, while Morgan Growth will now be served by four teams totaling eight portfolio managers.

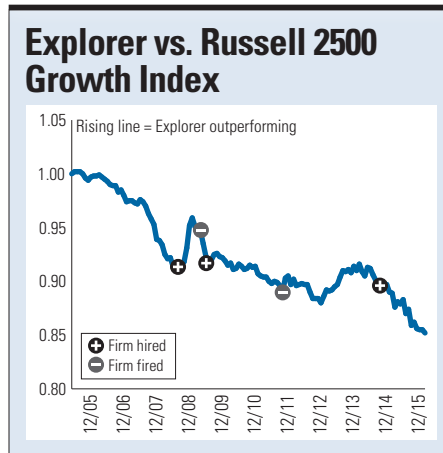
Vanguard says that the multimanager format, which it first adopted in 1987, "can reduce portfolio volatility, provide potential for long-term outperformance, and mitigate manager risk."

I'd say they are batting, at best, one out of three.

Let's take performance. Two charts tell the tale here. The first shows Explorer's relative performance against its Russell 2500 Growth index benchmark. The persistent downtrend confirms what I've been saying for some time.

You can pretty much say the same thing for Morgan Growth. While its performance lately has mimicked the Russell 3000 Growth index, that's little comfort for its shareholders. You can see that as Vanguard kept adding managers, performance suffered. Why bother investing here?

As for multiple managers reducing risk, Vanguard might want to talk about betas and standard deviations and all that market mathematics, but I think



we should use a simple metric, one that really relates to shareholder experience: Maximum Cumulative Loss (MCL), or drawdown.

During the 2008–2009 financial crisis, Explorer investors suffered a 52.4% loss over 16 months ending in February 2009. It took 24 months for the fund's managers to recover that loss. SmallCap Growth Index suffered a 53.5% loss over the same period and took 22 months to recover. Is the difference between a 52.4% loss and a 53.5% loss really risk management? And given the fact that the index fund recovered faster, I'd say that, at best, the two funds came to a draw.

As for Morgan Growth, the fund's shareholders lost 50.3% during the financial crisis over 16 months. That loss was recovered in 37 months. Extended Market Index investors lost a bit more, 52.9% over 21 months, but recovered

much quicker, taking 22 months. Again, is the difference between a 50.3% loss and a 52.9% loss worthy of the claim that multimanagerment reduces risk? One could counter that the index fund's faster recovery more than outweighs the benefits of the slightly smaller decline.

As for the final "benefit" of multimanagerment, the reduction of "manager risk," well, that's kind of obvious, isn't it? If Vanguard doesn't hire managers who all invest in the exact same stocks and in the same fashion, and they hire a bunch of them, then *ipso facto*, you can claim lower manager risk. But what's the benefit?

I should note that at the end of 2014 (the last year for which data is available), only two of Vanguard's nine directors owned shares in Explorer, and only one, Bill McNabb, owned shares in Morgan Growth (and not too many, at that). So, Vanguard's directors really don't have a lot of skin in the game when it comes to these two multimanagered messes.

Vanguard needs to do more to reduce the head-count on its multimanagered funds. Shareholders have mutinied, as neither fund has seen investor inflows in any of the last seven calendar years, a record only matched by **Growth & Income**, **Windsor** and **Windsor II**, all of which are domestic stock funds, open to new investors and multimanagered.

I will give Vanguard credit for tacitly admitting they've gone overboard.

On the Other Hand

While Vanguard was cutting managers at Explorer, in another announcement it added two portfolio managers from Arrowpoint Partners to **Small Company Growth Annuity**. This small-cap growth annuity is only run by a fraction of Explorer's managers and has outperformed the more manager-laden fund, which to me is further evidence that adding managers doesn't improve performance. We'll have to see if the addition of Arrowpoint sharpens the annuity's returns, or dulls them. ■

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	1/29 Price	Jan. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.09	2.8%	2.8%	—	—	—	—	—
Energy (51)	VGENX	\$3K	—	Hold	\$40.44	-1.5%	-1.5%	-19.5%	-9.5%	-5.8%	2.7%	1.79
Precious Metals & Mining (53)	VGPXM	\$3K	—	Sell	\$6.22	-2.2%	-2.2%	-34.1%	-25.8%	-21.4%	2.4%	2.16
Health Care (52)	VGHCX	\$3K	—	Buy	\$200.67	-8.9%	-8.9%	0.5%	21.0%	19.0%	1.2%	1.22
REIT Index (123)	VGSIX	\$3K	—	Hold	\$25.59	-3.4%	-3.4%	-7.4%	8.2%	10.2%	3.9%	1.28
Global ex-U.S. Real Estate Index (738)	VGXR	\$3K	0.25% _f /0.25% _r	Hold	\$19.49	-5.3%	-5.3%	-9.0%	-1.2%	3.3%	2.8%	1.04
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$46.83	-8.9%	-8.9%	-5.7%	13.8%	11.5%	0.6%	1.18
Explorer (24)	VEXPX	\$3K	—	Hold	\$73.08	-9.1%	-9.1%	-10.4%	6.9%	7.8%	0.3%	1.33
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$26.53	-6.8%	-6.8%	-5.7%	7.2%	8.4%	0.8%	1.21
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$20.41	-9.1%	-9.1%	-7.4%	8.5%	9.3%	0.3%	1.20
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$31.08	-9.1%	-9.1%	-10.7%	6.1%	7.8%	0.9%	1.29
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$48.97	-7.7%	-7.7%	-9.2%	7.3%	8.4%	1.5%	1.21
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$22.16	-6.5%	-6.5%	-7.9%	8.0%	8.7%	2.0%	1.19
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$26.09	-7.8%	-7.8%	-8.4%	11.1%	11.5%	1.7%	1.09
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$26.93	-7.1%	-7.1%	-8.4%	9.8%	10.4%	1.2%	1.17
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$41.58	-6.3%	-6.3%	-4.9%	9.2%	10.1%	1.3%	1.23
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$9.84	-9.9%	-9.9%	-16.1%	4.7%	4.5%	1.3%	1.48
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$57.99	-8.8%	-8.8%	-10.2%	7.0%	8.0%	1.3%	1.23
Growth Index (9)	VIGRX	\$3K	—	Buy	\$51.53	-5.9%	-5.9%	-1.5%	11.7%	11.2%	1.2%	1.12
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$36.10	-8.0%	-8.0%	-7.5%	8.5%	8.2%	0.7%	1.16
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$30.34	-7.5%	-7.5%	-7.0%	9.4%	9.2%	1.4%	1.08
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$31.50	-7.0%	-7.0%	-6.5%	10.0%	10.0%	2.1%	1.02
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$23.26	-6.7%	-6.7%	1.1%	12.6%	10.3%	0.7%	1.12
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$93.15	-6.6%	-6.6%	-2.6%	14.2%	11.9%	1.1%	1.05
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$19.52	-6.2%	-6.2%	-3.5%	13.2%	11.4%	1.2%	1.06
Selected Value (934)	VASVX	\$3K	—	Buy	\$23.75	-8.1%	-8.1%	-8.7%	8.2%	8.7%	1.8%	1.09
Social Index (213)	VFTSX	\$3K	—	Buy	\$12.43	-5.9%	-5.9%	-1.5%	12.2%	11.5%	1.6%	1.06
STAR Growth (122)	VASGX	\$3K	—	Sell	\$26.12	-4.2%	-4.2%	-4.3%	5.8%	6.3%	2.2%	0.79
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$97.91	-5.6%	-5.6%	-1.3%	11.1%	10.7%	1.8%	1.02
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$27.79	-6.7%	-6.7%	2.6%	13.7%	12.3%	0.5%	1.15
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$179.10	-5.0%	-5.0%	-0.8%	11.1%	10.7%	2.1%	1.00
Convertible Securities (82)	VCVSX	\$3K	—	Buy	\$11.54	-4.6%	-4.6%	-5.6%	3.3%	3.7%	2.1%	0.66
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$27.79	-6.9%	-6.9%	-3.7%	10.1%	9.9%	1.2%	1.09
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$30.40	-2.3%	-2.3%	-0.9%	8.6%	9.6%	2.3%	0.92
Dividend Growth (57)	VDIGX	\$3K	—	Buy	\$21.78	-2.9%	-2.9%	2.4%	11.7%	11.7%	1.9%	0.90
Equity Income (65)	VEIPX	\$3K	—	Buy	\$28.63	-3.1%	-3.1%	0.7%	10.3%	11.7%	2.9%	0.92
Growth & Income (93)	VGNPX	\$3K	—	Sell	\$37.50	-5.2%	-5.2%	-0.9%	11.7%	11.4%	1.9%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$25.70	-2.8%	-2.8%	0.4%	10.8%	12.0%	3.2%	0.93
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$35.78	-5.3%	-5.3%	-1.6%	10.8%	10.5%	1.9%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$12.28	1.3%	1.3%	5.6%	6.1%	5.1%	0.0%	0.44
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$22.42	-2.8%	-2.8%	-3.1%	5.1%	5.7%	2.2%	0.60
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$47.90	-5.7%	-5.7%	-2.7%	10.4%	10.3%	2.0%	1.02
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$15.25	-6.4%	-6.4%	-5.2%	9.8%	11.1%	2.3%	0.97
Value Index (6)	VIVAX	\$3K	—	Hold	\$30.31	-4.7%	-4.7%	-1.8%	10.0%	9.8%	2.6%	0.94
Windsor (22)	VWNDX	\$3K	—	Hold	\$17.61	-8.0%	-8.0%	-7.3%	8.2%	8.8%	1.9%	1.14
Windsor II (73)	VWVFX	\$3K	—	Buy	\$31.74	-5.3%	-5.3%	-4.5%	8.3%	9.2%	2.4%	1.01
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$28.40	-2.8%	-2.8%	-1.7%	7.0%	7.6%	2.0%	0.60
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$16.88	-2.2%	-2.2%	-2.8%	4.8%	5.6%	4.0%	0.57
STAR (56)	VGSTX	\$1K	—	Hold	\$22.42	-3.7%	-3.7%	-3.5%	5.7%	6.6%	2.1%	0.68
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$17.60	-1.3%	-1.3%	-2.0%	4.2%	4.8%	2.2%	0.41
STAR Income (723)	VASIX	\$3K	—	Sell	\$14.58	0.1%	0.1%	-1.1%	3.3%	4.0%	2.2%	0.27
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$26.32	-2.0%	-2.0%	0.8%	7.0%	7.9%	2.1%	0.47
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$24.47	-0.2%	-0.2%	0.5%	5.5%	7.4%	3.0%	0.39
Wellington (21)	VWELX	\$3K	—	Buy	\$35.77	-2.8%	-2.8%	-1.4%	7.3%	7.9%	2.7%	0.66
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$25.87	-4.9%	-4.9%	-5.1%	6.1%	—	1.9%	0.89
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$29.32	-4.9%	-4.9%	-5.1%	6.1%	6.7%	2.0%	0.89
Target Retirement 2050 (699)	VFFFX	\$1K	—	—	\$27.09	-4.9%	-4.9%	-5.0%	6.1%	6.7%	2.2%	0.89
Target Retirement 2045 (306)	VTVX	\$1K	—	—	\$16.91	-4.9%	-4.9%	-5.0%	6.1%	6.7%	2.3%	0.89
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$27.08	-4.8%	-4.8%	-4.9%	6.2%	6.7%	2.3%	0.89
Target Retirement 2035 (305)	VTHX	\$1K	—	—	\$16.11	-4.3%	-4.3%	-4.4%	6.1%	6.6%	2.2%	0.82
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$26.68	-3.8%	-3.8%	-3.9%	5.9%	6.5%	2.2%	0.74
Target Retirement 2025 (304)	VTVVX	\$1K	—	—	\$15.12	-3.2%	-3.2%	-3.4%	5.6%	6.2%	2.2%	0.67
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$26.43	-2.7%	-2.7%	-3.0%	5.3%	6.0%	2.2%	0.60
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$13.95	-2.0%	-2.0%	-2.5%	4.7%	5.7%	2.0%	0.50
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$24.62	-1.0%	-1.0%	-1.8%	3.9%	5.2%	1.9%	0.38
Target Retirement Income (308)	VTINX	\$1K	—	—	\$12.36	-0.7%	-0.7%	-1.7%	3.1%	4.6%	1.8%	0.32
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$8.62	-5.8%	-5.8%	-7.0%	—	—	3.0%	1.27
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$19.56	-6.1%	-6.1%	-21.1%	-9.1%	-5.6%	3.2%	1.35
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$14.23	-6.5%	-6.5%	-20.5%	-9.8%	—	2.0%	1.41
European Index (79)	VEURX	\$3K	—	Hold	\$25.27	-5.9%	-5.9%	-8.1%	0.7%	2.1%	3.3%	1.16
Global Equity (129)	VHGX	\$3K	—	Hold	\$22.19	-6.1%	-6.1%	-5.0%	5.9%	6.0%	1.8%	0.98
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$11.06	-2.1%	-2.1%	2.1%	—	—	1.8%	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$15.82	-6.7%	-6.7%	1.5%	6.9%	3.8%	1.6%	0.96
International Growth (81)	VWIGX	\$3K	—	Buy	\$19.48	-7.7%	-7.7%	-8.5%	0.6%	2.0%	1.5%	1.22
International Value (46)	VTRIX	\$3K	—	Hold	\$29.40	-5.4%	-5.4%	-10.7%	-1.0%	0.4%	2.3%	1.16
Pacific Index (72)	VPACX	\$3K	—	Hold	\$10.18	-5.7%	-5.7%	-5.4%	1.4%	1.4%	2.4%	1.08
Total International Stock Index (113)	VTGSX	\$3K	—	Hold	\$13.68	-5.6%	-5.6%	-9.8%	-1.3%	-0.1%	2.9%	1.07
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$22.13	-5.6%	-5.6%	-6.2%	4.2%	4.7%	2.5%	1.00
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$16.19	-5.5%	-5.5%	-10.3%	-1.6%	-0.2%	3.0%	1.08
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$33.15	-6.3%	-6.3%	-6.1%	0.2%	0.2%	2.7%	1.07

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	1/29 Price	Jan. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk
												25%	28%	36.8%*	38.8%*	43.4%*	
TAXABLE INCOME																	
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.1	\$9.99	0.3%	0.3%	—	—	—	—	0.83%	—	—	—	—	—	
Short-Term Treasury (32)	VFISX	Sell	2.5	\$10.73	0.8%	0.8%	0.7%	0.7%	0.9%	0.7%	0.82%	—	—	—	—	0.36	
Short-Term Federal (49)	VSGBX	Sell	2.7	\$10.79	0.8%	0.8%	0.9%	0.8%	1.3%	0.9%	0.96%	—	—	—	—	0.35	
Short-Term Inflation Index (1967)	VTIPX	Hold	2.4	\$24.27	0.5%	0.5%	-0.6%	-1.0%	—	0.0%	0.13%	—	—	—	—	0.61	
Short-Term Investment-Grade (39)	VFSTX	Buy	3.3	\$10.60	0.5%	0.5%	0.8%	1.4%	2.0%	2.0%	2.01%	—	—	—	—	0.38	
Short-Term Bond Index (132)	VBISX	Hold	2.8	\$10.51	0.9%	0.9%	0.7%	1.0%	1.5%	1.2%	1.33%	—	—	—	—	0.47	
Inflation-Protected Sec. (119)	VIPSX	Hold	8.5	\$13.04	1.6%	1.6%	-3.3%	-1.7%	2.7%	0.8%	0.36%	—	—	—	—	1.47	
Intermed. Treasury (35)	VFITX	Sell	5.7	\$11.51	2.4%	2.4%	1.2%	1.9%	3.4%	1.6%	1.42%	—	—	—	—	1.22	
Intermed. Investment-Grade (71)	VFICX	Buy	6.4	\$9.72	1.1%	1.1%	0.0%	2.5%	4.5%	3.0%	2.77%	—	—	—	—	1.03	
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.2	\$11.45	1.9%	1.9%	-0.1%	2.4%	4.6%	2.6%	2.54%	—	—	—	—	1.37	
Total Bond Market (84)	VBMFX	Hold	8.0	\$10.77	1.4%	1.4%	-0.6%	1.9%	3.3%	2.4%	2.24%	—	—	—	—	1.00	
GNMA (36)	VFHIX	Hold	6.4	\$10.77	1.2%	1.2%	1.8%	2.5%	3.3%	2.3%	2.34%	—	—	—	—	0.68	
Long-Term Treasury (83)	VUSTX	Sell	25.0	\$12.80	5.2%	5.2%	-4.9%	5.3%	9.1%	2.7%	2.50%	—	—	—	—	3.88	
Long-Term Investment-Grade (28)	VWESX	Hold	23.4	\$10.00	1.4%	1.4%	-6.3%	3.8%	8.0%	4.4%	4.13%	—	—	—	—	2.67	
Long-Term Bond Index (522)	VBLTX	Sell	24.1	\$13.46	2.3%	2.3%	-7.4%	3.3%	7.7%	4.0%	3.97%	—	—	—	—	2.94	
High-Yield Corporate (29)	VWEHX	Buy	6.4	\$5.46	-1.0%	-1.0%	-3.0%	2.0%	5.1%	6.0%	6.50%	—	—	—	—	1.69	
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	10.0	\$9.23	-0.1%	-0.1%	0.8%	—	—	4.9%	5.11%	—	—	—	—	1.88	
Total International Bond Index (1231)	VTIBX	Hold	8.9	\$10.71	1.6%	1.6%	0.8%	—	—	1.7%	0.88%	—	—	—	—	0.97	
MONEY MARKET																	
Treasury MM (11)	VUSXX	—	49	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.18%	—	—	—	—	—	
Federal MM (33)	VMFXX	—	50	\$1.00	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.27%	—	—	—	—	—	
Prime MM (30)	VMMXX	—	57	\$1.00	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.36%	—	—	—	—	—	
Tax-Exempt Money Market (45)	VMSXX	—	39	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
CA Tax-Exempt MM (62)	VCTXX	—	31	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
NJ Tax-Exempt MM (95)	VNJXX	—	45	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
NY Tax-Exempt MM (163)	VYFXX	—	29	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
OH Tax-Exempt MM (96)	VOHXX	—	40	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
PA Tax-Exempt MM (63)	VPTXX	—	22	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
TAX-FREE INCOME																	
Short-Term Tax-Exempt (41)	VVSTX	Buy	1.5	\$15.83	0.3%	0.3%	0.5%	0.6%	0.9%	0.7%	0.52%	0.7%	0.7%	0.8%	0.8%	0.9%	0.12
Limited-Term Tax-Exempt (31)	VMLTX	Buy	3.0	\$11.08	0.7%	0.7%	1.1%	1.4%	2.0%	1.5%	0.85%	1.1%	1.2%	1.3%	1.4%	1.5%	0.40
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.2	\$14.40	1.2%	1.2%	2.6%	3.1%	5.1%	2.8%	1.47%	2.0%	2.0%	2.3%	2.4%	2.6%	0.73
Tax-Exempt Bond Index (1491)***	VTEBX	Hold	5.6	\$10.26	1.1%	1.1%	—	—	—	—	1.54%	2.1%	2.1%	2.4%	2.5%	2.7%	—
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.2	\$11.86	1.2%	1.2%	3.3%	4.1%	6.5%	3.6%	2.05%	2.7%	2.8%	3.2%	3.3%	3.6%	0.91
High-Yield Tax-Exempt (44)	VVAHX	Hold	6.6	\$11.41	1.1%	1.1%	3.2%	4.2%	6.9%	3.6%	2.49%	3.3%	3.5%	3.9%	4.1%	4.4%	0.90
STATE TAX-FREE																	
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.3	\$11.97	1.2%	1.2%	2.8%	3.6%	5.8%	2.7%	1.39%	2.1%	2.2%	2.5%	2.5%	2.7%	0.74
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.4	\$12.32	1.2%	1.2%	3.5%	4.5%	7.2%	3.5%	1.88%	2.8%	2.9%	3.3%	3.4%	3.7%	0.91
MA Tax-Exempt (168)	VMATX	Sell	6.3	\$11.02	1.2%	1.2%	3.0%	3.7%	5.8%	3.0%	1.85%	2.6%	2.7%	3.1%	3.2%	3.5%	0.94
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.3	\$12.22	1.3%	1.3%	2.1%	3.5%	5.8%	3.5%	2.51%	3.7%	3.8%	4.4%	4.5%	4.9%	1.03
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.0	\$12.02	1.2%	1.2%	3.5%	4.1%	6.0%	3.2%	1.80%	2.6%	2.7%	3.1%	3.2%	3.5%	0.85
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.1	\$12.77	1.2%	1.2%	3.4%	4.2%	6.4%	3.3%	2.07%	3.0%	3.1%	3.5%	3.6%	3.9%	0.91
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	5.6	\$11.80	1.1%	1.1%	3.1%	4.1%	6.1%	3.6%	2.14%	2.9%	3.1%	3.5%	3.6%	3.9%	0.84

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1).

3-year and **5-year returns** are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	1/29 Price	Jan. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.0%	-0.1%	-0.2%	-0.2%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$18.61	0.5%	0.5%	0.6%	1.2%	1.8%	0.39
Total Bond Market Annuity (67)	Hold	\$37.34	1.3%	1.3%	-0.8%	1.6%	3.0%	0.99
High-Yield Bond Annuity (146)	Buy	\$28.55	-1.1%	-1.1%	-3.5%	1.5%	4.6%	1.64
Conservative Allocation Annuity (801)	Hold	\$25.41	-1.4%	-1.4%	-2.0%	4.0%	—	0.42
Moderate Allocation Annuity (803)	Hold	\$27.01	-2.8%	-2.8%	-3.0%	4.9%	—	0.60
Balanced Annuity (69)	Buy	\$80.09	-2.8%	-2.8%	-1.6%	7.1%	7.6%	0.65
Capital Growth Annuity (603)	Buy	\$37.30	-6.3%	-6.3%	-2.5%	13.6%	11.6%	1.02
Diversified Value Annuity (145)	Buy	\$26.84	-4.3%	-4.3%	-3.4%	7.9%	9.0%	0.97
Equity Income Annuity (8)	Buy	\$68.45	-3.3%	-3.3%	0.4%	10.0%	11.3%	0.93
Equity Index Annuity (68)	Buy	\$76.38	-5.0%	-5.0%	-1.0%	10.8%	10.4%	1.00
Growth Annuity (10)	Hold	\$39.79	-6.4%	-6.4%	2.2%	13.6%	12.0%	1.14
MidCap Index Annuity (143)	Buy	\$42.81	-7.4%	-7.4%	-7.2%	9.1%	8.9%	1.07
REIT Index Annuity (147)	Hold	\$52.66	-3.4%	-3.4%	-7.7%	7.9%	9.8%	1.28
Small Company Growth Annuity (160)	Hold	\$56.53	-10.4%	-10.4%	-10.4%	7.2%	8.5%	1.40
Total Stock Market Annuity (604)	Hold	\$27.53	-5.7%	-5.7%	-2.9%	10.0%	9.9%	1.02
International Annuity (86)	Buy	\$33.79	-8.0%	-8.0%	-9.0%	0.1%	1.6%	1.24

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	1/29 Price	Jan. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$59.79	-5.7%	-5.7%	3.4%	14.2%	15.5%	1.4%	—	1.19
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$63.65	0.0%	0.0%	7.4%	14.1%	15.0%	2.6%	—	0.89
Energy (551)	VGELX	\$50K	—	Hold	\$75.86	-1.5%	-1.5%	-19.5%	-9.5%	-5.8%	2.7%	—	1.79
Energy Index (5480)	VENAX	\$100K	—	—	\$39.99	-3.7%	-3.7%	-22.4%	-8.1%	-3.6%	3.3%	—	1.77
Financials Index (5486)	VFAIX	\$100K	—	—	\$22.23	-8.5%	-8.5%	-3.6%	9.2%	7.8%	2.2%	—	1.10
Health Care (552)	VGHAX	\$50K	—	Buy	\$84.64	-8.9%	-8.9%	0.5%	21.1%	19.0%	1.3%	—	1.22
Health Care Index (5485)	VHCIX	\$100K	—	—	\$60.38	-9.2%	-9.2%	-4.2%	17.4%	17.9%	1.3%	—	1.28
Industrials Index (5482)	VINAX	\$100K	—	—	\$48.64	-6.2%	-6.2%	-5.9%	9.5%	9.0%	2.1%	—	1.11
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$52.26	-5.7%	-5.7%	2.6%	14.4%	11.0%	1.4%	—	1.22
Materials Index (5481)	VMIAX	\$100K	—	—	\$43.19	-10.0%	-10.0%	-16.9%	1.0%	2.5%	2.6%	—	1.54
REIT Index (5123)	VGSLX	\$10K	—	Hold	\$109.19	-3.4%	-3.4%	-7.3%	8.4%	10.3%	4.1%	—	1.28
Global ex-U.S. Real Estate Index (1758)	VGRLEX	\$10K	0.25% ^f /0.25% ^r	Hold	\$29.52	-5.3%	-5.3%	-8.8%	-1.1%	3.4%	3.0%	—	1.04
Telecom Svcs. Index (5488)	VTCAX	\$100K	—	—	\$43.30	1.2%	1.2%	6.1%	9.3%	9.3%	3.5%	—	0.95
Utilities Index (5489)	VUIAX	\$100K	—	—	\$49.33	4.7%	4.7%	-2.5%	11.4%	11.7%	3.5%	—	1.20
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$108.09	-8.9%	-8.9%	-5.6%	13.9%	11.5%	0.7%	—	1.18
Explorer (5024)	VEXRX	\$50K	—	Hold	\$67.92	-9.1%	-9.1%	-10.3%	7.0%	7.9%	0.5%	—	1.33
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$38.86	-9.1%	-9.1%	-10.6%	6.3%	—	1.1%	—	1.29
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$48.99	-7.7%	-7.7%	-9.1%	7.4%	8.5%	1.6%	—	1.21
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$39.72	-6.5%	-6.5%	-7.8%	8.1%	—	2.1%	—	1.19
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$57.97	-8.8%	-8.8%	-10.1%	7.1%	8.1%	1.5%	—	1.23
Growth Index (509)	VIGAX	\$10K	—	Buy	\$51.53	-5.9%	-5.9%	-1.3%	11.9%	11.3%	1.4%	—	1.12
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$39.52	-8.0%	-8.0%	-7.4%	8.7%	—	0.9%	—	1.16
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$137.66	-7.4%	-7.4%	-6.8%	9.6%	9.3%	1.6%	—	1.07
MidCap Value Index	VMVAX	\$10K	—	Hold	\$41.44	-7.0%	-7.0%	-6.4%	10.2%	—	2.2%	—	1.02
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$72.05	-6.7%	-6.7%	1.2%	12.7%	10.5%	0.8%	—	1.12
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$96.49	-6.6%	-6.6%	-2.6%	14.3%	12.0%	1.2%	—	1.05
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$71.91	-6.7%	-6.7%	2.7%	13.9%	12.4%	0.6%	—	1.15
500 Index (540)	VFIAX	\$10K	—	Buy	\$179.12	-5.0%	-5.0%	-0.7%	11.3%	10.9%	2.2%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$20.62	-2.3%	-2.3%	-0.8%	—	—	2.4%	—	0.92
Equity Income (565)	VEIRX	\$50K	—	Buy	\$60.01	-3.1%	-3.1%	0.8%	10.4%	11.8%	3.0%	—	0.92
Growth & Income (593)	VGIAX	\$50K	—	Sell	\$61.21	-5.2%	-5.2%	-0.8%	11.8%	11.5%	2.0%	—	0.97
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$44.73	-5.3%	-5.3%	-1.5%	11.0%	10.6%	2.1%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$47.92	-5.7%	-5.7%	-2.6%	10.5%	10.4%	2.1%	—	1.02
Value Index (506)	VVIAX	\$10K	—	Hold	\$30.31	-4.7%	-4.7%	-1.6%	10.2%	10.0%	2.7%	—	0.94
Windsor (5022)	VWNEK	\$50K	—	Hold	\$59.39	-8.0%	-8.0%	-7.2%	8.3%	8.9%	2.0%	—	1.15
Windsor II (573)	VWNAK	\$50K	—	Buy	\$56.33	-5.2%	-5.2%	-4.4%	8.4%	9.2%	2.5%	—	1.01
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$28.40	-2.8%	-2.8%	-1.6%	7.2%	7.8%	2.2%	—	0.60
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$59.28	-0.2%	-0.2%	0.6%	5.6%	7.5%	3.1%	—	0.39
Wellington (521)	VWENX	\$50K	—	Buy	\$61.78	-2.8%	-2.8%	-1.3%	7.4%	8.0%	2.8%	—	0.66
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$11.14	-5.8%	-5.8%	-6.8%	1.2%	1.9%	3.1%	—	1.07
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$25.69	-6.0%	-6.0%	-21.0%	-8.9%	-5.4%	3.5%	—	1.35
European Index (579)	VEUSX	\$10K	—	Hold	\$58.84	-5.9%	-5.9%	-8.0%	0.9%	2.2%	3.4%	—	1.16
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$22.11	-2.2%	-2.2%	2.1%	—	—	1.9%	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$61.91	-7.7%	-7.7%	-8.4%	0.8%	2.1%	1.7%	—	1.22
Pacific Index (572)	VPADX	\$10K	—	Hold	\$66.03	-5.8%	-5.8%	-5.3%	1.6%	1.5%	2.6%	—	1.08
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$22.87	-5.7%	-5.7%	-9.8%	-1.2%	-0.0%	3.0%	—	1.07
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$25.51	-5.6%	-5.6%	-10.2%	-1.4%	—	3.1%	—	1.08
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSFX	\$50K	—	Buy	\$19.98	0.3%	0.3%	—	—	—	0.94%	—	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.73	0.8%	0.8%	0.8%	0.8%	1.0%	0.8%	0.92%	0.36
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.79	0.8%	0.8%	1.0%	0.9%	1.4%	1.0%	1.05%	0.35
Short-Term Gov't Index (1942)	VSBXS	\$10K	—	Sell	\$20.37	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.84%	0.27
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.31	0.6%	0.6%	-0.5%	-0.9%	—	0.0%	0.21%	0.61
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.60	0.6%	0.6%	0.9%	1.5%	2.1%	2.1%	2.11%	0.38
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.50	0.4%	0.4%	0.5%	1.6%	2.6%	2.1%	2.25%	0.45
Short-Term Bond Idx. (5132)	VBIRX	\$10K	—	Hold	\$10.51	0.9%	0.9%	0.8%	1.1%	1.6%	1.3%	1.40%	0.47
Inflation-Protected Securities (5119)	VAIPX	\$50K	—	Hold	\$25.60	1.5%	1.5%	-3.2%	-1.6%	2.8%	0.9%	0.46%	1.47
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.51	2.4%	2.4%	1.3%	2.0%	3.5%	1.7%	1.52%	1.22
Interm.-Term Gov't Index (1943)	VSI GX	\$10K	—	Sell	\$22.19	2.3%	2.3%	1.3%	2.0%	3.4%	1.7%	1.53%	1.19
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$9.72	1.1%	1.1%	0.1%	2.6%	4.6%	3.1%	2.86%	1.03
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25% ^f	Buy	\$22.70	0.7%	0.7%	-1.4%	2.6%	5.1%	3.4%	3.62%	1.27
Intermed.-Term Bond Idx. (5314)	VBILX	\$10K	—	Hold	\$11.45	1.9%	1.9%	-0.1%	2.5%	4.7%	2.7%	2.60%	1.37
Total Bond Market (584)	VBTLX	\$10K	—	Hold	\$10.77	1.4%	1.4%	-0.5%	2.1%	3.4%	2.5%	2.34%	1.00
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.77	1.2%	1.2%	1.9%	2.6%	3.4%	2.4%	2.43%	0.68
Mortgage-Backed Sec. Idx (1948)	VMBSX	\$10K	—	Hold	\$21.30	1.2%	1.2%	1.9%	2.5%	3.0%	1.6%	1.85%	0.64
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$12.80	5.2%	5.2%	-4.8%	5.4%	9.2%	2.8%	2.59%	3.88
Long-Term Gov't Index (1944)	VLG SX	\$10K	—	Sell	\$26.33	5.2%	5.2%	-4.6%	5.3%	9.1%	2.7%	2.63%	3.81
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$10.00	1.4%	1.4%	-6.2%	3.9%	8.1%	4.5%	4.22%	2.67
Long-Term Corp. Index (1947)	VLT CX	\$10K	1.00% ^f	Hold	\$22.44	0.3%	0.3%	-9.6%	2.3%	6.8%	4.8%	4.97%	2.65
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.46	-1.0%	-1.0%	-2.9%	2.1%	5.2%	6.1%	6.59%	1.69
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75% ^f	Buy	\$18.47	-0.1%	-0.1%	1.0%	—	—	5.0%	5.26%	1.89
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$21.41	1.6%	1.6%	0.8%	—	—	1.7%	0.90%	0.96
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.83	0.3%	0.3%	0.6%	0.7%	1.0%	0.8%	0.60%	0.12
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.08	0.7%	0.7%	1.2%	1.5%	2.1%	1.6%	0.93%	0.40
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.40	1.2%	1.2%	2.6%	3.2%	5.2%	2.9%	1.55%	0.73
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25% ^f	Hold	\$20.51	1.1%	1.1%	—	—	—	—	1.63%	—
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$11.86	1.2%	1.2%	3.3%	4.2%	6.6%	3.7%	2.13%	0.91
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.41	1.1%	1.1%	3.3%	4.3%	7.0%	3.7%	2.57%	0.90
CA Intermed. Tax-Exempt (5100)	VCA DX	\$50K	—	Buy	\$11.97	1.2%	1.2%	2.9%	3.7%	5.8%	2.8%	1.47%	0.74
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.32	1.2%	1.2%	3.6%	4.6%	7.3%	3.5%	1.96%	0.91
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.22	1.3%	1.3%	2.2%	3.6%	5.9%	3.6%	2.59%	1.03
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$12.02	1.2%	1.2%	3.6%	4.1%	6.1%	3.3%	1.88%	0.85
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$11.80	1.1%	1.1%	3.2%	4.2%	6.2%	3.6%	2.22%	0.84

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	1/29 Price	Jan. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$110.53	-9.0%	-9.0%	-10.5%	6.3%	7.9%	1.1%	—	1.28
S&P SmallCap 600 Growth	VIQG	Buy	\$99.35	-7.0%	-7.0%	-2.5%	10.0%	10.7%	1.1%	—	1.24
Russell 2000 Growth	VTWG	Hold	\$90.23	-11.6%	-11.6%	-10.0%	7.7%	8.2%	0.8%	—	1.57
SmallCap	VB	Hold	\$102.29	-7.5%	-7.5%	-9.1%	7.4%	8.5%	1.6%	—	1.22
S&P SmallCap 600	VIOO	Hold	\$93.09	-6.1%	-6.1%	-4.7%	8.9%	9.7%	1.3%	—	1.23
Russell 2000	VTWO	Hold	\$82.56	-8.5%	-8.5%	-9.5%	6.2%	7.3%	1.3%	—	1.37
SmallCap Value	VBR	Hold	\$92.48	-6.4%	-6.4%	-7.8%	8.1%	8.8%	2.1%	—	1.18
S&P SmallCap 600 Value	VIOV	Hold	\$87.47	-6.8%	-6.8%	-7.6%	7.6%	8.9%	1.4%	—	1.26
Russell 2000 Value	VTWV	Hold	\$73.53	-7.8%	-7.8%	-10.9%	4.0%	5.7%	2.2%	—	1.27
Extended Market	VXF	Sell	\$76.50	-8.7%	-8.7%	-9.9%	7.1%	8.1%	1.5%	—	1.22
Growth	VUG	Hold	\$100.00	-6.0%	-6.0%	-1.5%	11.9%	11.3%	1.4%	—	1.16
S&P 500 Growth	VOOG	Buy	\$98.46	-5.1%	-5.1%	1.6%	13.5%	12.4%	1.6%	—	1.07
Russell 1000 Growth	VONG	Hold	\$96.17	-5.7%	-5.7%	1.1%	12.8%	11.5%	1.6%	—	1.07
MegaCap Growth	MGK	Buy	\$78.41	-5.6%	-5.6%	-0.7%	12.4%	11.8%	1.5%	—	1.13
MidCap Growth	VOT	Buy	\$91.82	-7.9%	-7.9%	-7.5%	8.7%	8.4%	0.9%	—	1.16
S&P MidCap 400 Growth	IVOG	Buy	\$93.23	-5.8%	-5.8%	-4.5%	8.4%	9.3%	1.1%	—	1.08
MidCap	VO	Hold	\$110.97	-7.6%	-7.6%	-7.0%	9.5%	9.3%	1.6%	—	1.12
S&P MidCap 400	IVOO	Buy	\$88.46	-5.7%	-5.7%	-6.8%	7.9%	8.8%	1.5%	—	1.07
MidCap Value	VOE	Hold	\$80.05	-6.9%	-6.9%	-6.4%	10.2%	10.1%	2.2%	—	1.02
S&P MidCap 400 Value	IVOV	Buy	\$83.50	-5.6%	-5.6%	-9.4%	7.0%	7.9%	1.8%	—	1.14
S&P 500	VOO	Buy	\$177.75	-4.9%	-4.9%	-0.8%	11.2%	10.8%	2.2%	—	1.00
Russell 1000	VONE	Buy	\$88.49	-5.5%	-5.5%	-1.9%	10.7%	10.6%	2.0%	—	1.01
Dividend Appreciation	VIG	Buy	\$75.98	-2.3%	-2.3%	-0.8%	8.7%	9.7%	2.4%	—	0.93
High Dividend Yield	HYM	Hold	\$64.87	-2.8%	-2.8%	0.4%	10.8%	12.0%	3.3%	—	0.92
LargeCap	VV	Buy	\$88.48	-5.4%	-5.4%	-1.5%	10.9%	10.6%	2.1%	—	1.01
MegaCap	MGC	Buy	\$66.29	-5.0%	-5.0%	-0.6%	11.2%	10.8%	2.2%	—	1.01
Total Stock Market	VTI	Hold	\$98.33	-5.7%	-5.7%	-2.7%	10.5%	10.3%	2.1%	—	1.02
Russell 3000	VTHR	Hold	\$87.70	-6.3%	-6.3%	-3.4%	10.2%	10.2%	2.0%	—	1.04
Value	VTV	Hold	\$77.64	-4.8%	-4.8%	-1.7%	10.7%	10.3%	2.7%	—	0.95
S&P 500 Value	VOOV	Hold	\$80.87	-5.1%	-5.1%	-4.0%	8.4%	8.9%	2.5%	—	0.98
Russell 1000 Value	VONV	Hold	\$81.09	-5.3%	-5.3%	-5.3%	8.6%	9.5%	2.5%	—	0.98
MegaCap Value	MGV	Hold	\$56.42	-4.4%	-4.4%	-0.3%	10.2%	10.0%	2.7%	—	0.94
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$30.83	-5.7%	-5.7%	-20.5%	-9.0%	-5.4%	3.5%	—	1.36
Developed Markets	VEA	Sell	\$34.69	-5.5%	-5.5%	-6.5%	1.2%	1.9%	3.1%	—	1.08
European	VGK	Hold	\$47.11	-5.6%	-5.6%	-7.8%	0.9%	2.1%	3.4%	—	1.16
Pacific	VPL	Hold	\$53.29	-6.0%	-6.0%	-5.2%	1.4%	1.5%	2.6%	—	1.11
Total International Stock	VXUS	Hold	\$42.65	-5.5%	-5.5%	-9.6%	-1.2%	-0.2%	3.0%	—	1.08
Total World Stock	VT	Hold	\$54.24	-5.9%	-5.9%	-6.1%	4.2%	4.7%	2.6%	—	1.03
World ex-U.S.	VEU	Sell	\$40.98	-5.6%	-5.6%	-10.1%	-1.5%	-0.2%	3.1%	—	1.10
World ex-U.S. SmallCap	VSS	Hold	\$86.65	-6.7%	-6.7%	-6.1%	0.1%	0.2%	2.8%	—	1.11
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$115.43	-5.8%	-5.8%	3.3%	14.1%	15.5%	1.4%	—	1.20
Consumer Staples	VDC	—	\$129.07	0.0%	0.0%	7.4%	14.0%	15.0%	2.6%	—	0.88
Energy	VDE	—	\$79.98	-3.8%	-3.8%	-22.3%	-8.1%	-3.6%	3.3%	—	1.77
Financials	VFH	—	\$44.33	-8.5%	-8.5%	-3.7%	9.2%	7.8%	2.2%	—	1.10
Health Care	VHT	—	\$120.51	-9.3%	-9.3%	-4.4%	17.4%	17.9%	1.3%	—	1.29
Industrials	VIS	—	\$94.52	-6.4%	-6.4%	-6.0%	9.4%	8.9%	2.1%	—	1.11
Information Tech.	VGIT	—	\$101.93	-5.9%	-5.9%	2.5%	14.3%	11.0%	1.4%	—	1.23
Materials	VAW	—	\$84.75	-10.0%	-10.0%	-16.9%	0.9%	2.5%	2.6%	—	1.54
REIT	VNO	Hold	\$76.99	-3.4%	-3.4%	-7.5%	8.3%	10.3%	4.1%	—	1.29
Global ex-U.S. Real Estate	VNOI	Hold	\$48.66	-4.8%	-4.8%	-9.0%	-1.3%	3.2%	3.0%	—	1.07
Telecom Services	VOX	—	\$84.94	1.2%	1.2%	6.0%	9.2%	9.2%	3.5%	—	0.95
Utilities	VPU	—	\$98.34	4.7%	4.7%	-2.5%	11.4%	11.6%	3.5%	—	1.20
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.11	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%	0.84%	0.25
Short-Term Inflation Bond	VTIP	Hold	\$48.49	0.3%	0.3%	-0.5%	-0.9%	—	0.0%	0.21%	0.65
Short-Term Corporate	VCSH	Buy	\$79.15	0.2%	0.2%	0.5%	1.6%	2.5%	2.0%	2.26%	0.43
Short-Term Bond	BSV	Hold	\$80.20	0.8%	0.8%	0.8%	1.1%	1.6%	1.3%	1.40%	0.44
Int.-Term Government Bond	VGIT	Sell	\$65.82	2.1%	2.1%	1.3%	2.0%	3.4%	1.6%	1.54%	1.17
Int.-Term Corporate	VCIT	Buy	\$84.49	0.5%	0.5%	-1.6%	2.5%	5.0%	3.3%	3.62%	1.30
Int.-Term Bond	BIV	Hold	\$84.58	1.8%	1.8%	-0.2%	2.5%	4.6%	2.6%	2.60%	1.31
Total Bond Market	BND	Hold	\$81.73	1.2%	1.2%	-0.6%	2.0%	3.4%	2.4%	2.34%	1.01
Mortgage-Backed Securities	VMBS	Hold	\$53.37	1.2%	1.2%	1.8%	2.5%	3.0%	1.5%	1.85%	0.66
Long-Term Government	VGLT	Sell	\$78.52	5.2%	5.2%	-4.5%	5.4%	9.2%	2.6%	2.63%	3.77
Long-Term Corporate	VCLT	Hold	\$83.84	-0.4%	-0.4%	-10.2%	2.3%	6.5%	4.7%	4.98%	2.84
Long-Term Bond	BLV	Sell	\$88.84	2.3%	2.3%	-7.8%	3.5%	7.7%	4.0%	4.03%	3.05
Ext. Duration Treasury	EDV	Sell	\$122.74	8.4%	8.4%	-9.7%	8.0%	15.3%	2.9%	2.81%	6.30
Emerging Mkts. Gov't Bond	VWOB	Buy	\$73.73	-0.3%	-0.3%	0.7%	—	—	4.9%	5.26%	1.94
Total International Bond	BNDX	Hold	\$53.57	1.3%	1.3%	0.7%	—	—	1.6%	0.90%	0.95
Tax-Exempt Bond	VTEB	Hold	\$51.25	0.5%	0.5%	—	—	—	—	1.62%	—

DISTRIBUTIONS

Fund	Dist.
JANUARY REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.01
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.02
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.02
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.03
Total Bond Market Index	\$0.02
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.05
High-Yield Corporate	\$0.02
Emerging Markets Gov't Bond	\$0.03
Total International Bond	\$0.01
Admiral Treasury MM	\$0.00013
Federal MM	\$0.00021
Prime MM	\$0.00028
Tax-Exempt MM	\$0.00001
CA Tax-Exempt MM	\$0.00001
NJ Tax-Exempt MM	\$0.00001
NY Tax-Exempt MM	\$0.00001
OH Tax-Exempt MM	\$0.00001
PA Tax-Exempt MM	\$0.00001
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.01
Long-Term Tax-Exempt	\$0.04
High-Yield Tax-Exempt	\$0.03
CA Int.-Term Tax-Exempt	\$0.03
CA Long-Term Tax-Exempt	\$0.04
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.04
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.04
PA Long-Term Tax-Exempt	\$0.04
ETF DISTRIBUTIONS	
Short-Term Government Bond	—
Short-Term Corporate Bond	—
Short-Term Bond	—
Intermed.-Term Government Bond	—
Intermed.-Term Corporate Bond	—
Intermediate-Term Bond	—
Total Bond Market	—
Mortgage-Backed Securities Bond	—
Long-Term Government Bond	—
Long-Term Corporate Bond	—
Long-Term Bond	—
Emerging Markets Gov't Bond	—
Total International Bond	—
Tax-Exempt Bond	—

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

To Re or Not to Re, That Is the Question

IT MAY BE one of the most common questions investors ask every year as December turns to January. Should I rebalance or not?

The dramatic start to 2016, with **500 Index** dropping 5.0% and **Total Bond Market Index** gaining 1.4%, is an awfully good time to address this question. If, at the start of the year, your portfolio was evenly divided between these two funds, some rebalancing strategies would have dictated that you sell some of your bonds to buy more stocks at the end of January. Could you have done that, and would you have done that? You just put half your money to work in stocks, only to see it fall 5.0%, and now are supposed to buy more. Easier said than done. And that's one of the three lessons I hope you'll take away from this discussion of rebalancing: It's easy to dictate rules for investing in backtests, but much more difficult to execute them in real life.

The other two takeaways? First, rebalancing is all about managing risk, not improving returns—in fact, after costs and taxes, rebalancing almost certainly reduces your returns over time. Second, you may not need or want to rebalance like clockwork in the first place, but if you do, follow your strategy to the letter.

I'll come back to each of those points throughout this article, but let's start at the beginning. Rebalancing is a strategy where you determine an initial, desired allocation for your portfolio—say 50% stocks and 50% bonds—and then, over time, trade your portfolio back to that starting mix. To use the standard example, I looked at a 50/50 mix of stock and bond funds in a portfolio, using 500 Index and Total Bond Market Index as my proxies going all the way back to Total Bond Market Index's inception in December 1986. (**Total Stock Market** didn't see the light of day until April 1992, hence my use of 500 Index.) The chart above shows how that portfolio's allocations would have changed over



time if you never rebalanced. Stocks tend to outperform bonds, and hence 500 Index came to represent a larger and larger piece of the portfolio over time. For instance, at the end of 2015, that original 50/50 portfolio would have morphed into one with 73% of its assets in stocks.

Some investors, having seen the stock market outperform the bond market between 1986 and 2015 might say, "Well, I'm glad I have more money in stocks today." But that defeats the purpose of rebalancing, which is meant to support the original decision to have one's allocation be (in this case) a 50/50 mix, not a 73/27 mix.

The Vanguard Way

Vanguard loves rebalancing. It is one of the "disciplined investment principles" that its *Personal Advisor Service* follows in managing client portfolios. Vanguard's website regularly features articles and suggestions about the benefits that rebalancing provides (such as the moves you can make for yourself, or the regular rebalancing that occurs within its funds-of-funds as cash flows in and out).

Vanguard, of course, is not the only voice on rebalancing. The other robo-advisers, Betterment and Wealthfront, claim that, for instance, rebalancing can add 0.4% to your performance per year (though I think there's a lot

of cherry-picking that goes along with these studies).

The question of when, why and how you should rebalance your portfolio also garners plenty of media attention on a cyclical basis, and yet, despite all of the column inches devoted to the subject and nudges from fund companies, the conclusions are often the same: Sell your winners and buy your losers. Beyond that, there is absolutely no cut-and-dried strategy that wins the rebalancing wars, although there are plenty who'll tell you they've got the magic formula.

And by the way, that formula keeps changing. In managing its ETF strategic portfolios (yes, Vanguard has ETF-only portfolios) Vanguard switched from semiannual to quarterly to monthly rebalancing over time. You'll find other rebalancing approaches employed and promoted within the firm. Even Vanguard doesn't have a single preferred strategy.

But let's ask the basic question: Is rebalancing really a panacea? And if so, what kind of rebalancing is best?

Dan and I spent some time digging into the numbers you'll see below, but we've come to the conclusion that long-term investors never need to rebalance. (Well, almost never, and I'll get to that in a minute.) As Vanguard founder Jack Bogle has said, "Formulaic rebalancing with precision is not necessary."

Managing Risk

Proponents of rebalancing often say that is a disciplined way to sell high (selling what has done well) and buy low (buying what has lagged). And buying low and selling high has always been the formula for boosting returns. As you'll see, rebalancing is really all about risk control—by sticking to a targeted allocation between stocks and bonds, the argument follows, you can effectively manage the overall risk or volatility of your portfolio through continuing market cycles. In the end, however, you don't end up improving returns through systematic rebalancing,

because over long periods of time you tend to sell assets with greater return potential (stocks) to buy something that will likely return less (bonds).

To say that there are myriad rebalancing strategies foisted upon the investing public would be a vast understatement. The two most common rebalancing schemes focus on either the calendar (instructing investors to rebalance every month, six months, year, or three years) or on how far your portfolio allocation skews beyond a percentage threshold you've established, say 5% or 10%.

Vanguard published a whitepaper, *Best Practices for Portfolio Rebalancing*, which examined various rebalancing strategies. In the end, the authors recommend combining the two standard approaches: Review your portfolio on a periodic basis, and if the portfolio allocation has skewed 5% at that time, then rebalance.

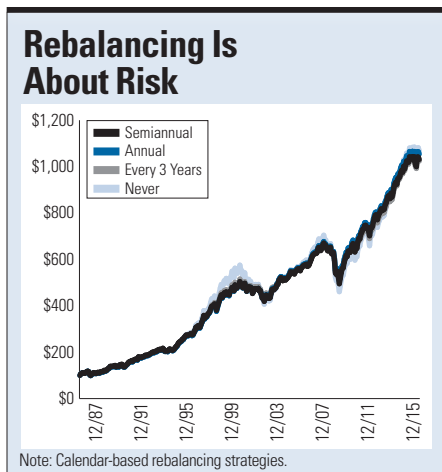
Here's the issue: While these suggestions sound great on paper, in the real world their efficacy is suspect. Let's take each recommendation in turn.

Time-Dependent Rebalancing

Let's start with the impact of time-dependent rebalancing on the same 50/50 stock/bond fund portfolio I described above.

I have set up a few rebalancing scenarios. In the first, I rebalanced the portfolio every six months—once in January, and again in July. In the second test, I rebalanced once a year in January, and in the third I took the long view and rebalanced every third January. Naturally, I also compared the results of these strategies with the “never rebalanced” portfolio. (Also, you may be wondering why I picked January for rebalancing. I figured that if it's a mechanical system, it's best to make your trades after December distributions have been paid out and the tax year has turned.)

What you can see in the chart above is that after nearly 30 years through the end of 2015, the differences between several regular rebalancing strategies and the no-rebalancing strategy are pretty minor. And, other than at market extremes, like the late-1990s period before the bursting of the tech bubble



and the decline from the top of the market in October 2007, it's pretty hard to distinguish one line in the chart from another.

The data in the table below confirms it. Whether you are comparing the total returns, the rolling one-, three- and five-year returns or the maximum cumulative losses (MCL) between the rebalancing strategies over the entire period, you can't definitively say that one rebalancing method trumps another. And, as I said at the outset, rebalancing is all about controlling risk. Each rebalancing strategy yielded a meaningfully smaller maximum cumulative loss (MCL) than the 34.5% decline suffered by the no-rebalancing strategy. However, all slightly underperformed the no-rebalancing portfolio, though

the differences were tiny. For instance, the annual rebalancing strategy generated a total return over the entire period that was just 5 basis points, or 0.05%, per annum off the pace of the no-rebalancing strategy. On a \$100 initial investment that translates into a difference of \$14 at the end of the 29-year period—\$1,067 vs \$1,054.

A non-trivial piece missing from my calculation is the impact of taxes from rebalancing's trading activity. Assume even a small amount of taxes, and the rebalancing strategies fall further behind the no-rebalancing strategy in terms of total performance.

So, from a volatility and drawdown standpoint, rebalancing does have a risk-reducing effect on a portfolio if you happen to go through a big enough bear market—you won't hit the same interim heights, but neither will you experience the same interim losses.

Hitting Your Threshold

Okay, that's the periodic rebalancing strategy. What about the one that says you should rebalance when your allocations are 5%, or even 10%, out of whack? This is a popular recommendation, but the results really aren't all that different from the calendar-based approaches.

Again, I took a 50/50 portfolio and set up two scenarios beyond simply >

Rebalancing Strategy	ROLLING RETURNS				Terminal Value of \$100	Annualized Return	Basis Pt. Diff.	MCL
	1-month	1-year	3-year	5-year				
Semiannual rebalancing								
Best	7.3%	30.2%	20.6%	17.9%				
Average	0.7%	8.7%	8.6%	8.4%				
Worst	-9.7%	-22.2%	-4.8%	-1.0%	\$1,031	8.37%	(13)	-26.1%
Annual rebalancing								
Best	7.3%	30.9%	20.8%	18.1%				
Average	0.7%	8.8%	8.7%	8.5%				
Worst	-11.3%	-21.3%	-4.5%	-0.8%	\$1,054	8.45%	(5)	-25.2%
Rebalancing every 3 years								
Best	7.3%	32.0%	21.6%	18.7%				
Average	0.7%	8.7%	8.6%	8.4%				
Worst	-11.3%	-19.4%	-3.8%	-0.3%	\$1,024	8.35%	(16)	-23.6%
Never rebalancing								
Best	7.7%	36.6%	24.0%	21.3%				
Average	0.7%	9.1%	8.8%	8.4%				
Worst	-11.8%	-28.5%	-9.0%	-2.6%	\$1,067	8.50%	—	-34.5%

Note: Multiyear returns are annualized.

► buying and holding. The first required a reset to 50/50 whenever the difference between stock and bond allocations was 5% or greater. The second trigger for an adjustment was a 10% allocation differential. Not surprisingly, you can see the static portfolio's outperformance surging in the late 1990s and its minor underperformance from the depths of the recent bear market in the chart below to the right, which looks a lot like the chart on page 13 of the calendar-based rebalancing strategies.

The numbers in the table below confirm that periodic and threshold rebalancing get you to the same place with similar risks. As I said before, rebalancing is about risk control, not improving returns—and no single rebalancing strategy trumps another.

The threshold strategy is popular in the press and academia, but consider the kind of trading this strategy generates. As I go through the numbers, ask yourself whether you could or would follow such a strategy on your own.

Obviously, if you don't rebalance, there are no trades required. But if you decided to trade your 50/50 portfolio whenever the allocations between stocks and bonds broadened out by 10% or more, you'd have made 16 trades over the past three decades or so. That sounds pretty reasonable, right? Heck, even a strategy that rebalanced on 5% spreads would have generated just 46 trades, or fewer than two per year. That sounds doable, right?

The trouble is that rebalancing on percentage thresholds can mean going years without a trade, and then making a flurry of changes. And it can mean making trades at times when those trades are the hardest to execute. Take a look at the table below. As mentioned, while the 10% strategy only necessitated 16 trades in nearly three decades,

the shortest period between trades was just three months, and the longest was more than eight years.

Consider that following the 10% strategy would have dictated trading *into* stocks at the end of October 2008, after the market fell 24.2% in September and October. Could you have done that? Would you have done that? How about in February 2009, when the portfolio you rebalanced in October once again was more than 10% out of whack? Would you have had to nerve to buy stocks at what, in retrospect, was the absolute bottom of the financial crisis bear market? As I said, it's easy to talk about rebalancing—it's a lot harder to do it, particularly in periods when it provides the most benefit.

Okay, maybe 10% is too much. How about 5%? Well, those 46 trades, which average out to about one trade every seven months, or less than two per year, didn't occur with lots of regularity either. In fact, during 2008 and 2009 alone, you'd have executed nine trades. And that meant selling bonds to buy stocks into the teeth of the credit crisis in 2008 and early 2009, only to turn around and sell stocks to buy bonds as markets rebounded in late 2009. Easier said than done.

As I mentioned at the outset, therein lies the main issue with rebalancing strategies of all stripes: The investor can at times be his own worst enemy. I'll return to this point after looking at Vanguard's latest rebalancing recommendation.

Combine the Two?

As I mentioned, Vanguard's latest advice combines both a periodic review with the threshold strategy. Specifically, Vanguard concludes that "for most broadly diversified stock and bond fund portfolios...**annual or semiannual monitoring, with rebalancing at 5% thresholds**, is likely to produce a rea-

sonable balance between risk control and cost minimization for most investors. Annual rebalancing is likely to be preferred when taxes or substantial time/costs are involved."

Vanguard's whitepaper has some numbers in it, but of course Dan and I wanted to take our own look. We put our 50/50 portfolio through Vanguard's recommended strategies: First, rebalancing annually in January if the difference between stock and bond allocations was 5% or greater at the end of the year. Then running the same exercise, but looking to rebalance in both January and July if the portfolio was past the 5% skew. As you can see, the top left chart on the next page doesn't look all that different from either the periodic or threshold-only charts.

Following the annual review with rebalancing at a 5% threshold would have seen you trade the portfolio in 18 out of the 29 years, or 62% of the time. And reviewing the portfolio semiannually would've resulted in 23 trades. So combining the periodic and threshold approaches does reduce the number of times you trade, versus either strategy individually, but at the end of the day, you are winding up in the same place.

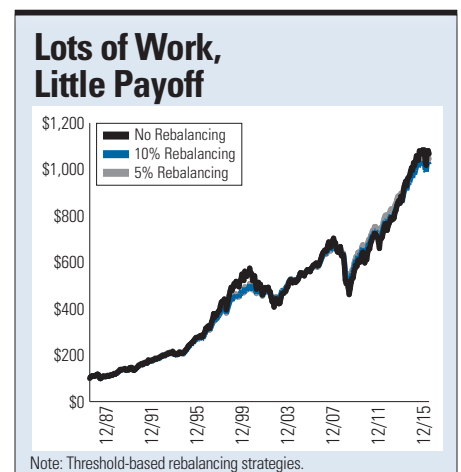
Trading Has Its Costs

The strongest argument against becoming a rebalancing fanatic is cost—something which I don't believe gets enough analysis in all the blather over rebalancing. So far when conducting this analysis, I assumed that all distributions were reinvested along the way, and did not factor in transaction fees or taxes on

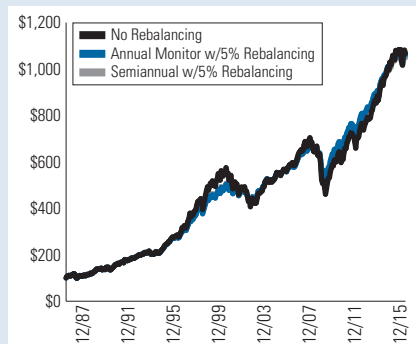
Easy on Paper, Not So Easy To Do

	Avg. Mos. Trades	Fewest Mos. Trades	Most Mos. Trades	Terminal Value of \$100	Annualized Return	Basis Pt Diff.	MCL
No rebalancing	0	—	—	\$1,067	8.50%	-34.5%	
Rebalancing on a 10% spread	16	22	3	\$1,020	8.33%	(17)	-28.4%
Rebalancing on a 5% spread	46	7	1	\$1,045	8.42%	(8)	-26.9%

Note: Table shows results for a portfolio allocated 50/50 to 500 Index and Total Bond Market from Dec. 1986 through Dec. 2015.



Vanguard's New Way, Not So Different



Note: Combine calendar-based reviews with threshold rebalancing.

realized gains from trades. But these are both key issues to consider when thinking about a rebalancing strategy.

I have never seen an analysis of the tax cost of rebalancing, but I have tried to roughly calculate what it might look like for Vanguard's latest recommendation for taxable investors—annual rebalancing with a 5% threshold. I ran through the same analysis above, but this time assumed no tax consequence when selling bonds to buy stocks, while counting each dollar sold when selling stocks to buy bonds as a capital gain. I then applied a flat 20% tax rate to those capital gains. (Note: I assumed no tax consequence when selling bonds to keep this a conservative estimate and because, when calculating cost basis, bond funds rarely have large capital gains after you've reinvested income distributions.) The chart to the right shows just how much of a cost taxes can be when following a rebalancing strategy. This back-of-the-envelope calculation of tax impacts reduced the rebalanced portfolio's growth rate by about 45 bps per annum—which, as you can see, really adds up over time.

Of course, there are other costs and fees to consider besides taxes—so even if you are investing in a retirement account, you need to have your eyes open. For instance, do funds in your portfolio have front- or back-end loads or short-term trading fees? Could you end up buying into a fund just before it pays a distribution, or selling just after? (Many funds still pay quarterly, and if you're rebalancing in a taxable account, this could create additional headaches.) Does your IRA,

Still No Difference in Outcome

	Trades	Terminal Value of \$100	Annualized Return	Basis Pt Diff.	MCL
No rebalancing	0	\$1,067	8.50%	—	-34.5%
Annual w/5% Spread	18	\$1,060	8.48%	(2)	-25.1%
Semiannual w/5% Spread	23	\$1,048	8.43%	(7)	-25.9%

401(k) or any other tax-free account have limits on how frequently you can trade? These are all questions you should be asking yourself if you choose to develop a rebalancing strategy.

One Strategy to Rule Them All?

I know that I've argued throughout this article that no single rebalancing strategy is definitively superior to another, but there might just be one method that works best for taxable investors. One of the simplest methods, and one Dan has recommended for years, is to make sure your funds pay distributions into a money market fund rather than automatically reinvesting, and then redirecting that cash to underweighted funds. This does involve some work on your part to actually reinvest those cash distributions into the underweight funds (though probably no more work than any other rebalancing system), and, as we've seen lately, you have to ensure Vanguard is correctly following your instructions when it comes to how they handle your distributions, but this strategy can go a long way to keeping your portfolio allocation in check without having to sell your winners to buy the losers.

Vanguard explored this rebalance-through-distributions approach in the whitepaper, and to my eye, it did just as

well as any other rebalancing strategy that was reviewed—and almost certainly comes out ahead after taxes.

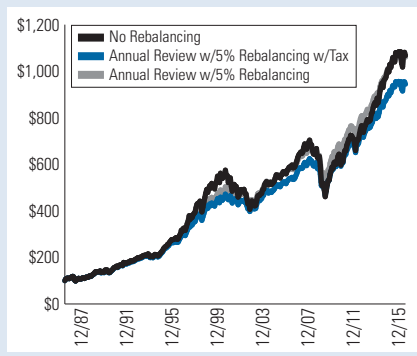
Of course, in all of these examples we've assumed a starting portfolio that never sees money flow in or out over three decades, and, well, that just doesn't reflect reality—which opens up other doors for rebalancing. If you are contributing to a portfolio, you can make new investments into the underallocated funds in your portfolio. Or, if you're at the point where you're drawing on the portfolio for income, you might want to make withdrawals from your winners to reduce their allocation. (This, of course, will generate its own tax bill, but you can't avoid taxes forever if you're drawing down your account.) These kinds of moves will be the most effective in keeping taxes and expenses down when compared to making numerous mechanical trades over the course of a year.

Remove Emotion From the Equation

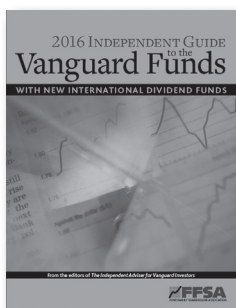
I mentioned this earlier and want to repeat it. Emotions play a huge part in rebalancing, and it's that human factor which often gets overlooked. It's easy to calmly discuss rebalancing a hypothetical portfolio, as the press and Vanguard are wont to do, but when it comes to reality, many investors may find the idea counterintuitive, as it requires you to reward the losers in your portfolio with more money while reducing your exposure to the proven winners. And often it means doing so at times of market tumult.

To take an extreme example, any rebalancing strategy, and not just the ones I mentioned above, would have had you selling bonds to buy stocks in 2008 and early 2009—a time when many investors found it hard enough to just stick with their investments at all. To soften the example, if you have a fund in your portfolio that's been [▶](#)

Costs Eat Away at Rebalanced Portfolios



The Ultimate Fund Guide



WITHOUT TURNING ON A COMPUTER, without even looking up a telephone number, you can have at your fingertips all the data on your favorite Vanguard funds—with the new FFSA **2016 Independent Guide to the Vanguard Funds**.

This year, we have more data than ever, including our proprietary risk and return statistics like rolling returns and Maximum Cumulative Loss (MCL), plus our take on new funds Vanguard plans to launch, such as **Core Bond, Emerging Markets Bond, International Dividend Appreciation Index** and **International High Dividend Yield Index**.

Even with our huge computer files and access to fund managers, my co-editor Jeff DeMaso and I still find ourselves thumbing through the annual guide to find that quick MCL statistic, fund correlation, or even a total return figure for 2006.

My *2016 Guide* is a great resource for me, and for you. Call Customer Service at 800/211-7641 for all the details on how to sign up for the guide.

➤ outperforming month after month, you're probably not going to want to sell it to invest the proceeds in a fund that's been losing you money. But the standard theory of rebalancing requires that you do exactly that, and not just once, but over and over and over. As former Vanguard Chairman Jack Brennan once said, "If you are going to rebalance, you have to be absolutely clinical, or you are better off not doing it." Amen to that.

Of course you could take the more laid-back route and rarely rebalance—if at all—so long as you have a tolerance for the increased volatility that is part of an un-rebalanced portfolio. And when you figure the tax bill on frequent trades, your freewheeling strategy could come out substantially ahead. As the data shows, going with the flow isn't that bad of an idea.

Checking Your Target

Several more things to consider: If you do choose to rebalance on a set schedule, is your target allocation still appropriate—do you still have the same investment goals as when you first started using a rebalancing approach? Just because you picked a certain allocation at one point doesn't mean that it suits your purposes now.

Are you prepared for the headaches and tax implications of making multiple trades per year? While Vanguard allows you to make trades online, you still open yourself up to having to review those trades, track all of the changes to make sure there weren't any errors (on your part or Vanguard's) and fill out extra lines on your tax return for every capital gain realized. This seems like a lot of extra hassle for a modest reduction in risk and a likely reduction in total return.

So is rebalancing necessary? Even though the media and Vanguard may have you think so, when you look at the evidence, the benefit is all about risk, and there is little benefit when it comes to the portfolio's returns, particularly after factoring costs and taxes.

My recommendation would be to make strategic rather than regular or systematic trades over the course of several years, as Dan and I try to do in the *Model Portfolios*.

I have to quote Jack Bogle once again. As he has concluded, "Rebalancing is a personal choice, not a choice that statistics can validate."

Eloquently put, something Dan's been saying for a very long time, and something that Vanguard itself should take to heart. ■

DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ Our 2016 *Hot Hands* fund, **International Explorer**, has been on a roll. If you are following the strategy, buy it. Jeff and I are weighing our options but are sticking with longtime holding **International Growth** for now. (See page 1)
- ✓ I applaud Vanguard for trimming the manager ranks at **Explorer** and **Morgan Growth**, but there are still too many chefs stirring those pots for my money. (See page 7)
- ✓ If you rebalance, follow your strategy to the letter. Despite what Vanguard and the press may have you believe, rebalancing isn't a requirement for investment success. (See page 12)



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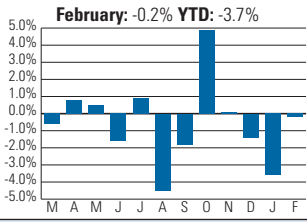
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MARCH 2016

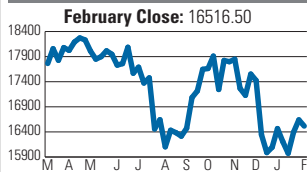
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AVERAGE VANGUARD INVESTOR*

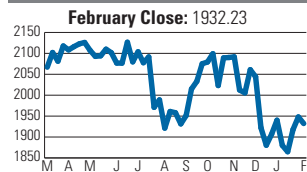


*See the footnotes on page 2.

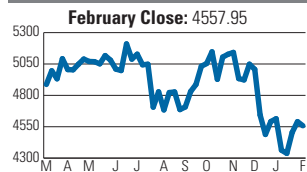
DOW JONES INDUSTRIALS



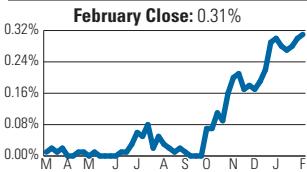
STANDARD & POOR'S 500



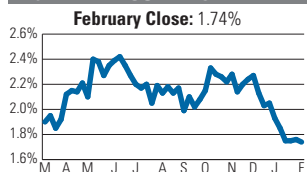
NASDAQ COMPOSITE



3-MO. TREASURY BILL YIELD



10-YR. TREASURY NOTE YIELD



Dislocation Strategy

AFTER JANUARY'S DECLINE, February continued to grind investors down—for a while anyways. By month's end, the Dow squeaked out a 0.3% gain, while the S&P index dropped 0.4%. **Total Stock Market Index**, which had been down as much as 11.3% for the year, ended the month off 5.7%, cutting that loss in half.

Now, here's a question: Did you take advantage of the opportunities afforded by this manic market? Did you trim from some of your best performers and add to the laggards? If you're like most investors, you didn't, because, well, it's hard to sell your winners and buy your losers.

But trades like that are exactly what long-term investors do when the markets hand them a gimme. For instance, just two weeks into the month, **Capital Opportunity** was down 15.6% on the year. By comparison, **Dividend Growth** had fallen just 6.6%.

From February 11, when the aforementioned funds were scraping bottom, through the end of the month, Capital Opportunity rebounded 8.6%, while Dividend Growth gained 4.3%. Having trimmed some of the latter to buy some of the former (or just plowing more money into the bigger loser) may turn out to have been a great move.

I spoke about just this situation with *Barron's* last week. While the article is behind a paywall, you can see my video interview here: <http://bit.ly/1ncQ5qg>. Personally, I was adding significantly to my PRIMECAP Management-run funds, which accomplishes the same thing. And I think that move is going to pay off.

The issue, of course, as Jeff so neatly explained last month in his rebalancing discussion, is that investors often don't do what's best for their long-term financial health, because they

SEE **DISLOCATION** PAGE 3 >

HIGH YIELD

High Yield: Opportunity or Trap?

GIVEN THE LETTERS I've read lately, I'm not at all surprised that some investors have begun to believe that a holding in junk bonds, like those owned by **High-Yield Corporate**, is a fool's errand. The junk bond market is under pressure as a host of smaller energy companies (like those in the shale industry) are teetering on the brink of default. In particular, FFSA members have asked whether we should continue to hold onto High-Yield Corporate in our *Conservative Growth Model Portfolio* and *Income Model Portfolio*.

Jeff and I posted some data on high yield to our members-only website at the start of February. Now, we want to update that data further.

First, to reiterate, our view hasn't changed. The answer to the question of whether we should continue to hold and even buy more of High-Yield Corporate is yes.

SEE **HIGHYIELD** PAGE 4 >

GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	7,547	\$21.84	\$164,823	22%	0.3%
Capital Opportunity	VHCOX	3,193	\$47.07	\$150,311	20%	0.5%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$93.71	\$135,392	18%	0.5%
Selected Value	VASVX	5,415	\$24.29	\$131,525	18%	2.3%
International Growth	VWIGX	4,504	\$19.15	\$86,245	11%	-1.7%
Health Care	VGHCX	294	\$196.70	\$57,876	8%	-2.0%
Short-Term Inv.-Grade	VFSTX	2,372	\$10.60	\$25,142	3%	0.2%

TOTAL **\$751,315**

CURRENT PERFORMANCE	Feb. 0.3%	YTD -6.2%	1-yr -8.3%	3-yr 9.8%	5-yr 8.8%
Risk last 24 months	0.97		Risk since inception	0.97	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

CONSERVATIVE GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	5,663	\$21.84	\$123,670	24%	0.3%
Capital Opportunity	VHCOX	2,421	\$47.07	\$113,974	22%	0.5%
Selected Value	VASVX	2,718	\$24.29	\$66,015	12%	2.3%
S&P MidCap 400 ETF	IVOO	686	\$89.64	\$61,479	12%	1.3%
International Growth	VWIGX	2,291	\$19.15	\$43,867	8%	-1.7%
Health Care	VGHCX	210	\$196.70	\$41,368	8%	-2.0%
High-Yield Corporate	VWEHX	7,553	\$5.46	\$41,241	8%	0.5%
Short-Term Inv.-Grade	VFSTX	2,975	\$10.60	\$31,534	6%	0.2%

TOTAL **\$523,149**

CURRENT PERFORMANCE	Feb. 0.4%	YTD -5.5%	1-yr -7.5%	3-yr 9.0%	5-yr 8.7%
Risk last 24 months	0.89		Risk since inception	0.82	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	4,511	\$21.84	\$98,526	25%	0.3%
PRIMECAP Core	VPCCX	4,355	\$19.54	\$85,091	22%	0.1%
Int-Term Investment-Grade	VFICX	7,686	\$9.76	\$75,016	19%	0.6%
High-Yield Corporate	VWEHX	7,056	\$5.46	\$38,528	10%	0.5%
Short-Term Inv.-Grade	VFSTX	2,779	\$10.60	\$29,460	8%	0.2%
Health Care	VGHCX	139	\$196.70	\$27,248	7%	-2.0%
International Growth	VWIGX	1,154	\$19.15	\$22,099	6%	-1.7%
MidCap Index	VIMSX	344	\$30.71	\$10,569	3%	1.2%

TOTAL **\$386,537**

CURRENT PERFORMANCE	Feb. 0.1%	YTD -3.3%	1-yr -4.1%	3-yr 7.6%	5-yr 8.1%
Risk last 24 months	0.65		Risk since inception	0.60	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
S&P MidCap 400 Growth ETF	IVOG	772	\$93.71	\$72,338	23%	0.5%
Dividend Appreciation ETF	VIG	830	\$76.84	\$63,753	20%	1.1%
S&P MidCap 400 Value ETF	IVOV	679	\$85.58	\$58,100	19%	2.5%
S&P 500 Growth ETF	VOOG	503	\$97.71	\$49,180	16%	-0.8%
Total International Stock ETF	VXUS	804	\$41.60	\$33,449	11%	-2.5%
Health Care ETF	VHT	196	\$119.88	\$23,440	7%	-0.5%
Short-Term Corporate ETF	VCSH	140	\$79.22	\$11,101	4%	0.2%

TOTAL **\$311,361**

CURRENT PERFORMANCE	Feb. 0.4%	YTD -4.6%	1-yr -8.5%	3-yr 8.8%	5-yr 8.4%
Risk last 24 months	0.96		Risk since inception	1.03	

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	2/29 Price	Feb. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$35.01	-1.9%	-12.4%	-13.9%	7.0%	7.8%	Capital Opp.
Artisan MidCap Value	ARTQX	\$18.22	2.6%	-2.8%	-14.9%	3.0%	5.7%	Selected Value
Polaris Global Value	PGVFX	\$19.91	0.2%	-5.9%	-10.2%	8.1%	7.7%	Global Equity
Fidelity International SmallCap	FISMX	\$20.83	0.2%	-5.8%	-4.6%	6.8%	4.5%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$14.00	-0.4%	-6.2%	-2.4%	7.3%	6.9%	International Expl.
T. Rowe International Discovery	PRIDX	\$49.62	-2.0%	-8.0%	-2.5%	6.0%	6.2%	International Expl.
Hartford Healthcare	HGHAX	\$29.84	-2.1%	-14.9%	-10.8%	18.5%	17.3%	Health Care
ICON Healthcare	ICHCX	\$13.43	-0.6%	-10.0%	-14.9%	15.2%	15.6%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$24.54	-0.5%	-10.2%	-8.0%	11.8%	10.4%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$29.40	1.3%	-9.3%	-10.5%	16.2%	14.5%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$22.11	0.4%	-6.4%	-7.6%	11.1%	10.0%	PRIMECAP Core
Fidelity High Income	SPHIX	\$7.73	-0.3%	-1.8%	-9.5%	-0.4%	2.9%	High-Yield Corporate

THIS MONTH'S CHANGES

None.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to invest exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. **3-year** and **5-year returns** are compound, annualized returns. **Risk** is *Model Portfolio* volatility against the S&P 500 index. Flagship investors may open new accounts in all closed funds in the model portfolios, though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. With **Capital Opportunity** (and *PRIMECAP Odyssey Aggressive Growth*) closed I recommend investors consider *PRIMECAP Odyssey Growth* (POGRX) as a replacement. *PRIMECAP Odyssey Stock* (POSKX) is the preferred replacement for **PRIMECAP Core**. Both can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

worry too much about their short-term financial wealth. Going against the grain of our emotions is what makes investing so challenging.

Those challenges remain, particularly when you consider all the naysaying that's making headlines in the current highly charged political environment. Yet, as Warren Buffett writes in his annual letter to Berkshire Hathaway shareholders released this past weekend, "For 240 years, it's been a terrible mistake to bet against America, and now is no time to start. America's golden goose of commerce and innovation will continue to lay more and larger eggs."

Amen. In fact, to my way of thinking, some of those innovations will come from companies in the tech and medical fields that populate portfolios of funds like Capital Opportunity and **Health Care**.

As we head into March, the U.S. economy is on solid ground. Unemployment is low, as are interest rates. Consumer balance sheets are strong, and the housing and auto industries are vigorous. Even inflation has begun to turn higher, and despite what some pundits might say, that's a good thing for our economy and for the markets. I'm sticking with my fund and overall portfolio recommendations, and suggest you stick with me on that.

A Fund for Retirement?

Retirement investors must be pretty fed up with **Managed Payout**. The much-manipulated fund's 2016 monthly distribution, paid out mid-month, is unchanged from 2015 at a little under

six cents per share (\$0.0589) after a small increase last year. However, Vanguard now says that 94% of that distribution is a return of capital, versus about 57% last year. What this means is that Vanguard is unable to generate enough current income to keep the distribution even without dipping into capital. That's not surprising, given where interest rates are. But it's also a problem, since Managed Payout's entire raison d'être is to produce a consistent 4% dividend regardless of where it comes from. In my eyes, Managed Payout remains a lousy investment.

Vanguard's directors apparently agree. Not a single one owns, or has ever owned, the fund or its predecessor funds. If the Vanguard board doesn't see fit to put a single, solitary dollar into Managed Payout, why would you? The fund has the single worst record among Vanguard's balanced funds and has generated less than half the total return of **Wellesley Income** since inception. In fact, Vanguard's disclaimer on Managed Payout is longer than that for virtually any other fund except **Market Neutral**, which, of course, is a component of the Managed Payout fund. Investors haven't been fooled. Managed Payout is barely taking in new money, and assets have stagnated at about \$1.6 billion—hardly a roaring success. I'd stay away.

As you know, I've been warning for some time that you need to keep an eye on your accounts, particularly if you "consolidated" your brokerage and mutual fund accounts as Vanguard has requested you do. Now there's more to worry about. According to an article by investigative reporter Susan

Antilla for *The Street*, Vanguard sent 71 emails about 57 different clients' financial transactions ranging from \$3 to \$50,000 to a single shareholder, who says none of the emails were about his own accounts. Vanguard's response was to term it a "one-time, isolated matter," and put the blame on an unidentified system error.

Listen, whether Vanguard is obfuscating or not, the simple truth is that when expenses are super-low, something has to give, and one place that may be having an impact is in Vanguard's information technology department. Hiding behind the veil of a "one-time, isolated matter" may calm investors this time, but I remain unconvinced and recommend, yet again, that you keep a very close eye on your accounts and any transactions that take place within them. If you suspect anything, document your suspicions and call Vanguard immediately.

A note to me won't hurt, either, because if there's one thing Vanguard hates, it's negative press. Jack Bogle was always fond of quoting Supreme Court Justice Louis D. Brandeis, who said, "Publicity is justly commended as a remedy for social and industrial diseases. Sunlight is said to be the best of disinfectants; electric light the most efficient policeman."

I couldn't agree more.

And finally, Jeff and I thought Vanguard had filed documents with the SEC to finally launch the promised **International Dividend Appreciation Index** and **International High Dividend Yield Index** funds and ETFs, but so far they haven't seen the light of day. We'll keep you apprised in the *Hotline*. ■

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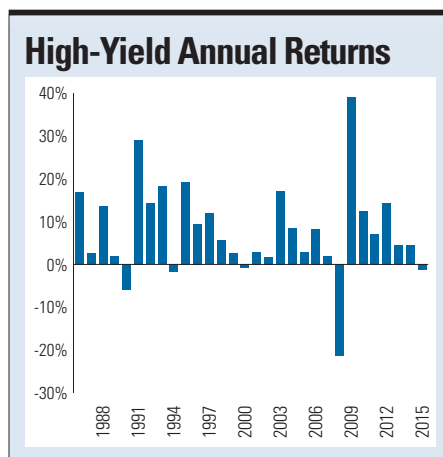
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Now, let's look back, and then forward. To review, since we bought High-Yield Corporate at the end of September 2011 through the end of February 2016, our 30.0% gain nearly tripled **Total Bond Market Index's** 11.2% return.

What's happening in the high-yield (or junk bond) market right now is related to the energy sector more than anything else. With the U.S. economy fundamentally sound, there isn't that much to be concerned with in terms of the economy sinking the prospects of most high-yield borrowers. However, there is a segment of the high-yield market that is represented by oil drillers, and in particular smaller companies in the fracking business and oil-field service sectors, which are undercapitalized. These riskier borrowers are in trouble as falling oil prices have made their wells uneconomical. It's a given that defaults among this group of borrowers will be rising. That's not a surprise, and it's already priced into the market.

We've seen a similar cycle in high yield before. In the late '90s, the Internet was going to change the world, and so money poured into telecom and tech companies. When the boom came to an end, a lot of smaller, less-established telecom and tech companies that borrowed money in the good times weren't able to pay back their loans. The overall high-yield bond market saw prices decline as investors sold indiscriminately, but the lasting pain of defaults was largely limited to the telecom and tech sectors.



This time around, new drilling technologies and a concerted effort to develop energy independence were going to change the game. Money poured into the energy sector, and loans were made that probably shouldn't have been or at a minimum were predicated on energy prices remaining at elevated levels.

Today, the overall high-yield bond market is feeling some pressure as investors shoot first and ask questions later, but one sector's woes do not necessarily spell rolling defaults across the market—and in this case, lower oil prices may hurt the oil-service companies while bolstering other companies that benefit from lower oil input prices.

At the end of 2015, bonds in the energy sector represented just 9.1% of High-Yield Corporate's portfolio. And the bulk of the fund's assets are not invested in the junkiest portions of the junk bond market. In the realm of junk bond funds, Vanguard's is pretty plain-vanilla and is not out reaching for the highest-yielding bonds with the junkiest credit ratings. But that doesn't mean it can't lose money from time to time.

To give you a sense of periods when the fund has generated negative total returns, since the financial crisis, High-Yield Corporate has only seen a dozen six-month periods when returns were negative. January and February mark the end of the 13th and 14th such six-month periods. So I understand your concern if you aren't taking a longer view.

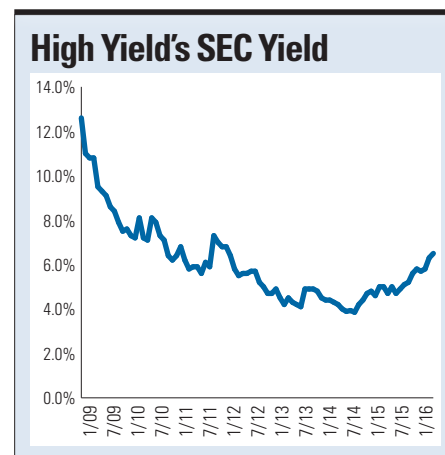
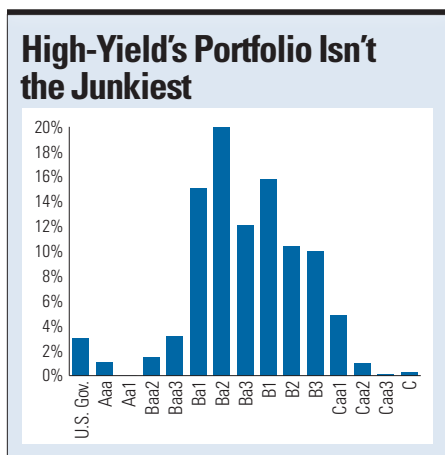
Though the fund only declined 1.0% in January and gained 0.1% in February, it was down more than 2% midway through both months. While unsettling

to some investors, that's not actually all that unusual. Since its December 1978 inception, High-Yield Corporate has seen 38 monthly declines of 2% or more. Four of those have been during our latest holding period.

On the other hand, High-Yield Corporate has never seen consecutive calendar-year losses in its history. The 1.4% decline in 2015 was the second-smallest calendar-year loss the fund has ever suffered, and only the fifth in three decades. I recently discussed the high-yield markets with a very astute portfolio manager, who made a terrific point that the math in the high-yield bond market works particularly well in investors' favor so long as they can think long-term. He made the observation that as junk bond prices fall and yields rise, and as the yield on your junk bond fund rises, it becomes harder and harder for the fund to actually lose money in the ensuing 12 months.

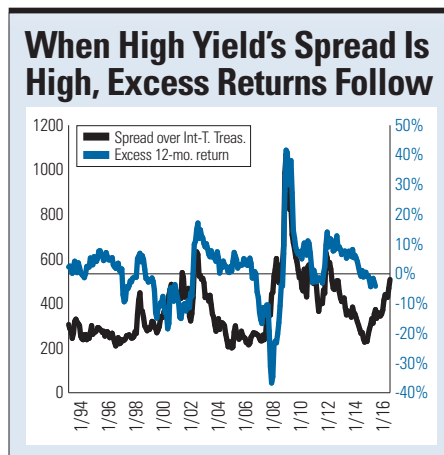
Think about it. At the end of 2014, High-Yield Corporate's SEC yield was 5.04%. But the fund's share price fell 6.7% in 2015, one of the largest declines in the fund's history. The fund lost 1.4% (not 1.7%, because yields continued to rise over the course of the year) on a total return basis in 2015, as I said.

But at the end of 2015, High-Yield Corporate's SEC yield had risen to 6.27% from a low of 3.85% just 18 months earlier. The fund's price will have to fall more than 6.3% during 2016, which in itself would be a huge decline, before it generates a loss on the year. It's extremely rare to see back-to-back price declines of that magnitude.



I don't believe there is much news that isn't already built into the prices of most high-yield bonds at this point. Oil has already come close to touching \$25 per barrel. Frackers and their ilk have already shut down wells and begun the process of trying to work out their debt loads. Unless there is another huge downtick in the price of oil, which I can't really see happening, most of the bad news is, as I said, already built into junk bond prices.

This bad news is reflected in the yield you are being paid—High-Yield Corporate's 6.56% SEC yield is 5.42%, or 542 basis points, more than **Intermediate-Term Treasury's** 1.14% yield. The black line in the graph to the right shows this difference in yield (or spread) over the past 22 years. As



you can see, spreads have only been this wide on three other occasions in the past two decades: 2002, 2008–09, and 2011 (when I first purchased the fund in the *Model Portfolios*). It is

certainly possible that spreads could widen further (it happened in the credit crisis), but when spreads have reached this level in the past, you've wanted to be buying high-yield bonds, not selling. The blue line on the chart shows the difference in performance between High-Yield Corporate and Intermediate-Term Treasury over the ensuing year. On average, High-Yield Corporate outperformed Intermediate-Term Treasury by 9.2% in the 12 months after spreads were over 500 bps.

There may be some more short-term pain to come, but if you'd bought High-Yield Corporate at these levels in the past, you probably felt pretty darned smart about it if you held on. I'm sticking with High-Yield Corporate for the moment, and suggest you do, too. ■

CORRELATION

Oil and Stocks in Sync—Not!

IT'S THE TALK of the financial cable news shows and various publications and blogs, but the current accepted wisdom is simply wrong.

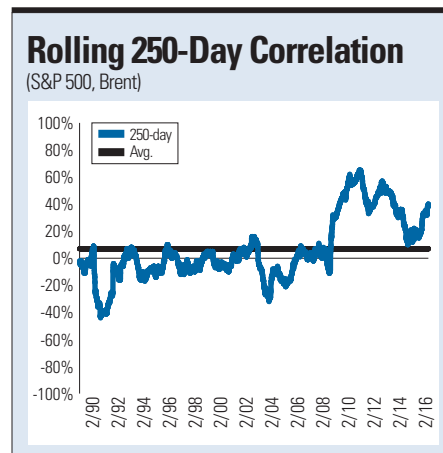
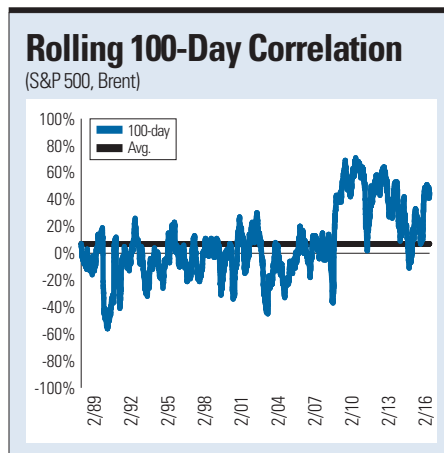
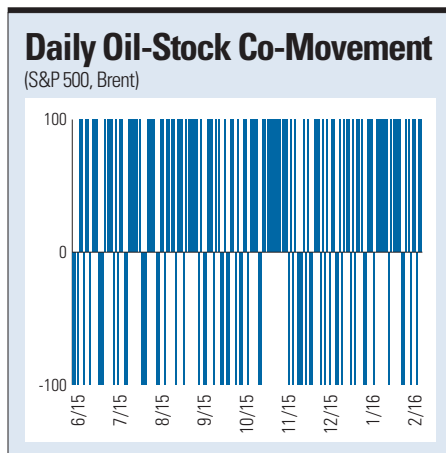
Stock prices and oil prices are not highly correlated, and to make a big deal over a few weeks of trading is nonsense. While we've seen a bit higher correlation between the two recently, over virtually any period of time longer than it takes for a stock trader to spew such silliness, stock markets and oil prices have shown an average correlation of around 7% to 10%. That's a far cry from 100%. Take a look:

First, here's what's happened over the past few months, on a daily basis. The left-most graph below shows each day as either 100 (both stocks and oil move in the same direction for the day) or -100 (stocks and oil move in different directions).

Since the end of June 2015, stock prices and oil prices have moved in the same direction on 112 days, or 65% of the time. That's a pretty high correlation, but nowhere near 100%. The number rises a bit in the first two months of 2016, when over 40 trading days, stocks and oil moved in the same direction 75% of the time.

But let's take the calculation out just a little bit further to determine the strength of this supposition that stock and oil prices move together. I looked at rolling five-day periods just since the end of 2015, and the average correlation drops to 45%! But take the data out a bit further, say more than 25 years, and the average correlation over five-day periods drops to an 8% average!

The same thing happens when you look at longer periods of, say, correlation over 100 days or 250 days or even 20 days. Correlation, on average, drops to a meaningless level—about 7%. ➤



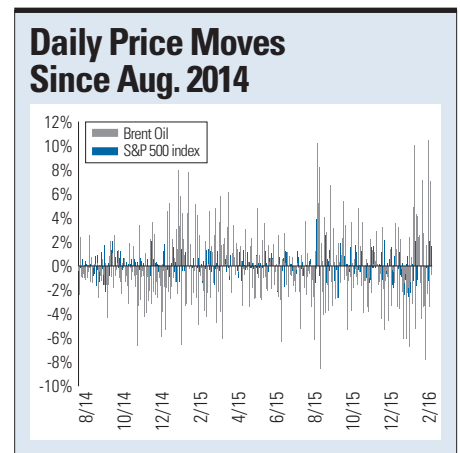
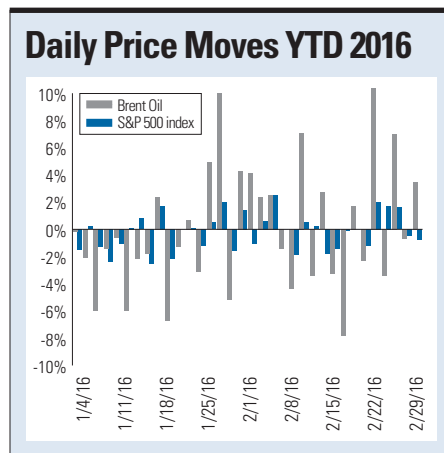
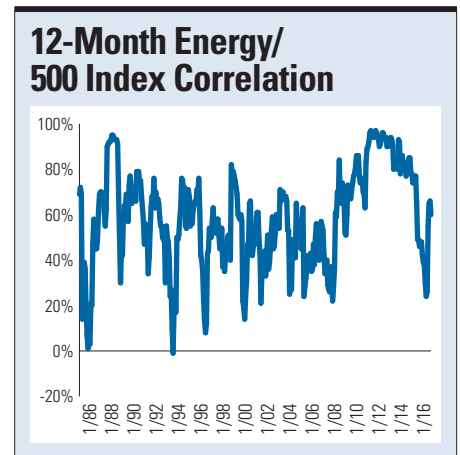
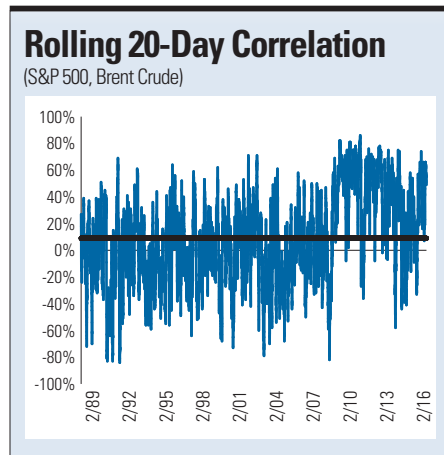
> (Yes, the 20-day graph is absolutely ridiculous, but I think it proves the point.)

As a Vanguard investor, you might be thinking, “Well, what really matters to me is whether there’s correlation between the markets and **Energy**.” Remember, Energy is a fund of stocks, so one would think that if oil was correlated with stocks, then oil stocks in particular (or stocks in the broad energy basket) would be even more highly correlated with the stock market. Let me assure you that while the average correlation between the market and Energy is higher than the the market’s correlation with oil, it’s still all over the map.

I took a look at all rolling 12-month periods since Energy’s inception in 1984 and compared its monthly performance to **500 Index**. The top right chart tells the tale, but suffice to say that correlation ran from -1% to 97% with an average of 59%. That’s hardly a high level of correlation, and as the chart shows, the range of outcomes over more than 30 years has been massive.

Correlation vs. Magnitude

Even when stock prices and oil are moving in sync, or appear to be, the moves in oil have been massively different than the moves in stocks. On average the absolute change in oil’s price, since the beginning of the year, has been 3.6% per day, while stocks have moved an average of 1.1% per



day. Oil has dropped as much as 6.7% in one day, and risen as much as 10.0%. The largest drops and gains for the S&P, on the other hand, were -2.5% and 2.5%. When I looked back to the start of oil’s descent from \$100 per barrel in 2014, oil’s daily moves dwarfed those of stocks.

The bottom line is that the current infatuation with some kind of new correlation between oil and stocks may make for great headlines, but based on any read of the data, the higher correlations we’ve seen of late aren’t unusual and are destined to disappear as a blip in the historical record. ■

HEALTH CARE

A Cold, Not Life-Threatening

HEALTH CARE has been a major holding of mine for years. In fact, except for a bit more than two years during the early 1990s, Health Care has been a component in one or more of my *Model Portfolios* since their 1991 inception. In fact, I should never, ever have sold a share, but the gains have been so strong for so long, I’ve recommended trimming our position many times. I hope you’ve followed my advice to own the fund, though, because Health Care has generated some very

nice gains for us—outperforming **Total Stock Market** over just about any time period you’d care to consider.

But there’s no denying it: The health care sector has had a tough start to the year. **Health Care ETF** lost 9.3% in January and another 0.5% in February, while the active fund lost 8.9% in January and 2.0% this past month. Scrutiny over drug pricing has weighed on the sector. And with an election approaching, the specter of health care reform is creating tons of uncertainty.

The sector’s woes have been a contributing factor to the lagging returns of my *Model Portfolios* during the first two months of the year.

And it isn’t just Health Care’s fault. You and I are also picking up exposure to health care stocks through funds run by the PRIMECAP Management team, which allocates heavily to the sector. For instance, a third of **Capital Opportunity**’s portfolio is invested in the health care business. If you tally up our total health care exposure, nearly

one-quarter of my *Growth Portfolio* is invested in the sector. As a point of reference, **Total Stock Market** only has 14% in health care. My other *Model Portfolios* have a similar emphasis on health care stocks.

The stumble out of the gates has some subscribers questioning the prudence of having such an overweight to the sector, so let me explain why I still have conviction (and my own dollars) here.

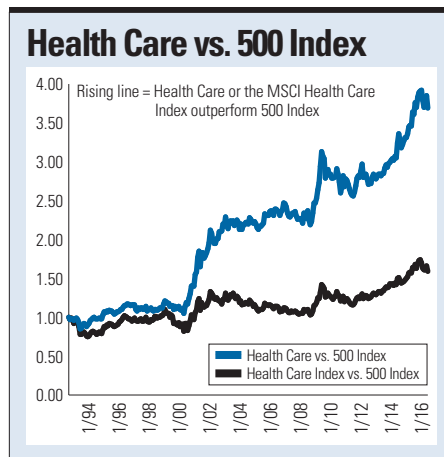
I always like to go back to what former Health Care manager Ed Owens used to describe as the three-legged stool that supported the health care sector. It's the best way to frame the long-term argument for health care that I've heard. And, as you'll see, each leg of the stool is still quite sturdy.

The first leg is demographics, which points to increasing demand for health care. As we get older, we tend to spend more on health care than we did when we were younger—and in the U.S., a quarter of a million people turn 65 each month. But this isn't just a U.S. story; in Japan and Europe, populations are growing older as well.

The second leg of the stool is globalization. The U.S. outspends the rest of the world on health care by a large margin. While this might mean that we could be more efficient in our spending, it also suggests there is a lot of room for the rest of the world to spend increasing amounts of money on health care. This is particularly true in emerging economies, where the middle class continues to grow. Remember, one of the first things consumers spend on as their wealth increases is better and more health care.

The third growth driver for the health care sector is R&D, which leads to new product development. Biotech and medical device companies can be risky investments in their early years, but if their drugs work or their products deliver as expected, then the payoffs can be huge. Plus, if these biotech and medical device companies are successful, we could all be living a lot longer, which ties back into the first part of the story about demographics and the rising demand for health care.

Two more points here. First, health



care is a very broad and diverse sector, one which can play both defense and offense. I wouldn't say health care is immune to recessions, but it tends to be recession-resistant. When times get tough, people keep spending on health care—when you are sick, you visit the doctor. And that means prescriptions and over-the-counter remedies remain in demand. Additionally, the big pharmaceutical companies are large and stable, and have historically held up well when the stock market stumbles; they also pay dividends.

One last piece of the puzzle here is top-notch active management. Ed Owens put together a truly remarkable record at Health Care from its May 1984 inception through his retirement at the end of 2012. Former co-manager Jean Hynes has ably taken the reins, and she has not missed a beat, outpacing Health Care ETF by 2.5% a year since the end of 2012.

The team at PRIMECAP Management isn't too shabby at picking stocks in the sector, either.

The big question mark hanging over the sector—political action and reform—is only likely to heat up over the next year, but that's all the more reason to partner with an active manager rather than simply decide to invest in the sector through an index fund. I suspect we'll mostly just get rhetorical and political posturing, but if Washington actually does pass or repeal health care-related legislation (a big "if"), there will be winners and losers—just as there were when the Affordable Care Act was put into law. If anything, the

political uncertainty is likely to create a nice buying opportunity—both for Jean Hynes and the PRIMECAP team buying individual stocks—as well as for investors like you and me looking to ride the long-term health care wave.

Now, don't forget that Health Care had been on a particularly nice run over the past several years—at the end of 2015, it had outpaced Total Stock Market by 9.6% per year over the prior five years. It was only a matter of time until the sector and fund took a breather. And that's all I think this is—a breather.

Take a look at the relative performance chart to the left, which shows the long-term performance of both Health Care and the MSCI Health Care Index, upon which Vanguard's health care index fund and ETF are based, versus **500 Index**. What you can see (particularly when looking at the active fund) is that despite some periods when the market outperformed, the long-term returns and overwhelming steadiness of Health Care has more than won the day.

At some point, Health Care and the health care sector will lag the broad stock market. It's happened before and will happen again, as the chart shows. In fact, during the first part of the post-Financial Crisis stock market rally, Health Care lagged by a good amount, and some investors began to question their and my commitment to the sector. It's true that one sector cannot outperform all the time, or eventually it would become the market. It would be great if we could time those ups and downs, but I don't think anyone knows how to do that—it's certainly outside of my circle of competence. And while we shouldn't expect Health Care's 20%-a-year pace to persist forever, the long-term tailwinds of demographics, globalization and new product development remain strong.

I don't know how long the lag by health care stocks will last, but I'm sticking with the sector, and in particular with Jean Hynes and her team on Health Care. I suggest you do so as well, and if you have some spare cash available or don't have at least a 5% position in the fund, that you use this opportunity to add to your holdings. You won't be disappointed. ■

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	2/29 Price	Feb. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.59	2.4%	5.3%	—	—	—	—	—
Energy (51)	VGENX	\$3K	—	Hold	\$39.42	-2.5%	-4.0%	-25.4%	-9.7%	-7.4%	2.7%	1.79
Precious Metals & Mining (53)	VGPXM	\$3K	—	Sell	\$7.68	23.5%	20.8%	-19.6%	-18.3%	-19.4%	1.9%	2.66
Health Care (52)	VGHGX	\$3K	—	Buy	\$196.70	-2.0%	-10.7%	-6.0%	19.7%	17.8%	1.2%	1.18
REIT Index (123)	VGSIX	\$3K	—	Hold	\$25.48	-0.4%	-3.8%	-4.4%	7.6%	9.1%	3.9%	1.30
Global ex-U.S. Real Estate Index (738)	VGXRX	\$3K	0.25% _f /0.25% _r	Hold	\$19.67	0.9%	-4.4%	-11.2%	-1.0%	3.2%	2.8%	1.05
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$47.07	0.5%	-8.4%	-9.8%	13.2%	10.9%	0.6%	1.15
Explorer (24)	VEXPX	\$3K	—	Hold	\$73.61	0.7%	-8.5%	-16.5%	6.9%	6.8%	0.3%	1.33
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$26.79	1.0%	-5.9%	-10.9%	6.6%	7.6%	0.8%	1.22
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$20.39	-0.1%	-9.2%	-13.6%	8.0%	8.3%	0.3%	1.18
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$31.11	0.1%	-9.0%	-15.6%	5.8%	6.5%	0.9%	1.29
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$49.42	0.9%	-6.8%	-13.4%	7.1%	7.4%	1.5%	1.21
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$22.51	1.6%	-5.0%	-11.5%	7.9%	8.0%	1.9%	1.19
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$26.40	1.2%	-6.7%	-11.6%	10.9%	10.7%	1.7%	1.06
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$27.14	0.8%	-6.3%	-11.7%	9.5%	9.3%	1.2%	1.16
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$42.02	1.1%	-5.3%	-9.2%	9.1%	9.3%	1.3%	1.24
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$9.63	-2.1%	-11.8%	-23.8%	3.7%	3.2%	1.3%	1.43
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$58.25	0.4%	-8.4%	-14.9%	6.8%	7.1%	1.3%	1.22
Growth Index (9)	VIGRX	\$3K	—	Buy	\$51.30	-0.4%	-6.4%	-7.7%	11.2%	10.5%	1.2%	1.11
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$36.49	1.1%	-7.0%	-12.4%	8.4%	7.5%	0.7%	1.12
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$30.71	1.2%	-6.3%	-11.2%	9.4%	8.6%	1.4%	1.05
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$31.91	1.3%	-5.8%	-10.1%	9.9%	9.5%	2.0%	1.00
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$23.02	-1.0%	-7.6%	-6.2%	11.8%	9.4%	0.7%	1.12
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$92.07	-1.2%	-7.7%	-8.5%	13.1%	11.0%	1.2%	1.04
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$19.54	0.1%	-6.1%	-7.9%	12.4%	10.7%	1.2%	1.04
Selected Value (934)	VASVX	\$3K	—	Buy	\$24.29	2.3%	-6.0%	-11.8%	8.2%	8.5%	1.8%	1.10
Social Index (213)	VFTSX	\$3K	—	Buy	\$12.31	-1.0%	-6.8%	-8.3%	11.4%	10.6%	1.6%	1.06
STAR Growth (122)	VASGX	\$3K	—	Sell	\$25.97	-0.6%	-4.7%	-8.8%	5.5%	5.5%	2.3%	0.78
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$97.79	-0.1%	-5.7%	-7.1%	10.5%	9.9%	1.8%	1.01
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$27.41	-1.4%	-8.0%	-5.3%	13.0%	11.1%	0.5%	1.13
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$178.84	-0.1%	-5.1%	-6.3%	10.6%	10.0%	2.1%	1.00
Convertible Securities (82)	VCVXS	\$3K	—	Buy	\$11.55	0.0%	-4.5%	-9.4%	3.2%	3.2%	2.1%	0.64
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$27.58	-0.8%	-7.6%	-10.3%	9.5%	8.9%	1.2%	1.07
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$30.75	1.2%	-1.2%	-5.1%	8.5%	9.1%	2.3%	0.91
Dividend Growth (57)	VDIGX	\$3K	—	Buy	\$21.84	0.3%	-2.6%	-2.1%	11.2%	11.2%	1.9%	0.89
Equity Income (65)	VEIPX	\$3K	—	Buy	\$28.69	0.2%	-2.9%	-3.6%	9.6%	11.0%	2.9%	0.92
Growth & Income (93)	VGNPX	\$3K	—	Sell	\$37.55	0.1%	-5.1%	-6.0%	11.2%	10.7%	1.9%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$25.84	0.5%	-2.3%	-3.9%	10.2%	11.3%	3.2%	0.94
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$35.71	-0.2%	-5.5%	-7.1%	10.3%	9.7%	1.9%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$12.47	1.5%	2.9%	9.5%	6.4%	5.1%	0.0%	0.46
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$22.37	-0.2%	-3.0%	-6.1%	4.8%	5.2%	2.2%	0.59
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$47.88	-0.0%	-5.7%	-8.0%	9.9%	9.5%	2.0%	1.01
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$15.25	0.0%	-6.4%	-9.0%	9.0%	10.1%	2.3%	0.96
Value Index (6)	VIVAX	\$3K	—	Hold	\$30.34	0.1%	-4.7%	-6.6%	9.5%	9.0%	2.6%	0.95
Windsor (22)	VWNDX	\$3K	—	Hold	\$17.32	-1.6%	-9.6%	-14.4%	7.3%	7.7%	1.9%	1.14
Windsor II (73)	VWNFX	\$3K	—	Buy	\$31.43	-1.0%	-6.2%	-10.7%	7.7%	8.3%	2.4%	1.01
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$28.48	0.3%	-2.5%	-4.2%	6.8%	7.2%	2.0%	0.60
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$16.82	-0.0%	-2.3%	-5.6%	4.7%	5.0%	4.0%	0.55
STAR (56)	VGSTX	\$1K	—	Hold	\$22.29	-0.6%	-4.3%	-7.3%	5.3%	6.0%	2.1%	0.66
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$17.63	0.2%	-1.2%	-3.5%	4.1%	4.5%	2.2%	0.41
STAR Income (723)	VASIX	\$3K	—	Sell	\$14.65	0.5%	0.5%	-1.0%	3.3%	3.9%	2.1%	0.27
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$26.32	0.0%	-2.0%	-1.5%	6.7%	7.3%	2.1%	0.46
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$24.58	0.4%	0.2%	0.2%	5.3%	7.1%	3.0%	0.39
Wellington (21)	VWELX	\$3K	—	Buy	\$35.68	-0.3%	-3.0%	-4.7%	6.9%	7.4%	2.7%	0.66
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$25.67	-0.8%	-5.7%	-10.3%	5.6%	—	2.0%	0.88
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$29.10	-0.8%	-5.6%	-10.3%	5.7%	5.9%	2.0%	0.88
Target Retirement 2050 (699)	VFFIX	\$1K	—	—	\$26.88	-0.8%	-5.7%	-10.2%	5.7%	5.9%	2.2%	0.88
Target Retirement 2045 (306)	VTIVX	\$1K	—	—	\$16.78	-0.8%	-5.6%	-10.2%	5.7%	5.9%	2.3%	0.88
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$26.88	-0.7%	-5.5%	-10.1%	5.7%	5.9%	2.3%	0.88
Target Retirement 2035 (305)	VTHX	\$1K	—	—	\$16.02	-0.6%	-4.9%	-9.0%	5.8%	5.9%	2.3%	0.81
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$26.56	-0.4%	-4.2%	-8.0%	5.5%	5.8%	2.2%	0.73
Target Retirement 2025 (304)	VTVX	\$1K	—	—	\$15.07	-0.3%	-3.5%	-7.0%	5.3%	5.6%	2.2%	0.66
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$26.37	-0.2%	-2.9%	-6.1%	5.0%	5.5%	2.2%	0.58
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$13.94	-0.1%	-2.0%	-4.8%	4.5%	5.2%	2.0%	0.49
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$24.66	0.2%	-0.9%	-3.1%	3.8%	4.9%	1.9%	0.37
Target Retirement Income (308)	VTINX	\$1K	—	—	\$12.38	0.2%	-0.6%	-2.5%	3.0%	4.4%	1.8%	0.32
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$8.36	-3.0%	-8.6%	-14.8%	—	—	3.1%	1.27
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$19.39	-0.9%	-6.9%	-24.5%	-8.8%	-5.6%	3.3%	1.37
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$14.26	0.2%	-6.3%	-23.5%	-9.3%	—	2.0%	1.44
European Index (79)	VEURX	\$3K	—	Hold	\$24.56	-2.8%	-8.5%	-15.8%	0.9%	0.8%	3.4%	1.10
Global Equity (129)	VHGX	\$3K	—	Hold	\$21.92	-1.2%	-7.3%	-11.1%	5.4%	5.2%	1.8%	0.96
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$11.11	0.5%	-1.7%	-0.4%	—	—	1.8%	0.63
International Explorer (126)	VINEX	\$3K	—	Hold	\$15.44	-2.4%	-8.9%	-7.3%	6.0%	3.0%	1.6%	0.92
International Growth (81)	VWIGX	\$3K	—	Buy	\$19.15	-1.7%	-9.2%	-15.1%	0.5%	1.2%	1.5%	1.21
International Value (46)	VTRIX	\$3K	—	Hold	\$28.72	-2.3%	-7.6%	-18.0%	-1.2%	-0.6%	2.3%	1.14
Pacific Index (72)	VPACX	\$3K	—	Hold	\$9.82	-3.5%	-9.1%	-13.6%	-0.5%	-0.1%	2.5%	1.11
Total International Stock Index (113)	VTGSX	\$3K	—	Hold	\$13.37	-2.3%	-7.7%	-16.5%	-1.6%	-1.0%	3.0%	1.04
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$21.90	-1.0%	-6.6%	-12.2%	3.9%	3.8%	2.5%	0.98
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$15.79	-2.5%	-7.9%	-17.0%	-1.9%	-1.2%	3.1%	1.06
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$33.04	-0.3%	-6.6%	-11.4%	0.1%	-0.2%	2.7%	1.00

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	2/29 Price	Feb. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk
												25%	28%	36.8%*	38.8%*	43.4%*	
TAXABLE INCOME																	
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.1	\$9.99	0.1%	0.3%	0.5%	—	—	0.6%	0.87%	—	—	—	—	—	
Short-Term Treasury (32)	VFISX	Sell	2.3	\$10.74	0.2%	1.0%	1.2%	0.7%	1.0%	0.7%	0.62%	—	—	—	—	0.36	
Short-Term Federal (49)	VSGBX	Sell	2.8	\$10.80	0.2%	1.0%	1.4%	0.8%	1.3%	0.9%	0.83%	—	—	—	—	0.35	
Short-Term Inflation Index (1967)	VTIPX	Hold	2.7	\$24.32	0.2%	0.7%	-0.1%	-0.9%	—	0.0%	-0.12%	—	—	—	—	0.60	
Short-Term Investment-Grade (39)	VFSTX	Buy	3.4	\$10.60	0.2%	0.7%	1.1%	1.4%	2.0%	2.0%	1.98%	—	—	—	—	0.38	
Short-Term Bond Index (132)	VBISX	Hold	2.8	\$10.52	0.2%	1.1%	1.4%	1.0%	1.6%	1.3%	1.18%	—	—	—	—	0.47	
Inflation-Protected Sec. (119)	VIPSX	Hold	8.5	\$13.18	1.1%	2.6%	-0.9%	-1.4%	2.7%	0.7%	0.17%	—	—	—	—	1.48	
Intermed. Treasury (35)	VFITX	Sell	5.7	\$11.59	0.8%	3.2%	3.6%	1.9%	3.6%	1.6%	1.14%	—	—	—	—	1.23	
Intermed. Investment-Grade (71)	VFICX	Buy	6.4	\$9.76	0.6%	1.7%	1.5%	2.5%	4.6%	3.0%	2.74%	—	—	—	—	1.02	
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.2	\$11.54	1.0%	2.9%	2.4%	2.4%	4.8%	2.6%	2.31%	—	—	—	—	1.37	
Total Bond Market (84)	VBMFX	Hold	7.9	\$10.82	0.7%	2.1%	1.2%	2.0%	3.4%	2.4%	2.17%	—	—	—	—	1.00	
GNMA (36)	VFIIH	Hold	5.7	\$10.78	0.3%	1.5%	2.4%	2.4%	3.3%	2.3%	2.70%	—	—	—	—	0.68	
Long-Term Treasury (83)	VUSTX	Sell	24.9	\$13.14	2.9%	8.2%	3.7%	5.8%	9.5%	2.6%	2.26%	—	—	—	—	3.89	
Long-Term Investment-Grade (28)	VWESX	Hold	23.3	\$10.11	1.5%	2.9%	-2.1%	3.9%	7.8%	4.4%	4.07%	—	—	—	—	2.66	
Long-Term Bond Index (522)	VBLTX	Sell	24.1	\$13.68	2.0%	4.3%	-2.1%	3.6%	7.8%	4.0%	3.81%	—	—	—	—	2.94	
High-Yield Corporate (29)	VWEHX	Buy	6.3	\$5.46	0.5%	-0.5%	-4.4%	2.0%	4.9%	5.9%	6.56%	—	—	—	—	1.61	
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	9.9	\$9.35	1.7%	1.6%	1.3%	—	—	4.6%	4.92%	—	—	—	—	1.80	
Total International Bond Index (1231)	VTIBX	Hold	9.0	\$10.81	1.0%	2.7%	2.2%	—	—	1.5%	0.74%	—	—	—	—	0.98	
MONEY MARKET																	
Treasury MM (11)	VUSXX	—	58	\$1.00	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.25%	—	—	—	—	—	
Federal MM (33)	VMMFX	—	51	\$1.00	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.30%	—	—	—	—	—	
Prime MM (30)	VMMXX	—	56	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.40%	—	—	—	—	—	
Tax-Exempt Money Market (45)	VMSXX	—	34	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
CA Tax-Exempt MM (62)	VCTXX	—	26	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
NJ Tax-Exempt MM (95)	VNJXX	—	45	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
NY Tax-Exempt MM (163)	VYFXH	—	23	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
OH Tax-Exempt MM (96)	VOHXX	—	32	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
PA Tax-Exempt MM (63)	VPTXX	—	20	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.01%	0.0%	0.0%	0.0%	0.0%	—	
TAX-FREE INCOME																	
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.5	\$15.85	0.2%	0.4%	0.7%	0.6%	0.9%	0.7%	0.44%	0.6%	0.6%	0.7%	0.7%	0.8%	0.12
Limited-Term Tax-Exempt (31)	VMLTX	Buy	3.1	\$11.09	0.2%	0.9%	1.8%	1.3%	1.9%	1.5%	0.73%	1.0%	1.0%	1.2%	1.2%	1.3%	0.38
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.2	\$14.38	0.0%	1.3%	3.6%	3.0%	4.8%	2.9%	1.34%	1.8%	1.9%	2.1%	2.2%	2.4%	0.72
Tax-Exempt Bond Index (1491)***	VTEBX	Hold	5.5	\$10.25	0.0%	1.1%	—	—	—	—	1.41%	1.9%	2.0%	2.2%	2.3%	2.5%	0.79
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.2	\$11.82	-0.1%	1.2%	4.5%	4.0%	6.2%	3.6%	1.95%	2.6%	2.7%	3.1%	3.2%	3.4%	0.90
High-Yield Tax-Exempt (44)	VVAHX	Hold	6.7	\$11.38	0.0%	1.1%	4.3%	4.0%	6.6%	3.7%	2.44%	3.3%	3.4%	3.9%	4.0%	4.3%	0.88
STATE TAX-FREE																	
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.2	\$11.96	0.1%	1.4%	3.9%	3.5%	5.4%	2.7%	1.24%	1.8%	1.9%	2.2%	2.3%	2.4%	0.72
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.5	\$12.29	0.0%	1.2%	4.8%	4.4%	6.8%	3.5%	1.79%	2.7%	2.8%	3.2%	3.3%	3.5%	0.90
MA Tax-Exempt (168)	VMATX	Sell	6.2	\$10.99	-0.0%	1.1%	4.4%	3.7%	5.4%	3.1%	1.75%	2.5%	2.6%	2.9%	3.0%	3.3%	0.93
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.2	\$12.19	0.0%	1.3%	3.6%	3.4%	5.6%	3.5%	2.43%	3.6%	3.7%	4.2%	4.4%	4.7%	1.02
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.0	\$11.99	0.0%	1.2%	4.7%	4.0%	5.8%	3.3%	1.70%	2.5%	2.6%	3.0%	3.0%	3.3%	0.85
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.1	\$12.73	-0.1%	1.2%	4.7%	4.1%	6.0%	3.3%	1.97%	2.8%	2.9%	3.3%	3.4%	3.7%	0.91
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	5.6	\$11.76	-0.1%	1.0%	4.2%	3.9%	5.8%	3.6%	2.04%	2.8%	2.9%	3.3%	3.4%	3.7%	0.84

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1).

3-year and 5-year returns are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	2/29 Price	Feb. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.0%	-0.1%	-0.2%	-0.2%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$18.62	0.1%	0.6%	0.8%	1.1%	1.8%	0.38
Total Bond Market Annuity (67)	Hold	\$37.58	0.6%	2.0%	0.9%	1.7%	3.1%	0.99
High-Yield Bond Annuity (146)	Buy	\$28.70	0.5%	-0.6%	-4.8%	1.6%	4.5%	1.58
Conservative Allocation Annuity (801)	Hold	\$25.44	0.1%	-1.3%	-3.5%	3.9%	—	0.41
Moderate Allocation Annuity (803)	Hold	\$26.97	-0.1%	-3.0%	-5.9%	4.7%	—	0.59
Balanced Annuity (69)	Buy	\$79.85	-0.3%	-3.1%	-5.0%	6.7%	7.1%	0.65
Capital Growth Annuity (603)	Buy	\$36.88	-1.1%	-7.4%	-8.2%	12.5%	10.8%	1.00
Diversified Value Annuity (145)	Buy	\$26.65	-0.7%	-5.0%	-9.1%	7.3%	8.2%	0.97
Equity Income Annuity (8)	Buy	\$68.47	0.0%	-3.3%	-4.1%	9.2%	10.5%	0.93
Equity Index Annuity (68)	Buy	\$76.24	-0.2%	-5.2%	-6.6%	10.3%	9.7%	1.00
Growth Annuity (10)	Hold	\$39.23	-1.4%	-7.7%	-5.8%	12.8%	10.9%	1.12
MidCap Index Annuity (143)	Buy	\$43.31	1.2%	-6.4%	-11.4%	9.1%	8.3%	1.04
REIT Index Annuity (147)	Hold	\$52.41	-0.5%	-3.8%	-4.7%	7.3%	8.7%	1.30
Small Company Growth Annuity (160)	Hold	\$56.79	0.5%	-10.0%	-16.2%	7.2%	7.5%	1.41
Total Stock Market Annuity (604)	Hold	\$27.50	-0.1%	-5.8%	-8.3%	9.5%	9.1%	1.01
International Annuity (86)	Buy	\$33.21	-1.7%	-9.5%	-15.6%	0.1%	0.8%	1.23

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	2/29 Price	Feb. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$60.35	0.9%	-4.9%	-3.5%	14.3%	14.5%	1.4%	—	1.17
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$63.88	0.4%	0.4%	3.4%	13.1%	14.5%	2.5%	—	0.90
Energy (551)	VGELX	\$50K	—	Hold	\$73.96	-2.5%	-4.0%	-25.3%	-9.7%	-7.3%	2.8%	—	1.79
Energy Index (5480)	VENAX	\$100K	—	—	\$39.07	-2.3%	-5.9%	-27.6%	-8.9%	-5.4%	3.4%	—	1.77
Financials Index (5486)	VFAIX	\$100K	—	—	\$21.67	-2.5%	-10.8%	-10.6%	7.7%	6.7%	2.2%	—	1.13
Health Care (552)	VGHAX	\$50K	—	Buy	\$82.97	-2.0%	-10.7%	-6.0%	19.8%	17.9%	1.3%	—	1.18
Health Care Index (5485)	VHCIX	\$100K	—	—	\$59.96	-0.7%	-9.8%	-9.1%	16.7%	16.9%	1.4%	—	1.29
Industrials Index (5482)	VINAX	\$100K	—	—	\$50.45	3.7%	-2.7%	-8.0%	9.9%	9.2%	2.0%	—	1.14
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$51.73	-1.0%	-6.7%	-6.2%	13.8%	10.3%	1.4%	—	1.24
Materials Index (5481)	VMIAX	\$100K	—	—	\$46.01	6.5%	-4.2%	-18.0%	3.6%	3.2%	2.4%	—	1.59
REIT Index (5123)	VGSLX	\$10K	—	Hold	\$108.75	-0.4%	-3.7%	-4.3%	7.8%	9.2%	4.1%	—	1.30
Global ex-U.S. Real Estate Index (1758)	VGR LX	\$10K	0.25% ^f /0.25% ^r	Hold	\$29.79	0.9%	-4.4%	-11.0%	-0.9%	3.3%	3.0%	—	1.05
Telecom Svcs. Index (5488)	VTCAX	\$100K	—	—	\$45.00	3.9%	5.2%	3.4%	11.0%	9.5%	3.4%	—	1.00
Utilities Index (5489)	VUIAX	\$100K	—	—	\$50.20	1.8%	6.5%	5.5%	11.2%	11.7%	3.4%	—	1.24
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$108.66	0.5%	-8.4%	-9.7%	13.3%	11.0%	0.7%	—	1.15
Explorer (5024)	VEXRX	\$50K	—	Hold	\$68.42	0.7%	-8.5%	-16.4%	7.0%	6.9%	0.5%	—	1.33
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$38.90	0.1%	-9.0%	-15.5%	6.0%	—	1.1%	—	1.29
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$49.44	0.9%	-6.8%	-13.3%	7.3%	7.6%	1.6%	—	1.21
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$40.35	1.6%	-5.0%	-11.4%	8.1%	—	2.1%	—	1.19
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$58.24	0.5%	-8.4%	-14.8%	6.9%	7.2%	1.5%	—	1.22
Growth Index (509)	VIGAX	\$10K	—	Buy	\$51.30	-0.4%	-6.3%	-7.6%	11.3%	10.6%	1.4%	—	1.11
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$39.95	1.1%	-7.0%	-12.3%	8.6%	—	0.9%	—	1.12
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$139.35	1.2%	-6.3%	-11.1%	9.5%	8.7%	1.6%	—	1.05
MidCap Value Index	VMVAX	\$10K	—	Hold	\$42.00	1.4%	-5.7%	-10.0%	10.1%	—	2.2%	—	1.00
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$71.30	-1.0%	-7.6%	-6.1%	12.0%	9.6%	0.8%	—	1.11
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$95.38	-1.2%	-7.6%	-8.5%	13.1%	11.1%	1.2%	—	1.04
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$70.96	-1.3%	-7.9%	-5.2%	13.1%	11.3%	0.6%	—	1.13
500 Index (540)	VFIAX	\$10K	—	Buy	\$178.87	-0.1%	-5.1%	-6.2%	10.7%	10.1%	2.2%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$20.86	1.2%	-1.2%	-5.0%	—	—	2.4%	—	0.91
Equity Income (565)	VEIRX	\$50K	—	Buy	\$60.15	0.2%	-2.9%	-3.5%	9.7%	11.1%	3.0%	—	0.93
Growth & Income (593)	VGIAX	\$50K	—	Sell	\$61.29	0.1%	-5.1%	-5.9%	11.3%	10.8%	2.0%	—	0.97
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$44.66	-0.2%	-5.4%	-7.0%	10.4%	9.9%	2.1%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$47.90	-0.0%	-5.7%	-7.9%	10.0%	9.6%	2.1%	—	1.01
Value Index (506)	VVIAX	\$10K	—	Hold	\$30.34	0.1%	-4.7%	-6.4%	9.6%	9.2%	2.7%	—	0.95
Windsor (5022)	VWNEX	\$50K	—	Hold	\$58.43	-1.6%	-9.5%	-14.3%	7.4%	7.8%	2.1%	—	1.14
Windsor II (573)	VWNAX	\$50K	—	Buy	\$55.78	-1.0%	-6.2%	-10.6%	7.7%	8.4%	2.5%	—	1.01
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$28.48	0.3%	-2.5%	-4.1%	6.9%	7.4%	2.1%	—	0.60
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$59.54	0.4%	0.2%	0.2%	5.3%	7.2%	3.1%	—	0.39
Wellington (521)	VWENX	\$50K	—	Buy	\$61.63	-0.2%	-3.0%	-4.6%	7.0%	7.5%	2.8%	—	0.66
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$10.81	-3.0%	-8.5%	-14.6%	0.7%	0.6%	3.2%	—	1.05
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$25.47	-0.8%	-6.8%	-24.3%	-8.6%	-5.5%	3.5%	—	1.38
European Index (579)	VEUSX	\$10K	—	Hold	\$57.20	-2.8%	-8.5%	-15.7%	1.0%	0.9%	3.5%	—	1.10
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$22.21	0.5%	-1.7%	-0.4%	—	—	1.9%	—	0.62
International Growth (581)	VWILX	\$50K	—	Buy	\$60.88	-1.7%	-9.2%	-15.0%	0.7%	1.3%	1.7%	—	1.21
Pacific Index (572)	VPADX	\$10K	—	Hold	\$63.72	-3.5%	-9.1%	-13.5%	-0.3%	0.0%	2.7%	—	1.11
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$22.36	-2.2%	-7.8%	-16.4%	-1.5%	-1.0%	3.1%	—	1.04
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$24.88	-2.5%	-7.9%	-16.9%	-1.8%	—	3.2%	—	1.06
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSFX	\$50K	—	Buy	\$19.97	0.0%	0.3%	0.6%	—	—	0.7%	0.96%	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.74	0.2%	1.0%	1.3%	0.8%	1.1%	0.8%	0.72%	0.36
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.80	0.2%	1.0%	1.5%	0.9%	1.4%	1.0%	0.93%	0.35
Short-Term Gov't Index (1942)	VSBXS	\$10K	—	Sell	\$20.38	0.1%	0.7%	0.9%	0.6%	0.7%	0.7%	0.65%	0.27
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.36	0.2%	0.8%	-0.0%	-0.8%	—	0.0%	-0.03%	0.61
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.60	0.2%	0.7%	1.2%	1.5%	2.1%	2.1%	2.08%	0.38
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.49	0.1%	0.5%	0.9%	1.5%	2.6%	2.0%	2.30%	0.44
Short-Term Bond Idx. (5132)	VBIRX	\$10K	—	Hold	\$10.52	0.2%	1.1%	1.4%	1.1%	1.7%	1.3%	1.25%	0.47
Inflation-Protected Securities (5119)	VAIPX	\$50K	—	Hold	\$25.88	1.1%	2.7%	-0.7%	-1.3%	2.8%	0.8%	0.27%	1.49
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.59	0.8%	3.2%	3.7%	2.0%	3.7%	1.7%	1.24%	1.23
Interm.-Term Gov't Index (1943)	VSI GX	\$10K	—	Sell	\$22.34	0.8%	3.1%	3.6%	2.0%	3.6%	1.6%	1.22%	1.19
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$9.76	0.7%	1.7%	1.6%	2.6%	4.7%	3.1%	2.84%	1.02
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25% ^f	Buy	\$22.83	0.9%	1.6%	0.2%	2.6%	5.2%	3.3%	3.58%	1.27
Intermed.-Term Bond Idx. (5314)	VBILX	\$10K	—	Hold	\$11.54	1.0%	2.9%	2.5%	2.5%	4.9%	2.7%	2.38%	1.37
Total Bond Market (584)	VBTLX	\$10K	—	Hold	\$10.82	0.7%	2.1%	1.3%	2.1%	3.5%	2.5%	2.27%	1.00
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.78	0.3%	1.6%	2.5%	2.5%	3.4%	2.4%	2.80%	0.68
Mortgage-Backed Sec. Idx (1948)	VMBSX	\$10K	—	Hold	\$21.34	0.4%	1.5%	2.4%	2.5%	3.1%	1.6%	1.93%	0.63
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$13.14	2.9%	8.3%	3.8%	5.9%	6.6%	2.7%	2.36%	3.89
Long-Term Gov't Index (1944)	VLG SX	\$10K	—	Sell	\$27.03	2.8%	8.2%	3.9%	5.9%	9.4%	2.5%	2.34%	3.83
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$10.11	1.5%	2.9%	-2.0%	4.0%	7.9%	4.5%	4.17%	2.66
Long-Term Corp. Index (1947)	VLT CX	\$10K	1.00% ^f	Hold	\$22.64	1.3%	1.6%	-6.0%	2.4%	6.7%	4.7%	4.90%	2.62
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.46	0.5%	-0.5%	-4.3%	2.1%	5.0%	6.0%	6.66%	1.62
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75% ^f	Buy	\$18.70	1.7%	1.6%	1.4%	—	—	4.8%	5.09%	1.80
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$21.62	1.1%	2.7%	2.3%	—	—	1.6%	0.77%	0.97
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.85	0.2%	0.4%	0.8%	0.7%	1.0%	0.8%	0.52%	0.12
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.09	0.2%	0.9%	1.9%	1.4%	2.0%	1.6%	0.81%	0.38
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.38	0.0%	1.3%	3.7%	3.1%	4.9%	2.9%	1.42%	0.72
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25% ^f	Hold	\$20.50	0.1%	1.2%	—	—	—	—	1.51%	0.79
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$11.82	-0.1%	1.2%	4.6%	4.0%	6.3%	3.7%	2.03%	0.90
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.38	0.0%	1.1%	4.4%	4.1%	6.7%	3.8%	2.52%	0.88
CA Intermed. Tax-Exempt (5100)	VCA DX	\$50K	—	Buy	\$11.96	0.1%	1.4%	4.0%	3.6%	5.5%	2.8%	1.32%	0.72
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.29	0.0%	1.2%	4.9%	4.5%	6.9%	3.6%	1.87%	0.90
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.19	0.0%	1.3%	3.7%	3.5%	5.7%	3.6%	2.51%	1.02
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$11.99	0.0%	1.2%	4.8%	4.1%	5.8%	3.3%	1.78%	0.85
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$11.76	-0.1%	1.0%	4.3%	4.0%	5.9%	3.7%	2.12%	0.84

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	2/29 Price	Feb. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$110.59	0.1%	-8.9%	-15.5%	6.0%	6.6%	1.1%	—	1.27
S&P SmallCap 600 Growth	VIQG	Buy	\$99.62	0.3%	-6.8%	-7.9%	9.8%	9.9%	1.1%	—	1.25
Russell 2000 Growth	VTWG	Hold	\$89.78	-0.5%	-12.0%	-16.5%	7.2%	7.0%	0.8%	—	1.59
SmallCap	VB	Hold	\$103.08	0.8%	-6.8%	-13.4%	7.3%	7.5%	1.6%	—	1.21
S&P SmallCap 600	VIOO	Hold	\$94.11	1.1%	-5.1%	-9.3%	8.8%	9.1%	1.3%	—	1.24
Russell 2000	VTWO	Hold	\$82.26	-0.4%	-8.8%	-15.0%	5.6%	6.2%	1.3%	—	1.38
SmallCap Value	VBR	Hold	\$93.87	1.5%	-5.0%	-11.4%	8.1%	8.1%	2.1%	—	1.19
S&P SmallCap 600 Value	VIOV	Hold	\$89.46	2.3%	-4.7%	-10.8%	7.8%	8.3%	1.4%	—	1.27
Russell 2000 Value	VTWV	Hold	\$74.76	1.7%	-6.3%	-13.6%	4.2%	5.2%	2.2%	—	1.28
Extended Market	VXF	Sell	\$76.76	0.3%	-8.4%	-14.8%	7.0%	7.2%	1.5%	—	1.21
Growth	VUG	Hold	\$99.60	-0.4%	-6.4%	-7.6%	11.4%	10.6%	1.4%	—	1.15
S&P 500 Growth	VOOG	Buy	\$97.71	-0.8%	-5.8%	-4.7%	12.7%	11.5%	1.7%	—	1.06
Russell 1000 Growth	VONG	Hold	\$96.22	0.1%	-5.7%	-5.2%	12.5%	10.8%	1.6%	—	1.07
MegaCap Growth	MGK	Buy	\$77.95	-0.6%	-6.1%	-7.1%	11.8%	11.2%	1.5%	—	1.13
MidCap Growth	VOT	Buy	\$92.78	1.0%	-7.0%	-12.3%	8.6%	7.7%	0.9%	—	1.13
S&P MidCap 400 Growth	IVOG	Buy	\$93.71	0.5%	-5.3%	-8.2%	8.6%	8.3%	1.1%	—	1.06
MidCap	VO	Hold	\$112.49	1.4%	-6.3%	-11.0%	9.6%	8.7%	1.6%	—	1.10
S&P MidCap 400	IVOO	Buy	\$89.64	1.3%	-4.5%	-10.2%	8.0%	8.2%	1.5%	—	1.06
MidCap Value	VOE	Hold	\$81.14	1.4%	-5.6%	-9.9%	10.1%	9.6%	2.2%	—	1.00
S&P MidCap 400 Value	IVOV	Buy	\$85.58	2.5%	-3.2%	-12.2%	7.3%	7.8%	1.7%	—	1.16
S&P 500	VOO	Buy	\$177.38	-0.2%	-5.1%	-6.2%	10.7%	10.0%	2.2%	—	1.00
Russell 1000	VONE	Buy	\$88.43	-0.1%	-5.6%	-7.4%	10.2%	9.8%	2.0%	—	1.01
Dividend Appreciation	VIG	Buy	\$76.84	1.1%	-1.2%	-5.0%	8.7%	9.2%	2.4%	—	0.91
High Dividend Yield	HYM	Hold	\$85.20	0.5%	-2.3%	-3.8%	10.3%	11.4%	3.3%	—	0.94
LargeCap	VV	Buy	\$88.36	-0.1%	-5.5%	-7.0%	10.4%	9.8%	2.1%	—	1.01
MegaCap	MGC	Buy	\$66.21	-0.1%	-5.1%	-6.0%	10.7%	10.1%	2.2%	—	1.02
Total Stock Market	VTI	Hold	\$98.32	-0.0%	-5.7%	-8.0%	10.0%	9.5%	2.1%	—	1.02
Russell 3000	VTHR	Hold	\$89.10	1.6%	-4.8%	-6.9%	10.3%	9.7%	1.9%	—	1.05
Value	VTV	Hold	\$77.72	0.1%	-4.7%	-6.5%	10.3%	9.5%	2.7%	—	0.95
S&P 500 Value	VOOV	Hold	\$81.49	0.8%	-4.4%	-8.2%	8.3%	8.3%	2.5%	—	0.98
Russell 1000 Value	VONV	Hold	\$81.17	0.1%	-5.2%	-9.5%	8.2%	8.7%	2.5%	—	0.98
MegaCap Value	MGV	Hold	\$56.36	-0.1%	-4.5%	-5.4%	9.8%	9.1%	2.7%	—	0.95
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$30.73	-0.3%	-6.1%	-24.3%	-8.4%	-5.5%	3.5%	—	1.38
Developed Markets	VEA	Sell	\$33.62	-3.1%	-8.4%	-14.7%	0.6%	0.5%	3.2%	—	1.05
European	VGK	Hold	\$45.59	-3.2%	-8.6%	-15.9%	0.9%	0.8%	3.6%	—	1.10
Pacific	VPL	Hold	\$51.42	-3.5%	-9.3%	-13.7%	-0.4%	-0.1%	2.7%	—	1.13
Total International Stock	VXUS	Hold	\$41.60	-2.5%	-7.8%	-16.7%	-1.6%	-1.1%	3.1%	—	1.05
Total World Stock	VT	Hold	\$53.64	-1.1%	-6.9%	-12.3%	3.9%	3.9%	2.6%	—	1.01
World ex-U.S.	VEU	Sell	\$39.98	-2.4%	-7.9%	-17.1%	-1.8%	-1.2%	3.2%	—	1.08
World ex-U.S. SmallCap	VSS	Hold	\$87.05	0.5%	-6.3%	-11.3%	0.3%	-0.1%	2.8%	—	1.03
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$116.57	1.0%	-4.9%	-3.6%	14.2%	14.5%	1.4%	—	1.18
Consumer Staples	VDC	—	\$129.59	0.4%	0.4%	3.4%	13.0%	14.5%	2.5%	—	0.90
Energy	VDE	—	\$78.21	-2.2%	-5.9%	-27.6%	-8.9%	-5.4%	3.4%	—	1.78
Financials	VFH	—	\$43.20	-2.5%	-10.8%	-10.7%	7.7%	6.6%	2.2%	—	1.13
Health Care	VHT	—	\$119.88	-0.5%	-9.8%	-9.1%	16.7%	16.9%	1.4%	—	1.29
Industrials	VIS	—	\$98.18	3.9%	-2.8%	-8.1%	9.9%	9.2%	2.0%	—	1.15
Information Tech.	VGT	—	\$100.94	-1.0%	-6.8%	-6.3%	13.8%	10.2%	1.4%	—	1.25
Materials	VAW	—	\$90.26	6.5%	-4.2%	-17.8%	3.6%	3.2%	2.4%	—	1.58
REIT	VNQ	Hold	\$76.71	-0.4%	-3.8%	-4.3%	7.7%	9.2%	4.1%	—	1.31
Global ex-U.S. Real Estate	VNOI	Hold	\$49.12	0.9%	-3.9%	-11.4%	-0.9%	3.2%	3.0%	—	1.08
Telecom Services	VOX	—	\$88.31	4.0%	5.2%	3.4%	10.9%	9.6%	3.4%	—	1.01
Utilities	VPU	—	\$100.09	1.8%	6.6%	5.5%	11.2%	11.7%	3.4%	—	1.23
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.14	0.1%	0.7%	0.9%	0.6%	0.7%	0.7%	0.65%	0.25
Short-Term Inflation Bond	VTIP	Hold	\$48.55	0.1%	0.4%	-0.2%	-0.8%	—	0.0%	-0.03%	0.65
Short-Term Corporate	VCSH	Buy	\$79.22	0.2%	0.4%	1.0%	1.5%	2.5%	2.0%	2.30%	0.42
Short-Term Bond	BSV	Hold	\$80.36	0.3%	1.1%	1.6%	1.1%	1.7%	1.3%	1.25%	0.44
Int.-Term Government Bond	VGIT	Sell	\$66.24	0.8%	2.9%	3.6%	2.1%	3.7%	1.6%	1.22%	1.17
Int.-Term Corporate	VCIT	Buy	\$85.19	1.1%	1.6%	0.5%	2.6%	5.1%	3.3%	3.58%	1.28
Int.-Term Bond	BIV	Hold	\$85.34	1.1%	3.0%	2.4%	2.5%	4.9%	2.6%	2.38%	1.32
Total Bond Market	BND	Hold	\$82.25	0.9%	2.1%	1.6%	2.1%	3.5%	2.4%	2.27%	1.02
Mortgage-Backed Securities	VMBS	Hold	\$53.45	0.3%	1.5%	2.4%	2.5%	3.0%	1.5%	1.97%	0.65
Long-Term Government	VGLT	Sell	\$80.57	2.8%	8.2%	3.9%	5.9%	9.5%	2.6%	2.37%	3.79
Long-Term Corporate	VCLT	Hold	\$84.42	1.0%	0.6%	-6.3%	2.1%	6.3%	4.7%	4.90%	2.82
Long-Term Bond	BLV	Sell	\$90.41	2.1%	4.5%	-1.7%	3.6%	7.8%	3.9%	3.88%	3.06
Ext. Duration Treasury	EDV	Sell	\$127.74	4.1%	12.8%	3.5%	8.9%	15.6%	2.8%	2.58%	6.31
Emerging Mkts. Gov't Bond	VWOB	Buy	\$74.88	1.9%	1.6%	1.1%	—	—	4.8%	5.09%	1.86
Total International Bond	BNDX	Hold	\$54.19	1.3%	2.6%	2.2%	—	—	1.6%	0.77%	0.97
Tax-Exempt Bond	VTEB	Hold	\$51.34	0.3%	0.8%	—	—	—	—	1.51%	0.78

DISTRIBUTIONS

Fund	Dist.
FEBRUARY REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.01
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.02
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.01
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.02
Total Bond Market Index	\$0.02
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.04
High-Yield Corporate	\$0.02
Emerging Markets Gov't Bond	\$0.04
Total International Bond	\$0.01
Admiral Treasury MM	\$0.00018
Federal MM	\$0.00023
Prime MM	\$0.00031
Tax-Exempt MM	\$0.00001
CA Tax-Exempt MM	\$0.00001
NJ Tax-Exempt MM	\$0.00001
NY Tax-Exempt MM	\$0.00001
OH Tax-Exempt MM	\$0.00001
PA Tax-Exempt MM	\$0.00001
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.01
Long-Term Tax-Exempt	\$0.03
High-Yield Tax-Exempt	\$0.03
CA Int.-Term Tax-Exempt	\$0.02
CA Long-Term Tax-Exempt	\$0.03
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.03
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.03
PA Long-Term Tax-Exempt	\$0.03
ETF DISTRIBUTIONS	
Short-Term Government Bond	\$0.03
Short-Term Corporate Bond	\$0.11
Short-Term Bond	\$0.09
Intermed.-Term Government Bond	\$0.08
Intermed.-Term Corporate Bond	\$0.21
Intermediate-Term Bond	\$0.19
Total Bond Market	\$0.17
Mortgage-Backed Securities Bond	\$0.07
Long-Term Government Bond	\$0.14
Long-Term Corporate Bond	\$0.29
Long-Term Bond	\$0.30
Emerging Markets Gov't Bond	\$0.26
Total International Bond	\$0.06
Tax-Exempt Bond	\$0.07

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

Making an Early Retirement

LOTS OF US TALK about *taking* an early retirement, but how about *making* one? In particular, how about making one (or at least starting one) for a young family member or friend?

Year after year, when I suggest that you or your parents should open an IRA for your teen or grand-teen, I hear from FFSA members, friends, and even family who say, in a nutshell, “Great idea.” And it is. Helping a young person get on board the retirement train may not get you lots of appreciation today, but trust me, the beneficiary of your forward thinking will thank you for years to come as they move into adulthood.

I’ve lost track of whether we now refer to them as Millennials, Gen Ys, or Echo Boomers, but what I think of as the Internet generation is a massive group of teens and 20-somethings who could always benefit from a swift kick in the pants when it comes to planning for retirement.

I know it sounds a bit crazy to talk to teenagers about retirement and IRAs. I can hear the howls of derision. “Retirement? Who are you kidding?” Most kids are, not surprisingly, more interested in Instagram and WhatsApp than they are in retirement. In fact, given a choice, they’d probably prefer taking out the garbage or doing the dishes.

But that shouldn’t stop you from trying to pique their interest in the basics of personal finance, and yes, even per-

Age	\$1,000 A Year	\$2,000 A Year	\$3,000 A Year	\$4,000 A Year	\$5,500 A Year	Gradual Increase
15	\$1,000	\$2,000	\$3,000	\$4,000	\$5,500	\$1,000
30	\$24,673	\$49,345	\$74,018	\$98,690	\$135,699	\$37,284
60	\$225,508	\$451,016	\$676,524	\$902,032	\$1,240,295	\$612,935
70	\$417,822	\$835,645	\$1,253,467	\$1,671,289	\$2,298,023	\$1,174,517

Assumes a 6% annual rate of return.

sonal financial responsibility. A few years ago, I helped a number of then-25-year-old friends of my daughter with some fundamental financial and investment planning. They needed it; they knew they needed it; and they were very appreciative of the help. In fact, one of them wrote a blog post about it, then went on to put her money to work for her future. I’ve been asked by more of these 20-somethings to do it again, and to broaden the audience.

It’s too bad more people don’t help the young get started early on their investment careers, because the perfect time to learn about saving and investing is when your portfolio is small enough that your mistakes won’t kill you. Also, it’s a time when a new investor can begin to develop lifelong habits that will stand them in good stead as they pass through their 30s, 40s and beyond.

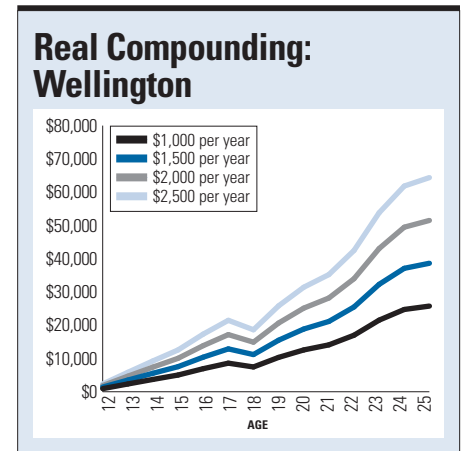
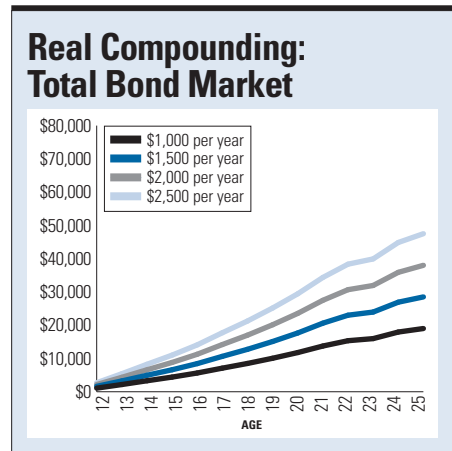
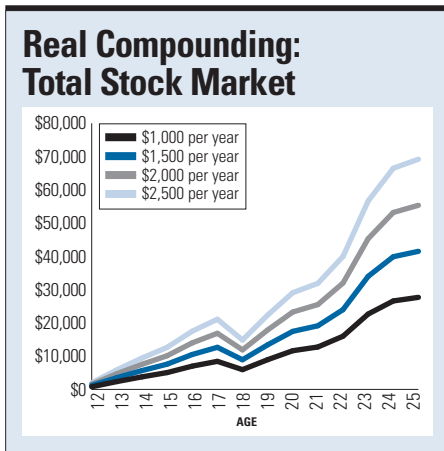
Time is on a kid’s side, and by helping one start to build a Roth IRA with earnings from summer and part-time

jobs, you may be able to make a meaningful impression on him or her. Then, next March and April, you can tote up what Mr. or Ms. Millennial earned in 2016 and fund that IRA account before the April 15 deadline.

I know that it would be nice if junior spenders could take on this chore themselves, but how many teens do you know who read investment newsletters? And if they did, where would they get the money to stash in an IRA? Most spend what they make, and then some. That’s one reason I believe the world invented parents (and grandparents).

When I first opened an IRA for my then-teenaged son, both he and my wife looked at me like I’d just announced my intention to join the Marines. My daughter just smiled and kept reading her book.

The joke is on them, of course. Thanks to me matching my son’s summer earnings and putting the money away in a Roth IRA, the now married 31-year-old has already built up a tidy



sum that will continue to grow for many years to come. It won't pay for a nursing home just yet, but then again, he's got a few years before that becomes an issue. And he's learned the value of early and long-term investing and compounding. With a good job, he's already saving outside his IRA and is funding a 401(k) at work. My daughter's IRA, smaller because she's younger, is also growing. (I matched her earnings too.) And yes, after a job change, she's got a 401(k) as well.

Okay. That's my kids. What about yours? Let's go back and review my thinking on the teenage Roth IRA,

so you won't put this off. It's important and especially timely given that the April 15 deadline for contributions seems to sneak up quickly on those who've procrastinated about making their deposits.

The Roth IRA is an excellent retirement savings vehicle for younger people. Since their introduction in 1998, Roth IRAs have been garnering respect (and dollars) from knowledgeable investors for the advantages they have over traditional IRAs.

While a traditional IRA allows you to deduct your contributions pre-tax, it also locks your money in until you

are 59½ years old (unless you feel like paying a 10% fee on withdrawals, plus income taxes), and forces you to take distributions upon reaching the age of 70½, paying income taxes at your future—and possibly higher—tax rate.

In contrast, when contributing to a Roth IRA, you invest with after-tax dollars now and can withdraw funds tax-free after the age of 59½ or if you meet other IRS qualifications (for instance, if the distributions will be used for a first-time home purchase—something today's kid might appreciate tomorrow—or to help with a disability). Once you do hit retirement, there is [▶](#)

DISTRIBUTIONS TO COME

Pay Close Attention This Year

IT'S THAT TIME OF YEAR AGAIN. While it seems like the December distribution period happened just a couple of weeks ago, time marches on, and March marks 2016's first round of quarterly distributions, as well as any supplemental distributions that Vanguard must pay out. Supplemental distributions are gains or income that were earned but not distributed in 2015 and must be paid out before the end of the first quarter to keep funds in compliance with SEC regulations.

Health Care and **Energy** are habitual supplemental distributors of both income and capital gains. Even **Precious Metals & Mining** paid out a \$0.148 income distribution in March 2015. While Health Care could be expected to pay out an additional gain this year, I'd be pretty surprised if either of the two other funds did. In addition, given the state of the bond market, the inflation funds may not pay out any income, either. Last year, a number of taxable income funds paid out extra capital gains. Vanguard should have the data for 2016 out by early March.

As a reminder, I encourage taxable investors to direct distributions to money market accounts instead of reinvesting immediately in the fund where the distribution came from (something I practice with my own money). This allows you the flexibility to redeploy the money to underperforming funds or to pay a tax bill without having to sell shares down the road.

Also, please pay close attention to how your distributions are handled if you have consolidated your brokerage and fund accounts. As you know, Vanguard messed up a lot of shareholders' distribution instructions when they did the consolidation. If you want your distributions in cash, make sure that's what happens. If you want them reinvested, again, keep your eye on what Vanguard's doing. Catch any mistakes early and have them corrected immediately.

The list of quarterly income payers is below:

500 Index	Global ex-U.S. Real Estate Index	REIT Index	Telecommunication Services Index
Balanced Index	Growth Index	Short-Term Inflation-Protected Securities Index	Total International Stock Index
Consumer Discretionary Index	Health Care Index	SmallCap Growth Index	Total Stock Market Index
Consumer Staples Index	High Dividend Yield Index	SmallCap Index	Total World Stock Index
Convertible Securities	Industrials Index	SmallCap Value Index	Utilities Index
Developed Markets Index	Inflation-Protected Securities	Social Index	Value Index
Dividend Appreciation Index	Information Technology Index	STAR <i>LifeStrategy</i> Cons. Growth	Wellesley Income
Emerging Markets Stock Index	LargeCap Index	STAR <i>LifeStrategy</i> Income	Wellington
Energy Index	Materials Index	Target Retirement Income	World ex-U.S. Index
Equity Income	MidCap Growth Index	Tax-Managed Balanced	World ex-U.S. SmallCap Index
European Index	MidCap Index	Tax-Managed Capital Appreciation	
Extended Market Index	MidCap Value Index	Tax-Managed SmallCap	
Financials Index	Pacific Index		

Remember, the ETF shares of the funds listed above will also pay out distributions. Additionally, a few other ETFs are scheduled to pay out regular quarterly income:

Extended Duration Treasury ETF	Russell 1000 ETF	Russell 2000 Growth ETF	S&P 500 Value ETF
MegaCap ETF	Russell 1000 Growth ETF	Russell 2000 Value ETF	S&P MidCap 400 ETF
MegaCap Growth ETF	Russell 1000 Value ETF	Russell 3000 ETF	S&P SmallCap 600 Growth ETF
MegaCap Value ETF	Russell 2000 ETF	S&P 500 Growth ETF	S&P SmallCap 600 Value ETF

➤ no requirement on distributions—if you don't feel like taking money out or don't need it, you can leave it in there to continue growing.

Why do I continue to preach the benefits of IRAs as great starter investments for teenagers or young adults? Simple: Taxes and the power of compounding. If your child is only working for the summer, or just starting their professional career, they will likely be in one of the lowest tax brackets, making it a fantastic deal to pay taxes on their retirement savings now as opposed to when they are older and in a higher bracket. And, in this economy, many first-time jobs don't come with 401(k) retirement plans attached, so there's no other available vehicle for forced retirement saving. Plus, for most, an IRA gives you more flexibility over where and how to invest. 401(k)s often have few, and sub-par, investment choices.

The power of compounding is what really makes any kind of tax-deferred investment smart. The definition of compounding is "the act of generating earnings from previous earnings." While I know you know what that means, here's how I'd think about explaining it to a younger investor: Let's say you make a \$100 investment in a fund that rises 20% in a year. After that year, you'd have \$120. Instead of selling your shares, you let them ride, and the fund gains another 20% the next year, bringing your investment value up to \$144. That's an additional \$4 in gains over the first year (or 4% on

the initial \$100 investment) generated because you gained 20% not only on your original investment, but also 20% on all the money you earned in the first year. While this may not seem like an impressive amount, with each passing year that earnings potential grows even higher, so long as the investment prospers. If you start actively investing a set amount each year, adding to the amount generated by what the investment earns on its own, you create even larger potential earnings.

In the table on page 12, I set up several different savings scenarios for illustration. All of them assume a 6% annual return, with the difference in scenarios being the amount contributed per year, increasing in increments from \$1,000 to \$5,500 (the maximum currently allowed under IRS rules for investors age 49 and younger for 2015 and 2016) from the age of 15 to 70.

Finally, the sixth scenario attempts to show a conservative, natural progression a young person might follow as they age and gain employment: Starting with their first summer job at age 15, they invest \$1,000 a year until they graduate from college and get settled into a career, bumping their contribution up to \$2,000 a year at 23. By age 30, they will (hopefully) be well-established and able to again bump their contribution up to \$4,000, and by 40, to \$5,500, an amount they continue to contribute up until retirement.

You can see that the greater the contribution and the greater the time that's

passed, the larger and faster the account grows. That is the power of compounding—by constantly adding to your investment, you increase the potential return, going from what seems like a paltry \$1,000 initial investment at age 15 to \$225,000 by age 60, simply by adding \$1,000 a year to the account, achieving a 6% annual return and paying no taxes on your income and gains. With larger initial (and subsequent) investments, you get even more bang for your buck.

But I also put together another scenario that may be more realistic, particularly when we're talking about real markets and real teenagers. First off, few teenagers are going to be able to earn \$5,500 in a summer, though they might be able to hit that number or higher if they work during the school year.

Also, as you know, markets don't compound in a straight line. They go up and down. So, in the charts at the bottom of page 12, I've assumed that our teen (or guardian angel) is not only socking away more modest sums, but does so from the age of 12 to the age of 25, when, presumably, Junior will be out working, saving and investing on his or her own.

In the three scenarios, I've assumed the actual returns from **Total Stock Market**, **Total Bond Market** and **Wellington** from 2002 through 2015.

Despite two stock bear markets during this period, Wellington, which keeps about 60% of assets in stocks and the remainder in bonds, beat the returns from Total Bond Market and came close to matching those from Total Stock Market.

These charts might be just the thing to show the teen or young adult you're interested in leading down the road to retirement. I hope I've both made the benefits of funding an IRA clear, and simplified it enough that a young investor can understand it. But the question remains: How can we get a teenager to save for retirement?

You probably can't. So, my advice is to help them. That's what I did with both of my kids.

Let's assume you can afford to match their summer earnings. Do it.

LOW COSTS

Saving a Tree?



VANGUARD IS NOTORIOUS for cutting expenses to keep the fees on its funds and ETFs rock-bottom. Well, I've got a suggestion: Try cutting back on envelopes.

No, I'm not talking about the self-mailers that Vanguard used to include with account and transaction statements. I'm talking about the envelopes surrounding the envelopes.

I recently emailed Vanguard asking for some self-mailers because, well, they hadn't sent me any in a while. I think a picture speaks a thousand words, so all I'll say is, when 21 envelopes are packed in seven envelopes and then packed in one envelope, well, maybe Vanguard still has room to trim the fat.

Let them have their hard-earned money, but open a Roth IRA in your child or grandchild's name and add the money yourself. Remember, the child may earn \$1,000, but with taxes taken out, they will not bring it all home. That doesn't keep you from putting a full \$1,000 into a Roth for them.

Maybe you can't afford to add the full amount. Consider making a deal with your teen to match a portion of their earnings that they add to the Roth as well. If the teen contributes \$250, maybe you'll contribute \$500. Grandparents, obviously, can get into this act.

Finally, there's the issue of the many \$3,000 minimums at Vanguard. First off, you could start the youngster in a **STAR** account for just \$1,000. While I'm not a huge fan of STAR because of the amalgam of funds it cobbles

together, its one saving grace is that low, low minimum. My preference, however, would be to go directly to one of the *PRIMECAP Odyssey* funds, where the IRA minimums are also just \$1,000 (POAGX, my favorite for kids, is now closed, so go for POGRX).

Or, if you have a personal representative at Vanguard, see if they'll waive the minimum on **Dividend Growth** for your child or grandchild. Obviously you won't be making regular contributions to the IRA, since its deposits are contingent on the child's income stream, but if Vanguard's smart, your request will be seen as a way to grab a potential long-term client at an early age.

Finally, don't procrastinate. If your child or grandchild (or young friend) earned some income last year, you have until April 15 to fund an IRA for 2015, and then if they earn some money this

year, you or they can add money for 2016 as well.

Remember, the longer you or your children wait, the smaller your potential compounded earnings. Of course, with income comes taxes, and your children will need to begin filing their own tax returns. And, as I mentioned earlier, contributions to a Roth IRA are not made pre-tax, as they would be on a traditional IRA. Also, be aware that if you do help your child by contributing on their behalf, the total amount put into the IRA cannot exceed their total earnings in any given tax year. (This will be more of a concern for the youngest investors.)

In any case, helping to put your teenage child or grandchild on the road to a more comfortable retirement may truly be one of the best gifts you can make, and it will be one that keeps on giving year after year. ■

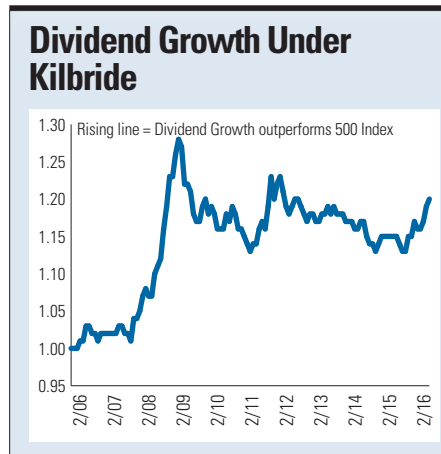
ACTIVE MANAGEMENT

Dividend Growth's Decade

DON KILBRIDE just celebrated 10 years on **Dividend Growth**. Shareholders ought to throw him a party. The 51-year-old Wellington Management partner has generated stellar returns, beating the stock market while taking on less risk, and he's consistently outperformed his index bogey. Who says active management doesn't work?

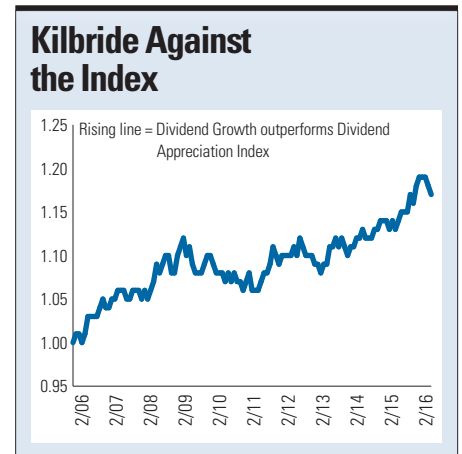
Since taking the helm of Dividend Growth in February 2006, Kilbride has steered the fund through both bull and bear markets. I always like to see how a manager performs over a full market cycle, and Kilbride has had a good one during which to demonstrate his skills. Take a look at the relative performance chart comparing Dividend Growth to **500 Index** in the middle column.

You can see that the slowly rising line early in his 10-year tenure turned into a huge spurt of outperformance during the financial crisis, when Dividend Growth outperformed 500 Index by a full 13 percentage points over the 16 months from November 2007 through February 2009. In a period when stocks were los-



ing money big-time, dropping 38.0% versus 51.0% might not seem like a win, but it meant that Kilbride had to generate a 61.3% return to recover his losses, while investors in 500 Index needed to more than double their money, gaining 104.1% to get even.

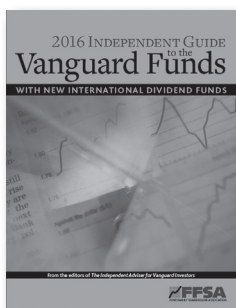
Also notice that in the immediate aftermath of the market bottom, when stocks soared, 500 Index outpaced Dividend Growth for a period of about two years. Over short time spans, it was



a toss-up; Kilbride might outperform, or he might underperform. But as the full 10 years comes into focus, you can see he's more than earned his shareholders' respect with a gain from January 2006 through January 2016 of 122.9% versus 500 Index's 85.3% return—a 44% beat!

Of course, Kilbride isn't buying the largest 500 stocks in the U.S. market and weighting them according to their market capitalization. He's selectively choosing companies where he >

The Ultimate Fund Guide



WITHOUT TURNING ON A COMPUTER, without even looking up a telephone number, you can have at your fingertips all the data on your favorite Vanguard funds—with the new FFSA **2016 Independent Guide to the Vanguard Funds**.

This year, we have more data than ever, including our proprietary risk and return statistics like rolling returns and Maximum Cumulative Loss (MCL), plus our take on new funds Vanguard plans to launch, such as **Core Bond, Emerging Markets Bond, International Dividend Appreciation Index** and **International High Dividend Yield Index**.

Even with our huge computer files and access to fund managers, my co-editor Jeff DeMaso and I still find ourselves thumbing through the annual guide to find that quick MCL statistic, fund correlation, or even a total return figure for 2006.

My *2016 Guide* is a great resource for me, and for you. Call Customer Service at 800/211-7641 for all the details on how to sign up for the guide.

➤ believes management teams have the will and desire to regularly raise dividends, and where battleship balance sheets allow them to do so. Currently he's focused on just 45 companies that fit his criteria, not 500.

Vanguard offers another fund that attempts to do about the same thing as Dividend Growth, but in an indexed format—**Dividend Appreciation Index**. That fund, which debuted just weeks after Kilbride took over Dividend Growth, tracks the NASDAQ U.S. Dividend Achievers Select index, which is the same index against which Kilbride is measured.

As I said, Kilbride has consistently put that index fund to shame as the relative performance chart on page 15 shows. The trajectory of that rising line is testimony to Kilbride's stock-picking prowess. From Dividend Appreciation Index's inception through the end of January, Dividend Growth has gained a total 114.3%. The index fund gained 83.8%. (500 Index was up 80.3% over the period.)

Don't buy Dividend Growth for the short term. If the markets go significantly higher in a quick spurt, this fund will lag. Dividend Growth is for long-term investors.

And don't buy Dividend Growth for its growing dividend. The fund's distributed yield, on average, hasn't been significantly higher than the distributed yield on 500 Index. At its best, Dividend Growth's yield was just 0.29% better than the index fund's, and at times, it's worse. In fact, at the end of February, the fund's 1.90% 12-month yield was 20 basis points lower than 500 Index's.

The reason to buy Dividend Growth is Don Kilbride. When he or Vanguard talks about growing dividends, what they're really talking about is the resulting capital appreciation that comes when investors bid up the price of stocks where dividends are rising. It's not the dividend itself, but the greater value that a growing dividend implies.

The single-manager fund is becoming a rarity at Vanguard, but Dividend Growth is a great one, with a dedicated manager whose own money is invested alongside shareholders while pursuing a disciplined investment approach. Dividend Growth could easily serve as your core stock holding. It's one of my biggest holdings personally and is a significant holding in the *Model Portfolios*. If you don't own it, you should. ■

DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ Though **High-Yield Corporate** and **Health Care** stumbled out of the gate in 2016, Jeff and I are sticking with them for the long term. You should, too. (See pages 1 and 7)
- ✓ Saving early for retirement isn't a lesson most teens learn in high school. But parents and grandparents can teach their teens a thing or two while giving them a retirement head start. (See page 12)
- ✓ Don Kilbride has spent 10 years on **Dividend Growth** proving that active management works. There's no reason his success can't continue. (See page 15)



Daniel P. Wiener is America's leading expert on the Vanguard family of funds. He is founder of the Fund Family Shareholder Association and chairman and chief executive officer of Adviser Investments, LLC, a Newton, Massachusetts, investment advisory firm (800-492-6868). As

editor of *The Independent Adviser for Vanguard Investors*, he is a five-time recipient of the *Newsletter Publishers Foundation's Editorial Excellence Award*. He also edits the annual *Independent Guide to the Vanguard Funds*. Mr. Wiener is often quoted in the nation's leading financial publications.



Jeffrey D. DeMaso, Editor/Director of Research, works directly with Dan Wiener researching and writing the multiple-award winning *Independent Adviser for Vanguard Investors* newsletter. He also leads the analyst team for Adviser Investments, LLC. Jeff gradu-

ated magna cum laude from Tufts University with a B.A. in economics, holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the Boston Security Analysts Society.

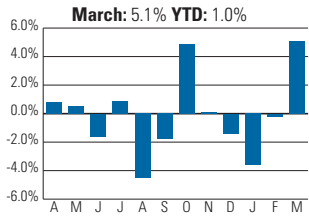
THE INDEPENDENT ADVISER

for Vanguard Investors

APRIL 2016

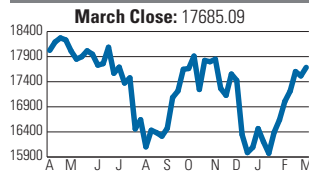
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AVERAGE VANGUARD INVESTOR*

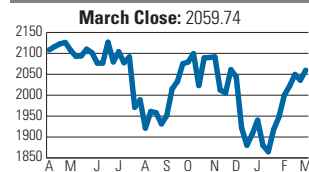


*See the footnotes on page 2.

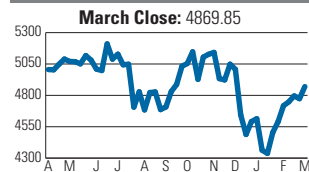
DOW JONES INDUSTRIALS



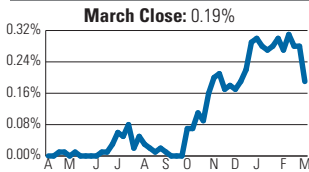
STANDARD & POOR'S 500



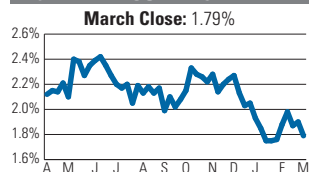
NASDAQ COMPOSITE



3-MO. TREASURY BILL YIELD



10-YR. TREASURY NOTE YIELD



Meme Change

THE COMMON “WISDOM” OF 2016 has been that the economy is headed for recession, the bull market in stocks is ready for a tumble, oil will remain under \$30 per barrel, wages are stagnant, the dollar will stay strong and the Fed will be making multiple interest-rate hikes before Christmas.

At least, those were the memes before mid-February. Since then, many pundits have reversed course, as stocks have rebounded to within 3.5% of their all-time highs, oil has pushed into the \$40 range, gold has bounced, and our slow-growth, not no-growth economy has continued to move ahead.

One area of the market that hasn't sprung back is health care. Not only are **Health Care** and **Health Care ETF** off 8.8% and 6.9%, respectively, for the year, but **Capital Opportunity**, with its heavy allocation to the sector, is down 3.2%. I smell opportunity.

Re-read last month's issue for a deeper dive into the health care sector, and keep in mind that we've seen this movie before. Just think back to the early worries about Obamacare. From January 2009 through February 2011, Health Care rose 34.3%. Not bad, you think. But **Total Stock Market** gained 59.5% over the same period. I can still remember the questions about why I was such a fan—didn't I know that Obamacare was going to strip profits and ruin the industry? Think again. From February 2011 through the end of 2015, Health Care gained 154.2%, more than double the 66.7% return from Total Stock Market. Maybe this is another of those periods? Health Care's been trailing since August. Its relative performance could get worse before it gets better—but it will get better. If you've got some spare cash, that's where I'd invest it. Or take a more

SEE **MEME** PAGE 3 >

EXPENSES

When Costs Go Up, Not Down

YOU'VE PROBABLY NOTICED that Vanguard has been working pretty hard of late to promote the fact that the expense ratios on many of its funds have been going down. Low costs are Vanguard's calling card.

But what if I told you that a lot of Vanguard funds saw their expense ratios go up, rather than down, over the past six months? Unfortunately, expense ratios, like performance figures, can be manipulated, as they depend on the time periods you look at.

With the release of their December 2015 annual reports, fully 52 Vanguard funds (counting separate Investor, Admiral, ETF and Institutional share classes) saw their expenses rise rather than fall over the past six months. The largest increase was a 33% jump in the expense ratio for **Intermediate-Term Bond Index's** Institutional Plus shares.

SEE **COSTS** PAGE 4 >

GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	7,574	\$22.98	\$174,041	22%	5.6%
Capital Opportunity	VHCOX	3,193	\$49.74	\$158,837	20%	5.7%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$100.12	\$144,654	18%	6.8%
Selected Value	VASVX	5,415	\$26.17	\$141,705	18%	7.7%
International Growth	VWIGX	4,504	\$20.67	\$93,091	12%	7.9%
Health Care	VGHCX	302	\$195.95	\$59,103	7%	2.1%
Short-Term Inv.-Grade	VFSTX	2,376	\$10.69	\$25,400	3%	1.0%

TOTAL **\$796,831**

CURRENT PERFORMANCE	Mar.	6.1%	YTD	-0.5%	1-yr	-2.8%	3-yr	10.4%	5-yr	10.0%
	Risk last 24 months		0.97	Risk since inception		0.96				

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

CONSERVATIVE GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	5,683	\$22.98	\$130,587	24%	5.6%
Capital Opportunity	VHCOX	2,421	\$49.74	\$120,440	22%	5.7%
Selected Value	VASVX	2,718	\$26.17	\$71,124	13%	7.7%
S&P MidCap 400 ETF	IVOO	688	\$97.12	\$66,784	12%	8.6%
International Growth	VWIGX	2,291	\$20.67	\$47,349	8%	7.9%
High-Yield Corporate	VVHEX	7,588	\$5.59	\$42,418	8%	2.9%
Health Care	VGHCX	216	\$195.95	\$42,245	7%	2.1%
Short-Term Inv.-Grade	VFSTX	2,980	\$10.69	\$31,858	6%	1.0%

TOTAL **\$552,804**

CURRENT PERFORMANCE	Mar.	5.7%	YTD	-0.1%	1-yr	-2.2%	3-yr	9.7%	5-yr	9.8%
	Risk last 24 months		0.88	Risk since inception		0.82				

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	4,527	\$22.98	\$104,036	26%	5.6%
PRIMECAP Core	VPCCX	4,355	\$20.73	\$90,273	22%	6.1%
Int-Term Investment-Grade	VFICX	7,705	\$9.91	\$76,354	19%	1.8%
High-Yield Corporate	VVHEX	7,089	\$5.59	\$39,627	10%	2.9%
Short-Term Inv.-Grade	VFSTX	2,784	\$10.69	\$29,762	7%	1.0%
Health Care	VGHCX	142	\$195.95	\$27,826	7%	2.1%
International Growth	VWIGX	1,154	\$20.67	\$23,854	6%	7.9%
MidCap Index	VIMSX	345	\$33.09	\$11,413	3%	8.0%

TOTAL **\$403,144**

CURRENT PERFORMANCE	Mar.	4.3%	YTD	0.9%	1-yr	0.3%	3-yr	8.2%	5-yr	9.0%
	Risk last 24 months		0.65	Risk since inception		0.60				

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
S&P MidCap 400 Growth ETF	IVOG	772	\$100.12	\$77,286	23%	6.8%
Dividend Appreciation ETF	VIG	834	\$81.25	\$67,756	20%	6.3%
S&P MidCap 400 Value ETF	IVOV	679	\$93.99	\$63,810	19%	9.8%
S&P 500 Growth ETF	VOOG	505	\$104.00	\$52,526	16%	6.8%
Total International Stock ETF	VXUS	807	\$44.92	\$36,233	11%	8.3%
Health Care ETF	VHT	196	\$123.30	\$24,187	7%	3.2%
Short-Term Corporate ETF	VCSH	140	\$80.03	\$11,233	4%	1.2%

TOTAL **\$333,030**

CURRENT PERFORMANCE	Mar.	7.0%	YTD	2.0%	1-yr	-2.0%	3-yr	9.8%	5-yr	9.5%
	Risk last 24 months		0.97	Risk since inception		1.03				

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	3/31 Price	March Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$37.75	7.8%	-5.6%	-7.1%	8.8%	8.8%	Capital Opp.
Artisan MidCap Value	ARTQX	\$19.91	9.3%	6.2%	-6.2%	4.3%	7.2%	Selected Value
Polaris Global Value	PGVFX	\$21.31	7.0%	0.7%	-2.8%	9.5%	8.8%	Global Equity
Fidelity International SmallCap	FISMX	\$22.59	8.4%	2.1%	3.0%	8.0%	6.3%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$14.91	6.5%	-0.1%	3.0%	8.5%	8.0%	International Expl.
T. Rowe International Discovery	PRIDX	\$53.02	6.9%	-1.7%	3.7%	8.0%	7.3%	International Expl.
Hartford Healthcare	HGHAX	\$30.69	2.8%	-12.5%	-9.9%	17.2%	17.3%	Health Care
ICON Healthcare	ICHCX	\$13.85	3.1%	-7.2%	-12.7%	14.4%	15.8%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$26.30	7.2%	-3.7%	-1.3%	11.9%	11.7%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$31.36	6.7%	-3.2%	-4.4%	16.4%	15.3%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$23.57	6.6%	-0.2%	-1.0%	11.8%	11.6%	PRIMECAP Core
Fidelity High Income	SPHIX	\$8.05	4.6%	2.8%	-4.9%	0.8%	3.8%	High-Yield Corporate

THIS MONTH'S CHANGES

None.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to index exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. **3-year** and **5-year returns** are compound, annualized returns. **Risk** is *Model Portfolio* volatility against the S&P 500 index. Flagship investors may open new accounts in all closed funds in the model portfolios, though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. With **Capital Opportunity** (and *PRIMECAP Odyssey Aggressive Growth*) closed I recommend investors consider *PRIMECAP Odyssey Growth* (POGRX) as a replacement. *PRIMECAP Odyssey Stock* (POSKX) is the preferred replacement for **PRIMECAP Core**. Both can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

diversified approach and add it to one of your PRIMECAP Management-run funds. Then relax. You are going to make some money here.

One place you probably won't make money without an astounding bit of luck is in the commodities and metals markets. **Precious Metals & Mining**, up 31.6% so far this year, has benefited from the 16.3% bump in gold, which has a multiplying effect upon the prices of miners' stocks. Yet, for all the hoopla around that fabulous three-month return, don't forget that the fund remains 68.3% below the high it hit in ... wait for it... May 2008.

I say it all the time, but one of the best things you can do for your portfolio (not to mention your mental health) is to go on a media diet. This doesn't mean you should ignore your investments or the world around you. But once you've set a long-term course for your finances, you probably shouldn't be taking a detour because of some talking head. The latest: Robert Kiyosaki, the discredited author of *Rich Dad Poor Dad*. He's trying to make a comeback by arguing that baby boomers who begin to hit age 70.5 in 2016 and are required to take money out of their 401(k) and pension plans will cause a major 2016 crash. The baby boomer investor has been a scapegoat for all manner of disaster scenarios, none of which have panned out.

The flaw in Kiyosaki's thinking is that baby boomers will draw all of their required distributions out of the markets at once, and that they are going to spend them, rather than simply reinvest somewhere else. The media loves this guy,

because, well, he's predicting gloom and doom. But I wouldn't buy his brand of snake oil. In the media, every data release, no matter how trivial or quickly forgotten, is reported on with bated

breath. Every tick in the market must be explained. The same goes for Chicken Littles squawking about doomsday scenarios. We call this infotainment. Turn it off, and your portfolio will thank you. ■

MARCH SPECIAL DISTRIBUTIONS					
500 Index	\$0.9620 @	\$188.97	MidCap Value ETF	\$0.3080 @	\$86.64
Balanced Index	\$0.1350 @	\$29.19	MidCap Value Index	\$0.1130 @	\$33.64
Consumer Discretionary ETF	\$0.4630 @	\$121.90	Pacific ETF	\$0.1170 @	\$55.28
Consumer Discretionary Index	\$0.2390 @	\$63.55	Pacific Index	\$0.0190 @	\$10.51
Consumer Staples ETF	\$0.6340 @	\$133.79	Precious Metals & Mining	\$0.1613 @	\$8.38
Consumer Staples Index	\$0.3130 @	\$66.26	REIT ETF	\$0.9190 @	\$81.16
Convertible Securities	\$0.0210 @	\$11.72	REIT Index	\$0.2960 @	\$27.26
Developed Markets ETF	\$0.1570 @	\$35.93	Russell 1000 ETF	\$0.4210 @	\$93.29
Developed Markets Index	\$0.0370 @	\$8.88	Russell 1000 Growth ETF	\$0.3450 @	\$101.11
Dividend Appreciation ETF	\$0.4100 @	\$80.38	Russell 1000 Value ETF	\$0.4860 @	\$85.89
Dividend Appreciation Index	\$0.1550 @	\$32.27	Russell 2000 ETF	\$0.1490 @	\$86.19
Dividend Growth	\$0.0800 @	\$22.58	Russell 2000 Growth ETF	\$0.1610 @	\$93.01
Emerging Markets Stock ETF	\$0.0570 @	\$34.45	Russell 2000 Value ETF	\$0.1410 @	\$78.85
Emerging Markets Stock Index	\$0.0280 @	\$21.10	Russell 3000 ETF	\$0.3950 @	\$92.82
Energy ETF	\$0.6750 @	\$85.56	S&P 500 ETF	\$1.0060 @	\$186.43
Energy Index	\$0.3380 @	\$43.94	S&P 500 Growth ETF	\$0.3520 @	\$102.73
Equity Income	\$0.2090 @	\$29.95	S&P 500 Value ETF	\$0.5150 @	\$86.06
Europe ETF	\$0.2720 @	\$48.57	S&P MidCap 400 ETF	\$0.2500 @	\$95.29
European Index	\$0.1390 @	\$25.93	S&P SmallCap 600 Growth ETF	\$0.2610 @	\$103.35
Extended Market ETF	\$0.3060 @	\$80.91	S&P SmallCap 600 Value ETF	\$0.2650 @	\$95.18
Extended Market Index	\$0.2120 @	\$62.06	SmallCap ETF	\$0.3050 @	\$110.19
Financials ETF	\$0.1310 @	\$45.91	SmallCap Growth ETF	\$0.1500 @	\$117.08
Financials Index	\$0.0650 @	\$23.36	SmallCap Growth Index	\$0.0330 @	\$32.57
Global ex-U.S. Real Estate ETF	\$0.0780 @	\$53.23	SmallCap Index	\$0.1330 @	\$51.89
Global ex-U.S. Real Estate Index	\$0.0240 @	\$20.94	SmallCap Value ETF	\$0.3670 @	\$101.06
Growth ETF	\$0.3200 @	\$105.01	SmallCap Value Index	\$0.0820 @	\$23.70
Growth Index	\$0.1470 @	\$54.12	Social Index	\$0.0550 @	\$12.85
Health Care	\$4.8570 @	\$193.44	STAR Cons. Gro.	\$0.0730 @	\$18.09
Health Care ETF	\$0.3960 @	\$122.42	STAR Income	\$0.0600 @	\$14.84
Health Care Index	\$0.1980 @	\$60.69	Target Retirement Income	\$0.0420 @	\$12.64
High Dividend Yield ETF	\$0.4780 @	\$68.75	Tax-Man. Capital Appreciation	\$0.4910 @	\$102.27
High Dividend Yield Index	\$0.1860 @	\$26.88	Tax-Managed Balanced	\$0.1310 @	\$26.79
Industrials ETF	\$0.5030 @	\$104.33	Tax-Managed SmallCap	\$0.1220 @	\$43.60
Industrials Index	\$0.2590 @	\$54.09	Telecom Services ETF	\$0.5000 @	\$90.54
Information Technology ETF	\$0.4070 @	\$107.51	Telecom Svcs. Index	\$0.2550 @	\$46.19
Information Technology Index	\$0.2080 @	\$55.08	Total International Stock ETF	\$0.1430 @	\$44.99
Int'l Dividend Appreciation ETF	\$0.0450 @	\$53.05	Total International Stock Index	\$0.0440 @	\$14.26
Int'l Dividend Appreciation Index	\$0.0180 @	\$21.29	Total Stock Market ETF	\$0.4800 @	\$104.22
Int'l High Dividend Yield ETF	\$0.0850 @	\$53.49	Total Stock Market Index	\$0.2220 @	\$49.92
Int'l High Dividend Yield Index	\$0.0340 @	\$21.76	Total World Stock ETF	\$0.2220 @	\$57.29
LargeCap ETF	\$0.4550 @	\$93.30	Total World Stock Index	\$0.0850 @	\$23.08
LargeCap Index	\$0.1740 @	\$37.19	Utilities ETF	\$0.7170 @	\$106.12
Materials ETF	\$0.3810 @	\$97.52	Utilities Index	\$0.3580 @	\$52.85
Materials Index	\$0.1940 @	\$50.18	Value ETF	\$0.5360 @	\$81.85
MegaCap ETF	\$0.3690 @	\$69.52	Value Index	\$0.1980 @	\$32.13
MegaCap Growth ETF	\$0.2830 @	\$82.15	Wellesley Income	\$0.1620 @	\$24.96
MegaCap Value ETF	\$0.3860 @	\$59.20	Wellington	\$0.2280 @	\$36.80
MidCap ETF	\$0.2820 @	\$119.89	World ex-U.S. ETF	\$0.1480 @	\$43.16
MidCap Growth ETF	\$0.1630 @	\$98.53	World ex-U.S. Index	\$0.0540 @	\$16.86
MidCap Growth Index	\$0.0540 @	\$38.31	World ex-U.S. SmallCap ETF	\$0.0270 @	\$93.60
MidCap Index	\$0.0690 @	\$32.32	World ex-U.S. SmallCap Index	\$0.0010 @	\$34.92

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Of course, that 33% increase was but a mere basis point, from 0.03% to 0.04%, between June 30, 2015 and December 31, 2015. But if you've been reading Vanguard's press releases, you know that minuscule basis point changes like these look a whole lot bigger when translated into percentages, so that's how Vanguard portrays them. Their latest press initiative cited expense ratio reductions ranging from 7% to 27%.

Obviously, for expenses to have fallen overall in 2015, but to have risen in the year's final six months, expenses fell more during the first six months of 2015 before they reversed course.

Over the last six months of 2015, operating expense increases ranged from 5% to 33%, though virtually all of the changes were an increase of just one basis point.

It's always nice to see expenses fall, but when you're talking one or two basis points on already-low expense ratios, it gets harder and harder to make any real news out of it. And it's no surprise that Vanguard would rather promote expenses falling over 12 months than expenses rising over six.

Now, there's something else you need to know, and it's important: When Vanguard talks about lowering expense ratios, it's talking about lowering them in its prospectuses. It will issue a new prospectus for a fund, report a lower expense ratio, and claim it as a decrease. However, that's not really accurate. When Vanguard reports a new expense ratio in a prospectus, it's an estimate. That's right—it's an educated guess.

Only twice a year does Vanguard report actual, audited expense ratios rather than estimates, and that's in each fund's semiannual and annual reports. If you read the letter to shareholders in those reports, you'll see that Vanguard always compares its funds' expense ratios with their peers. However, the expense ratios they use for the comparisons aren't accurate, because they are taken from prospectuses. Vanguard's footnote tells the

tale: "The fund expense ratios shown [in the table] are from the prospectus dated [say, April 29, 2015] and represent estimated costs for the current fiscal year." The actual expense ratios are listed in the footnotes, but also in the financial statements deeper into

the report. You can find them in a table headed "Financial Highlights."

In fact, as we were finishing up this letter, Vanguard released annual reports for a number of funds whose fiscal years end in January. I found it fascinating that for **Precious Metals**

When Expenses Rise

	REPORTED OPERATING EXPENSES				
	12/31/14	6/30/15	Change from Dec.	12/31/15	Change from Jun.
Intermediate-Term Bond Index Inst. Plus	0.05%	0.03%	-40%	0.04%	33%
Admiral 500 Index	0.05%	0.04%	-20%	0.05%	25%
Admiral Total Stock Market Index	0.05%	0.04%	-20%	0.05%	25%
S&P 500 ETF	0.05%	0.04%	-20%	0.05%	25%
Total Stock Market ETF	0.05%	0.04%	-20%	0.05%	25%
MidCap Index Inst. Plus	0.06%	0.04%	-33%	0.05%	25%
SmallCap Index Inst. Plus	0.06%	0.04%	-33%	0.05%	25%
Intermediate-Term Bond Index Inst.	0.07%	0.05%	-29%	0.06%	20%
Short-Term Bond Index Institutional	0.07%	0.05%	-29%	0.06%	20%
Balanced Index Inst.	0.08%	0.06%	-25%	0.07%	17%
Extended Market Inst.	0.08%	0.06%	-25%	0.07%	17%
Growth Index Inst.	0.08%	0.06%	-25%	0.07%	17%
LargeCap Index Inst.	0.08%	0.06%	-25%	0.07%	17%
MidCap Index Inst.	0.08%	0.06%	-25%	0.07%	17%
SmallCap Index Inst.	0.08%	0.06%	-25%	0.07%	17%
Tax-Managed Cap. Apprec. Inst.	0.08%	0.06%	-25%	0.07%	17%
Value Index Inst.	0.08%	0.06%	-25%	0.07%	17%
Tax-Managed SmallCap Index Inst.	0.08%	0.06%	-21%	0.07%	16%
Admiral SmallCap Index	0.09%	0.07%	-22%	0.08%	14%
Admiral Growth Index	0.09%	0.07%	-22%	0.08%	14%
Admiral MidCap Growth Index	0.09%	0.07%	-22%	0.08%	14%
Admiral MidCap Index	0.09%	0.07%	-22%	0.08%	14%
Admiral MidCap Value Index	0.09%	0.07%	-22%	0.08%	14%
Admiral LargeCap Index	0.09%	0.07%	-22%	0.08%	14%
Admiral Value Index	0.09%	0.07%	-22%	0.08%	14%
Admiral Balanced Index	0.09%	0.07%	-22%	0.08%	14%
SmallCap ETF	0.09%	0.07%	-22%	0.08%	14%
Growth ETF	0.09%	0.07%	-22%	0.08%	14%
MidCap Growth ETF	0.09%	0.07%	-22%	0.08%	14%
MidCap ETF	0.09%	0.07%	-22%	0.08%	14%
MidCap Value ETF	0.09%	0.07%	-22%	0.08%	14%
LargeCap ETF	0.09%	0.07%	-22%	0.08%	14%
Value ETF	0.09%	0.07%	-22%	0.08%	14%
Admiral Extended Mkt. Index	0.10%	0.08%	-20%	0.09%	13%
Admiral Short-Term Bond Index	0.10%	0.08%	-20%	0.09%	13%
Admiral Intermed.-Term Bond Index	0.10%	0.08%	-20%	0.09%	13%
Extended Market ETF	0.10%	0.08%	-20%	0.09%	13%
Short-Term Bond ETF	0.10%	0.08%	-20%	0.09%	13%
Intermediate-Term Bond ETF	0.10%	0.08%	-20%	0.09%	13%
Long-Term Bond ETF	0.10%	0.08%	-20%	0.09%	13%
Admiral Inflation-Protected Sec.	0.10%	0.09%	-10%	0.10%	11%
Tax-Managed Balanced	0.12%	0.10%	-17%	0.11%	10%
Tax-Managed SmallCap	0.12%	0.10%	-17%	0.11%	10%
Tax-Managed Capital Appreciation	0.12%	0.10%	-17%	0.11%	10%
500 Index	0.17%	0.15%	-12%	0.16%	7%
Total Stock Market Index	0.17%	0.15%	-12%	0.16%	7%
SmallCap Growth Index	0.23%	0.19%	-17%	0.20%	5%
Inflation-Protected Securities	0.20%	0.19%	-5%	0.20%	5%
Extended Market Index	0.23%	0.21%	-9%	0.22%	5%
Growth Index	0.23%	0.21%	-9%	0.22%	5%
Value Index	0.23%	0.21%	-9%	0.22%	5%
Balanced Index	0.23%	0.21%	-9%	0.22%	5%

Source: Vanguard semiannual and annual reports.

& Mining, for instance, Vanguard reported prospectus expenses of 0.29%, but then acknowledged in the footnotes that the actual expense ratio was 0.35%. Vanguard wrote that the difference was due to performance fee adjustments—the manager was docked less money in the current year versus the prior year. So, as I said, the prospectus numbers are simply estimates.

Pulling all the numbers for the 34 different funds that reported in January, it's pretty evident that Vanguard's costs

were going up in the latter part of 2015 and into 2016. Twenty-nine of the 34 funds saw expenses rise over the six months ending January 31 by anywhere from 4% to 17%.

Now, just to be clear, when I first released my findings that more than 50 funds saw expense ratios rise in the second half of 2015, *TheStreet.com* reported that Vanguard claimed my reporting was “sensationalist.” I had to laugh, since Vanguard's argument was that their prospectus estimates were accurate and that “expense ratios will

fluctuate throughout the year,” and that “slicing and dicing in that fashion is misleading to investors.” I'd say that if you want to talk about misleading, then you shouldn't claim that estimates are actual, real-world numbers investors can rely on. (As I noted, take a look at Precious Metals & Mining's annual report for evidence.) Using estimates is misleading and sensationalist. Of course, Vanguard wasn't about to tell *TheStreet.com* or its shareholders why operating expenses rose in the second half of 2015, but that's another story. ■

NEW FUNDS

More Options for Income

OVER TWO WEEKS, Vanguard launched four funds—two foreign stock index funds and two actively managed bond funds—that aim in part to meet investors' demands for greater income. Though the promise of greater yields is tempting, I wouldn't rush to buy any of these funds.

Let's start with the foreign stock index funds. First announced back in September, **International Dividend Appreciation Index** and **International High Dividend Yield Index** saw their launch dates pushed back three times. They finally opened in late February in both open-end and ETF formats.

Expenses are low. The Investor shares of International Dividend Appreciation Index are estimating expenses of 0.35%, while the Admiral and ETF shares are coming in at 0.25%. The expenses on International High Dividend Yield Index are estimated to be 5 basis points, or 0.05% higher—so 0.40% for the Investor shares and 0.30% for the Admiral and ETF shares.

International Dividend Appreciation Index aims to track a higher-quality variant of the NASDAQ International Dividend Achievers Index called the NASDAQ International Dividend Achievers Select Index. The Select version does not have a long track record, but we can look to the non-Select index, which dates to September 2005 and is tracked by

the PowerShares International Dividend Achievers ETF (PID), to start to build some expectations around the new fund.

As you can see in the relative performance chart on page 6, there have been periods when the Dividend Achievers >

QUOTABLE

“Best Of” Lists

I DON'T KNOW ABOUT YOU, but when I see financial journals publishing “Best Of” lists of mutual funds, ETFs, stocks or what-have-you, I tend to run the other way. What is considered the “best” one year can often be the worst the next, or (as is usually the case with these lists) one year's best is simply forgotten in the following year. I used to track “Best Of” lists from *Bloomberg BusinessWeek*, *Forbes*, *Money*, *SmartMoney* and the like to see if there was any agreement between them (there was little), but after a while the year-to-year changes were so huge and without explanation that, well, it got to be a fruitless exercise.

So, I was amused to see Vanguard giving “Best Of” lists their seal of approval. Now, I'm not surprised that they recently trumpeted landing six of their ETFs on the inaugural “Kiplinger's ETF 20” list, but I was surprised to read that “Best of” lists such as the ‘Kiplinger's ETF 20’ are a great place to start your evaluation of investment options.” Really? Well, I guess the caveats in this statement give Vanguard an out, but imagine my surprise when Vanguard's posting to financial advisers on the same topic toned the advice way down, and simply said that lists like Kiplinger's “may be popular with clients and a basis of conversation.”

They're closer to the truth there. The gist of my conversation with a client about these lists would be to ignore them, as there is always one factor or another that drives the selection process that may be at odds with your own criteria for finding suitable investments. Performance over a single point in time, operating expenses and trading volume may be of interest—or may not.

Just take a look, if you can find them, at the past few years of *Money's* “Best Of” lists. How is it that **MidCap ETF** shows up on the list in 2010 but wasn't found in, say, the 2014 or 2015 lists? Did the fund change? (No.) Did the operating expense go up? (Again, no.) Or did the list's criteria for inclusion change? (Maybe.) The same question could be asked of **World ex-U.S. ETF** or **Emerging Markets Stock ETF**, both of which were also on the 2010 list.

As I said, don't give those “Best Of” lists a second glance.

> index has led and times where it has lagged, but over the past decade or so, its performance hasn't been all that different from either **Total International Stock Index** or **Developed Markets Index**, and lately it has been underperforming.

International High Dividend Yield Index aims to track a brand new index, the FTSE All-World ex-U.S. High Dividend Index. As with any fund that doesn't look quite like the market, you can expect periods when International Dividend High Yield Index will outperform and periods when it will underperform the traditional foreign index funds. But why rush in here when we have a proven option in **International Growth**?

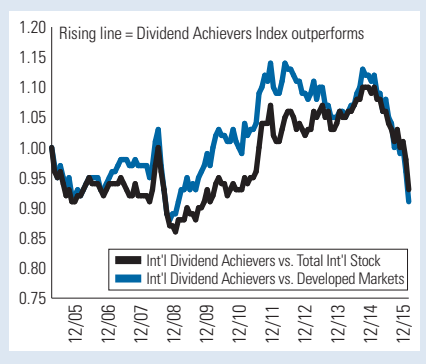
What Vanguard isn't doing is offering actively managed counterparts to these funds, as they do domestically. **Dividend Growth** and **Equity Income** are both benchmarked to the same indexes used by the domestic **Dividend Appreciation Index** and **High Dividend Yield Index** funds. And the active managers have run circles around their index competitors.

New Bond Funds

Let's turn to the more traditional sources of income—bonds. **Emerging Markets Bond** was launched with little fanfare in early March. The fund is run by Dan Shaykevich, a former member of BlackRock's emerging markets debt team, and will go toe-to-toe with **Emerging Markets Government Bond Index**. Though the fund's Investor and Admiral shares have been pricing since early March, neither are available for purchase today. Vanguard says that a Vanguard subsidiary is the "sole investor in the fund" as Vanguard wants to "confirm our active emerging market capabilities," which I guess means they want to make sure they know what they're doing in the space.

The final new fund, and the one I'm most interested in, is **Core Bond**, managed by a trio of Vanguard managers. The fund will go head-to-head with the largest bond fund in the world—**Total Bond Market Index**. As Core Bond is less than a month old, Vanguard is not reporting any portfolio data for the fund, but expect it to invest in investment-grade-rated government, agency and corporate bonds.

Foreign "Achievers" Show Similar Performance



Vanguard's marketing focus on its indexed bond funds, in particular Total Bond Market Index, has overshadowed the excellent performance of its active funds, like **Short-Term Investment-Grade** and **Intermediate-Term Investment-Grade**. Core Bond has the potential to outshine Total Bond Market Index over time. But I wouldn't

rush into it, as I think it will take some assets to build the diversified portfolio Vanguard needs to make the fund sing.

Still, I rate it Buy and think this fund will do well. First, three accomplished managers will run it. Second, Vanguard keeps very tight reins on its active bond funds, prescribing limits on the amount of duration (risk) the managers can take vis-à-vis their benchmarks, as well as how far outside the benchmark the managers can go when searching for bonds. Add all that up with expense ratios that are just five to eight basis points higher than Total Bond Market's comparable share-class expenses, and you've got a pretty low hurdle for the managers to clear to prove their security-selection chops.

In the end, Vanguard is broadening its income solutions with these four funds, though none of them is a must-own today. I'll keep you apprised as we see how they perform. ■

MANAGED PAYOUT

More of a Return of, Rather than a Return on Your Money

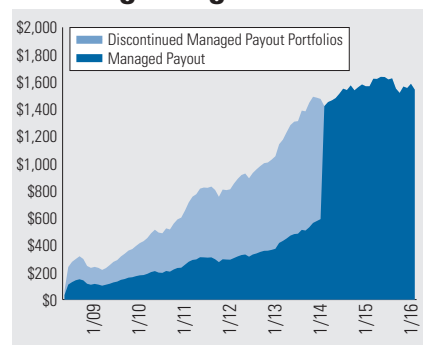
ONE CHANGE AT VANGUARD is no change at all. **Managed Payout's** 2016 monthly distribution is unchanged from 2015, at just a little under six cents per share (\$0.0589) after a small increase last year. However, Vanguard now says that 67% of that distribution is a return of capital, versus about 57% last year. What this means is that Vanguard is unable to generate enough current income to keep the distribution even without dipping into capital.

Those numbers could change if the fund starts generating more income as the year proceeds, but in my eyes, Managed Payout remains a lousy investment.

Not a single Vanguard director owns the fund, nor has one ever owned the fund or its predecessors. If the Vanguard board doesn't see fit to put a single, solitary dollar into this portfolio, why would you? The fund has the single worst record among Vanguard's balanced funds and has generated less than half the total return of **Wellesley Income** since inception. In fact, Vanguard's disclaimer on Managed Payout is longer than that for any other fund except **Market Neutral**—which, of course, is a component of the Managed Payout fund.

Investors haven't been fooled. The fund is barely taking in new money, and assets have stagnated at about \$1.6 billion—hardly a roaring success.

Managed Payout Assets Are Stagnating



Variable Annuities Don't Match the Hype

ANNUITIES SOUND LIKE a silver bullet for retirement: Tax-deferred growth and guaranteed income for life. Everyone should have one, right? Well, at this point in life, we've all learned that if something sounds too good to be true, it probably is. So let's take a look at what annuities are and are not—and why Dan and I remain skeptics.

Annuities are insurance contracts, and they come in many different forms. Income annuities require that you hand over a lump sum of cash to an insurance company, and then that company pays you regular income for the term of the contract—usually life. Those payments can start immediately or years down the road. They can be fixed or tied to inflation.

As with so many things, the devil is in the details. When it comes to annuities, well, it all depends on your contract. A simple story told by an annuity sales rep can quickly become dizzyingly complicated. Vanguard no longer offers its own income annuity, but does provide a platform to compare quotes from various insurance companies. What Vanguard continues to offer, though, is another flavor of annuity—deferred variable annuities. So let's dig in there.

Here's how deferred variable annuities are supposed to work. First off, most investors will begin building a tax-deferred portfolio by maxing out their IRAs and 401(k)s or other retirement or tax-deferred investment options. Of course, there are limits to how much you can put into these retirement portfolios. But you aren't limited in your purchase of a variable annuity—you can put in as much as you like. In some situations, you can also add to the annuity over time. You choose how your money is invested, and your money grows without the drag of taxes. Then, in retirement, your annuity provides a steady, and in some cases, guaranteed, stream of income regardless of what the market does. And as a cherry on

top, annuities have a “death benefit” to protect your loved ones when you pass.

That all sounds great on paper, and if variable annuities lived up to every promotional claim, this wouldn't even be a conversation. But reality has a way of tarnishing this image.

Let's start with expenses. Broadly speaking, annuity expenses are outlandish, with sales agents regularly earning 5% or more in fees. (This is one reason some say that annuities are sold, not bought.) Plus, their ongoing operating expenses tend to be high—really high. True to form, though, Vanguard's annuities are among the cheapest around. But compared to a Vanguard mutual fund, they are still astronomically priced.

One example: While good old **500 Index** currently charges 0.16% in operating expenses, the identical **Equity Index Annuity** charges 0.44% at a minimum. A few dozen basis points isn't usually worth getting too worked up about, but that higher fee is going to chip away at returns month after month, and, well, it adds up over time. Over the 10 years ending in March, the annuity has lagged 500 index by 30 basis points per year, which translates into a total return of 89.3% for the annuity versus 94.6% for the index fund.

In addition to those high fees, you could be hit with a penalty for early withdrawals should you need your money sooner than expected. While Vanguard's annuities do not have “withdrawal charges,” other annuities do. And with all annuities, including Vanguard's, withdrawals made before age 59.5 may be subject to an additional 10% federal penalty tax. No such penalty exists with a regular mutual fund, except for short-term redemption fees, which typically only last from 30 to 90 days from purchase.

Even the issue of growing your money in a tax-deferred manner isn't cut-and-dried when it comes to annuities. I love tax-deferred investing. Every dollar you invest and every dol-

lar earned in additional gains keeps on compounding until you take your money out. I fund my 401(k) retirement account and my IRA to the max, and always recommend that you do likewise. (And just last month, Dan recommended you kick-start your kid's retirement with a tax-deferred Roth IRA. So we're both big believers in tax-deferred investing.)

So what's the catch? First, it can take a long time for the benefits of tax deferral to compensate annuity buyers for the higher expenses annuities charge. Even Vanguard concedes that “it may take ten years or more for the benefit of tax deferral to offset the costs associated with a variable annuity.”

Another wrinkle in the tax-deferral story is how your withdrawals are taxed. If you funded your annuity with pre-tax dollars, then every dollar you take out—whether it is from your principal or profit earned through dividends or capital gains—is considered “income” to the tax man. If you funded your annuity with after-tax dollars, only the profits you withdraw are taxed—but they are still taxed as income.

It's all a matter of tax efficiency. Take a look at the accompanying piece on page 15 for a more in-depth review. While your money grows more quickly in a tax-deferred annuity, even under favorable assumptions, by the time you consider the higher expenses and the tax consequences of paying income versus capital gains taxes, you need to hold an annuity for decades to make it worthwhile.

Now, remember that death benefit I mentioned? The language in most death benefit provisions says that your beneficiary is entitled to your annuity's assets on your death. Simple. But as with all things related to annuities, the matter is a bit more complicated. You only die once, but Vanguard offers investors the choice of two death benefits.

SEE **FOCUS** PAGE 12 [▶](#)

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	3/31 Price	March Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.58	-0.0%	5.2%	—	—	—	—	—
Energy (51)	VGENX	\$3K	—	Hold	\$44.28	12.3%	7.8%	-14.0%	-6.7%	-5.6%	2.4%	1.84
Precious Metals & Mining (53)	VGPMM	\$3K	—	Sell	\$8.21	9.0%	31.6%	-3.6%	-14.2%	-18.4%	2.0%	2.53
Health Care (52)	VGHGX	\$3K	—	Buy	\$195.95	2.1%	-8.8%	-6.3%	18.2%	17.9%	0.9%	1.08
REIT Index (123)	VGSIX	\$3K	—	Hold	\$27.83	10.4%	6.2%	3.7%	10.2%	11.6%	4.1%	1.33
Global ex-U.S. Real Estate Index (738)	VGXRX	\$3K	0.25% f/0.25% r	Hold	\$21.43	9.1%	4.2%	-1.8%	1.2%	5.1%	2.7%	1.11
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$49.74	5.7%	-3.2%	-4.7%	13.2%	12.2%	0.6%	1.11
Explorer (24)	VEXPX	\$3K	—	Hold	\$79.49	8.0%	-1.2%	-11.1%	8.0%	7.9%	0.3%	1.33
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$29.11	8.7%	2.3%	-4.9%	7.9%	9.0%	0.8%	1.24
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$21.85	7.2%	-2.7%	-8.8%	9.2%	9.2%	0.3%	1.17
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$33.48	7.7%	-1.9%	-10.2%	6.8%	7.4%	0.9%	1.28
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$53.41	8.4%	1.0%	-7.2%	8.4%	8.6%	1.5%	1.23
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$24.43	8.9%	3.5%	-4.8%	9.4%	9.5%	2.1%	1.22
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$28.42	7.7%	0.4%	-5.8%	11.9%	11.6%	1.6%	1.08
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$29.21	7.6%	0.8%	-6.8%	10.3%	10.2%	1.2%	1.17
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$45.31	8.1%	2.4%	-3.4%	10.5%	10.4%	1.5%	1.24
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$10.45	8.5%	-4.3%	-17.6%	5.0%	4.8%	1.3%	1.44
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$62.83	8.2%	-0.9%	-9.0%	8.0%	8.3%	1.5%	1.23
Growth Index (9)	VIGRX	\$3K	—	Buy	\$54.80	7.1%	0.3%	0.1%	12.4%	11.9%	1.2%	1.10
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$39.40	8.1%	0.6%	-6.2%	9.9%	8.8%	0.8%	1.14
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$33.09	8.0%	1.1%	-4.4%	10.6%	9.9%	1.5%	1.08
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$34.29	7.8%	1.6%	-2.8%	10.9%	10.8%	2.2%	1.03
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$24.45	6.2%	-1.9%	0.2%	12.8%	10.6%	0.7%	1.07
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$97.74	6.2%	-2.0%	-1.6%	13.5%	12.4%	1.1%	1.02
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$20.73	6.1%	-0.4%	-1.3%	13.0%	12.0%	1.1%	1.02
Selected Value (934)	VASVX	\$3K	—	Buy	\$26.17	7.7%	1.2%	-3.9%	9.3%	9.9%	1.6%	1.12
Social Index (213)	VFTSX	\$3K	—	Buy	\$13.06	6.5%	-0.7%	-1.3%	12.4%	12.2%	2.0%	1.05
STAR Growth (122)	VASGX	\$3K	—	Sell	\$27.57	6.2%	1.1%	-2.3%	6.7%	6.8%	2.1%	0.81
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$104.16	7.0%	0.9%	0.6%	11.6%	11.3%	2.1%	1.02
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$28.75	4.9%	-3.5%	0.2%	13.5%	12.2%	0.5%	1.05
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$189.99	6.8%	1.3%	1.6%	11.7%	11.4%	2.0%	1.00
Convertible Securities (82)	VCVXS	\$3K	—	Buy	\$11.84	2.7%	-2.0%	-8.0%	3.5%	3.6%	1.9%	0.62
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$29.47	6.9%	-1.3%	-3.5%	10.6%	10.2%	1.1%	1.07
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$32.50	6.2%	4.9%	2.9%	9.5%	10.2%	2.1%	0.91
Dividend Growth (57)	VDIGX	\$3K	—	Buy	\$22.98	5.6%	2.9%	4.7%	11.8%	12.3%	1.9%	0.88
Equity Income (65)	VEIPX	\$3K	—	Buy	\$30.39	6.7%	3.5%	4.4%	10.7%	12.2%	2.8%	0.93
Growth & Income (93)	VGNPX	\$3K	—	Sell	\$40.08	6.7%	1.3%	1.8%	12.2%	12.0%	1.7%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$27.34	6.5%	4.1%	4.7%	11.2%	12.6%	3.1%	0.93
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$37.96	6.8%	0.9%	0.6%	11.4%	11.1%	1.9%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$12.41	-0.5%	2.4%	7.7%	5.9%	4.5%	0.0%	0.42
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$23.45	4.8%	1.7%	-1.1%	5.8%	6.1%	2.1%	0.61
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$51.01	7.0%	0.9%	-0.6%	11.0%	10.9%	1.8%	1.02
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$16.27	6.7%	-0.2%	-2.2%	9.9%	11.3%	2.1%	0.96
Value Index (6)	VIVAX	\$3K	—	Hold	\$32.13	6.6%	1.6%	1.2%	10.4%	10.4%	2.5%	0.94
Windsor (22)	VWNDX	\$3K	—	Hold	\$18.76	8.3%	-2.0%	-6.7%	8.8%	9.5%	1.8%	1.16
Windsor II (73)	VWNFX	\$3K	—	Buy	\$33.57	6.8%	0.2%	-2.9%	8.5%	9.7%	2.3%	1.01
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$29.65	4.6%	1.9%	0.6%	7.6%	8.1%	1.9%	0.61
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$17.53	4.6%	2.2%	-0.8%	5.6%	5.9%	3.9%	0.57
STAR (56)	VGSTX	\$1K	—	Hold	\$23.42	5.1%	0.6%	-2.1%	6.5%	7.1%	2.0%	0.68
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$18.17	3.5%	2.3%	0.0%	4.8%	5.2%	2.1%	0.43
STAR Income (723)	VASIX	\$3K	—	Sell	\$14.91	2.2%	2.7%	1.0%	3.8%	4.3%	2.1%	0.28
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$27.12	3.5%	1.5%	2.3%	7.4%	8.1%	2.0%	0.47
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$25.28	3.5%	3.8%	3.8%	6.0%	7.8%	2.9%	0.41
Wellington (21)	VWELX	\$3K	—	Buy	\$37.26	5.1%	1.9%	1.1%	7.8%	8.5%	2.6%	0.67
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$27.42	6.8%	0.8%	-3.2%	7.1%	—	1.8%	0.91
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$31.07	6.8%	0.8%	-3.3%	7.0%	7.3%	1.9%	0.91
Target Retirement 2050 (699)	VFIIX	\$1K	—	—	\$28.71	6.8%	0.8%	-3.1%	7.1%	7.3%	2.0%	0.91
Target Retirement 2045 (306)	VTIVX	\$1K	—	—	\$17.92	6.8%	0.8%	-3.1%	7.1%	7.3%	2.1%	0.91
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$28.69	6.7%	0.8%	-3.1%	7.1%	7.3%	2.1%	0.91
Target Retirement 2035 (305)	VTHX	\$1K	—	—	\$17.02	6.2%	1.1%	-2.5%	7.0%	7.1%	2.1%	0.84
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$28.08	5.7%	1.3%	-2.0%	6.7%	6.9%	2.1%	0.75
Target Retirement 2025 (304)	VTIVX	\$1K	—	—	\$15.86	5.2%	1.5%	-1.5%	6.3%	6.7%	2.1%	0.68
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$27.62	4.7%	1.7%	-1.1%	6.0%	6.5%	2.1%	0.61
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$14.50	4.0%	1.9%	-0.6%	5.3%	6.0%	2.0%	0.51
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$25.43	3.1%	2.2%	0.1%	4.4%	5.5%	1.8%	0.38
Target Retirement Income (308)	VTINX	\$1K	—	—	\$12.70	2.9%	2.3%	0.4%	3.6%	5.0%	1.7%	0.34
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$8.93	7.3%	-2.0%	-7.4%	—	—	2.8%	2.27
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$21.89	13.0%	5.3%	-12.8%	-4.5%	-4.3%	2.9%	1.49
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$16.18	13.5%	6.3%	-11.3%	-5.2%	—	1.8%	1.56
European Index (79)	VEURX	\$3K	—	Hold	\$26.06	6.7%	-2.4%	-8.0%	2.9%	2.3%	3.1%	1.11
Global Equity (129)	VHGEX	\$3K	—	Hold	\$23.58	7.6%	-0.3%	-4.1%	6.9%	6.6%	1.7%	1.00
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$11.54	3.9%	2.1%	2.6%	—	—	1.8%	0.61
International Dividend Appreciation Index (2015)	VIAIX	\$3K	—	Hold	\$21.46	7.6%	—	—	—	—	—	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$16.61	7.6%	-2.0%	-0.8%	8.1%	4.5%	1.5%	0.97
International Growth (81)	VWIGX	\$3K	—	Buy	\$20.67	7.9%	-2.0%	-7.7%	3.1%	2.5%	1.4%	1.23
International High Dividend Yield Index (1530)	VIHIX	\$3K	—	Hold	\$21.56	8.2%	—	—	—	—	—	—
International Value (46)	VTRIX	\$3K	—	Hold	\$30.93	7.7%	-0.5%	-10.7%	1.3%	1.3%	2.1%	1.17
Pacific Index (72)	VPACX	\$3K	—	Hold	\$10.57	7.8%	-2.0%	-7.2%	1.0%	2.6%	2.3%	1.14
Total International Stock Index (113)	VGTSX	\$3K	—	Hold	\$14.42	8.2%	-0.2%	-8.2%	0.7%	0.6%	2.8%	1.10
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$23.47	7.6%	0.5%	-4.2%	5.7%	5.4%	2.2%	1.02
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$17.03	8.2%	-0.3%	-8.8%	0.6%	0.4%	2.8%	1.11
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$35.71	8.1%	0.9%	-2.7%	2.5%	1.1%	2.5%	1.06

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	3/31 Price	March Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk
												25%	28%	36.8*	38.8*	43.4*	
TAXABLE INCOME																	
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.1	\$10.00	0.2%	0.5%	0.6%	—	—	0.6%	0.91%	—	—	—	—	—	
Short-Term Treasury (32)	VFI5X	Sell	2.4	\$10.76	0.3%	1.2%	1.2%	0.7%	1.1%	0.7%	0.70%	—	—	—	—	0.35	
Short-Term Federal (49)	VSGBX	Sell	3.0	\$10.82	0.3%	1.3%	1.4%	0.9%	1.4%	0.9%	0.97%	—	—	—	—	0.34	
Short-Term Inflation Index (1967)	VTIPX	Hold	2.6	\$24.57	1.0%	1.8%	1.2%	-0.6%	—	0.0%	-0.65%	—	—	—	—	0.65	
Short-Term Investment-Grade (39)	VFSTX	Buy	3.4	\$10.69	1.0%	1.7%	1.8%	1.7%	2.3%	2.0%	1.97%	—	—	—	—	0.43	
Short-Term Bond Index (132)	VBISX	Hold	2.8	\$10.56	0.5%	1.6%	1.4%	1.2%	1.7%	1.3%	1.25%	—	—	—	—	0.46	
Inflation-Protected Sec. (119)	VIPSX	Hold	8.7	\$13.43	1.9%	4.6%	1.4%	-0.9%	2.9%	0.7%	-0.01%	—	—	—	—	1.53	
Intermed. Treasury (35)	VFITX	Sell	5.8	\$11.59	0.2%	3.4%	3.1%	1.9%	3.7%	1.6%	1.27%	—	—	—	—	1.19	
Intermed. Investment-Grade (71)	VFICX	Buy	6.5	\$9.91	1.8%	3.5%	2.8%	3.0%	5.0%	3.0%	2.61%	—	—	—	—	1.08	
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.2	\$11.64	1.1%	4.0%	2.8%	2.7%	5.1%	2.6%	2.30%	—	—	—	—	1.36	
Total Bond Market (84)	VBMFX	Hold	7.9	\$10.90	0.9%	3.1%	1.7%	2.3%	3.6%	2.3%	2.13%	—	—	—	—	1.00	
Core Bond (1320)	VCORX	Buy	6.5	\$10.04	—	—	—	—	—	—	0.00%	—	—	—	—	—	
GNMA (36)	VFHIX	Hold	6.0	\$10.79	0.3%	1.9%	2.2%	2.5%	3.4%	2.3%	2.46%	—	—	—	—	0.66	
Long-Term Treasury (83)	VUSTX	Sell	25.3	\$13.11	0.1%	8.3%	2.6%	5.8%	9.5%	2.6%	2.33%	—	—	—	—	3.84	
Long-Term Investment-Grade (28)	VWESX	Hold	23.1	\$10.43	3.8%	6.8%	1.3%	5.3%	8.7%	4.2%	3.88%	—	—	—	—	2.81	
Long-Term Bond Index (522)	VBLTX	Sell	24.2	\$14.04	3.0%	7.4%	0.3%	4.7%	8.4%	3.9%	3.70%	—	—	—	—	2.97	
High-Yield Corporate (29)	VWEHX	Buy	6.4	\$5.59	2.9%	2.3%	-1.1%	2.7%	5.5%	5.7%	5.56%	—	—	—	—	1.81	
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	10.0	\$9.59	3.0%	4.6%	3.6%	—	—	4.6%	4.52%	—	—	—	—	1.87	
Emerging Markets Bond (1431)	VEMBX	—	9.5	\$10.17	—	—	—	—	—	—	0.00%	—	—	—	—	—	
Total International Bond Index (1231)	VTIBX	Hold	9.1	\$10.88	0.7%	3.4%	2.3%	—	—	1.5%	0.69%	—	—	—	—	1.01	
MONEY MARKET																	
Treasury MM (11)	VUSXX	—	58	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.27%	—	—	—	—	—	
Federal MM (33)	VMFXX	—	53	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.30%	—	—	—	—	—	
Prime MM (30)	VMMXX	—	54	\$1.00	0.0%	0.1%	0.1%	0.1%	0.0%	0.1%	0.42%	—	—	—	—	—	
Tax-Exempt Money Market (45)	VMSXX	—	30	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.20%	0.3%	0.3%	0.3%	0.3%	0.4%	
CA Tax-Exempt MM (62)	VCTX	—	21	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.15%	0.2%	0.2%	0.3%	0.3%	0.3%	
NJ Tax-Exempt MM (95)	VNJXX	—	39	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.16%	0.2%	0.2%	0.3%	0.3%	0.3%	
NY Tax-Exempt MM (163)	VYFXX	—	25	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.18%	0.3%	0.3%	0.3%	0.3%	0.3%	
OH Tax-Exempt MM (96)	VOHXX	—	43	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.19%	0.3%	0.3%	0.3%	0.3%	0.4%	
PA Tax-Exempt MM (63)	VPTXX	—	18	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.16%	0.2%	0.2%	0.3%	0.3%	0.3%	
TAX-FREE INCOME																	
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.5	\$15.82	-0.1%	0.3%	0.7%	0.5%	0.8%	0.7%	0.54%	0.7%	0.8%	0.9%	0.9%	1.0%	0.11
Limited-Term Tax-Exempt (31)	VMLTX	Buy	3.0	\$11.05	-0.2%	0.6%	1.6%	1.3%	1.9%	1.5%	0.86%	1.1%	1.2%	1.4%	1.4%	1.5%	0.36
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.2	\$14.39	0.3%	1.6%	3.7%	3.2%	4.9%	2.8%	1.47%	2.0%	2.0%	2.3%	2.4%	2.6%	0.70
Tax-Exempt Bond Index (1491)***	VTEBX	Hold	5.5	\$10.27	0.3%	1.5%	—	—	—	—	1.55%	2.1%	2.2%	2.5%	2.5%	2.7%	0.78
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.3	\$11.87	0.7%	1.9%	4.8%	4.4%	6.4%	3.6%	2.05%	2.7%	2.8%	3.2%	3.3%	3.6%	0.89
High-Yield Tax-Exempt (44)	VWAHX	Hold	6.9	\$11.43	0.7%	1.9%	4.8%	4.4%	6.8%	3.6%	2.54%	3.4%	3.5%	4.0%	4.2%	4.5%	0.87
STATE TAX-FREE																	
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.3	\$11.97	0.3%	1.7%	4.1%	3.7%	5.5%	2.7%	1.36%	2.0%	2.1%	2.4%	2.5%	2.7%	0.72
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.4	\$12.34	0.7%	1.9%	5.0%	4.8%	7.1%	3.4%	1.86%	2.8%	2.9%	3.3%	3.4%	3.7%	0.89
MA Tax-Exempt (168)	VMATX	Sell	6.1	\$11.03	0.6%	1.8%	4.5%	4.1%	5.6%	3.0%	1.84%	2.6%	2.7%	3.1%	3.2%	3.4%	0.92
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.2	\$12.22	0.5%	1.9%	4.0%	3.8%	5.8%	3.5%	2.50%	3.7%	3.8%	4.3%	4.5%	4.9%	1.01
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.0	\$12.03	0.6%	1.8%	4.9%	4.4%	6.0%	3.2%	1.80%	2.6%	2.7%	3.1%	3.2%	3.5%	0.84
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.2	\$12.78	0.7%	1.8%	4.9%	4.5%	6.3%	3.3%	2.04%	2.9%	3.0%	3.5%	3.6%	3.9%	0.90
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	5.5	\$11.79	0.6%	1.6%	4.4%	4.3%	6.0%	3.5%	2.14%	2.9%	3.1%	3.5%	3.6%	3.9%	0.83

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1). **3-year and 5-year returns** are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	3/31 Price	March Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.0%	-0.1%	-0.2%	-0.2%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$18.82	1.1%	1.7%	1.5%	1.4%	2.0%	0.44
Total Bond Market Annuity (67)	Hold	\$37.95	1.0%	3.0%	1.5%	2.0%	3.3%	1.00
High-Yield Bond Annuity (146)	Buy	\$29.55	3.0%	2.4%	-1.5%	2.3%	5.0%	1.73
Conservative Allocation Annuity (801)	Hold	\$26.33	3.5%	2.2%	0.1%	4.7%	—	0.43
Moderate Allocation Annuity (803)	Hold	\$28.26	4.8%	1.7%	-0.9%	5.7%	—	0.61
Balanced Annuity (69)	Buy	\$83.90	5.1%	1.8%	0.9%	7.5%	8.2%	0.67
Capital Growth Annuity (603)	Buy	\$39.12	6.1%	-1.7%	-1.4%	12.9%	12.2%	0.98
Diversified Value Annuity (145)	Buy	\$28.18	5.8%	0.5%	-1.8%	7.8%	9.3%	0.95
Equity Income Annuity (8)	Buy	\$73.02	6.6%	3.2%	4.0%	10.4%	11.8%	0.93
Equity Index Annuity (68)	Buy	\$81.40	6.8%	1.3%	1.4%	11.3%	11.1%	1.00
Growth Annuity (10)	Hold	\$41.06	4.6%	-3.5%	-0.4%	13.3%	12.0%	1.04
MidCap Index Annuity (143)	Buy	\$46.75	8.0%	1.1%	-4.6%	10.3%	9.6%	1.07
REIT Index Annuity (147)	Buy	\$57.86	10.4%	6.2%	3.5%	9.9%	11.2%	1.33
Small Company Growth Annuity (160)	Hold	\$61.58	8.4%	-2.3%	-9.8%	8.3%	8.5%	1.40
Total Stock Market Annuity (604)	Hold	\$29.44	7.0%	0.8%	-0.8%	10.6%	10.5%	1.02
International Annuity (86)	Buy	\$35.84	7.9%	-2.4%	-8.3%	2.6%	2.2%	1.25

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	3/31 Price	March Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$64.21	6.8%	1.6%	3.1%	15.0%	16.0%	1.7%	—	1.13
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$66.71	4.9%	5.3%	10.0%	13.1%	15.2%	2.9%	—	0.86
Energy (551)	VGELX	\$50K	—	Hold	\$83.08	12.3%	7.8%	-13.9%	-6.7%	-5.5%	2.5%	—	1.84
Energy Index (5480)	VENAX	\$100K	—	—	\$42.88	10.6%	4.0%	-18.3%	-6.5%	-3.8%	3.9%	—	1.78
Financials Index (5486)	VFAIX	\$100K	—	—	\$23.24	7.5%	-4.1%	-3.8%	8.9%	8.7%	2.2%	—	1.13
Health Care (552)	VGHAX	\$50K	—	Buy	\$82.66	2.1%	-8.8%	-6.3%	18.3%	17.9%	0.9%	—	1.08
Health Care Index (5485)	VHCIX	\$100K	—	—	\$61.71	3.3%	-6.9%	-7.4%	15.6%	17.1%	1.6%	—	1.20
Industrials Index (5482)	VINAX	\$100K	—	—	\$54.06	7.7%	4.7%	0.5%	11.5%	10.4%	2.3%	—	1.14
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$56.08	8.8%	1.5%	5.0%	16.1%	12.6%	1.6%	—	1.24
Materials Index (5481)	VMIAX	\$100K	—	—	\$50.04	9.2%	4.6%	-7.0%	5.7%	4.5%	2.6%	—	1.54
REIT Index (5123)	VGSLX	\$10K	—	Hold	\$118.74	10.4%	6.3%	3.9%	10.4%	11.8%	4.2%	—	1.34
Global ex-U.S. Real Estate Index (1758)	VGRXL	\$10K	0.25%f/0.25%r	Hold	\$32.45	9.1%	4.3%	-1.6%	1.4%	5.3%	2.8%	—	1.17
Telecom Svcs. Index (5488)	VTCAX	\$100K	—	—	\$47.24	5.6%	11.0%	11.9%	11.6%	10.0%	3.8%	—	0.91
Utilities Index (5489)	VUIAX	\$100K	—	—	\$53.94	8.2%	15.2%	15.0%	12.1%	13.3%	3.1%	—	1.22
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$114.84	5.7%	-3.2%	-4.7%	13.3%	12.3%	0.7%	—	1.12
Explorer (5024)	VEXRX	\$50K	—	Hold	\$73.90	8.0%	-1.2%	-11.0%	8.2%	8.1%	0.5%	—	1.33
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$41.85	7.7%	-1.9%	-10.1%	6.9%	—	1.1%	—	1.28
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$53.43	8.4%	1.0%	-7.1%	8.5%	8.8%	1.7%	—	1.23
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$43.78	8.9%	3.5%	-4.7%	9.6%	—	2.2%	—	1.22
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$62.80	8.2%	-0.9%	-8.9%	8.1%	8.5%	1.7%	—	1.23
Growth Index (509)	VIGAX	\$10K	—	Buy	\$54.79	7.1%	0.3%	0.2%	12.6%	12.1%	1.3%	—	1.09
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$43.14	8.2%	0.6%	-6.0%	10.0%	—	1.0%	—	1.14
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$150.10	8.0%	1.2%	-4.3%	10.8%	10.0%	1.7%	—	1.07
MidCap Value Index	VMVAX	\$10K	—	Hold	\$45.12	7.8%	1.7%	-2.7%	11.1%	—	2.3%	—	1.03
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$75.76	6.3%	-1.9%	0.3%	13.0%	10.8%	0.8%	—	1.07
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$101.26	6.2%	-1.9%	-1.6%	13.6%	12.5%	1.2%	—	1.02
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$74.41	4.9%	-3.5%	0.3%	13.7%	12.4%	0.6%	—	1.05
500 Index (540)	VFIAX	\$10K	—	Buy	\$189.98	6.8%	1.3%	1.8%	11.8%	11.5%	2.1%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$22.04	6.2%	4.9%	3.0%	—	—	2.2%	—	0.91
Equity Income (565)	VEIRX	\$50K	—	Buy	\$63.69	6.6%	3.5%	4.5%	10.8%	12.3%	2.9%	—	0.93
Growth & Income (593)	VGIAX	\$50K	—	Sell	\$65.45	6.8%	1.4%	1.9%	12.3%	12.1%	1.9%	—	0.97
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$47.46	6.8%	1.0%	0.7%	11.5%	11.3%	2.0%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$51.03	7.0%	0.9%	-0.4%	11.1%	11.0%	1.9%	—	1.02
Value Index (506)	VVIAX	\$10K	—	Hold	\$32.13	6.6%	1.6%	1.3%	10.6%	10.5%	2.6%	—	0.95
Windsor (5022)	VWNEX	\$50K	—	Hold	\$63.27	8.3%	-2.0%	-6.7%	8.9%	9.6%	1.9%	—	1.16
Windsor II (573)	VWNAX	\$50K	—	Buy	\$59.57	6.8%	0.2%	-2.9%	8.6%	9.7%	2.4%	—	1.01
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$29.65	4.6%	2.0%	0.7%	7.7%	8.3%	2.1%	—	0.62
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$61.25	3.6%	3.8%	3.9%	6.1%	7.9%	3.0%	—	0.41
Wellington (521)	VWENX	\$50K	—	Buy	\$64.35	5.1%	1.9%	1.2%	7.9%	8.6%	2.7%	—	0.67
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$11.53	7.1%	-2.0%	-7.3%	2.5%	2.5%	2.9%	—	1.06
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$28.74	13.0%	5.3%	-12.7%	-4.4%	-4.2%	3.0%	—	1.49
European Index (579)	VEUSX	\$10K	—	Hold	\$60.69	6.7%	-2.4%	-7.8%	3.1%	2.5%	3.2%	—	1.11
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$23.08	3.9%	2.1%	2.7%	—	—	1.8%	—	0.62
International Dividend Appreciation Index (515)	VIAAX	\$10K	—	Hold	\$26.07	—	—	—	—	—	—	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$65.72	8.0%	-2.0%	-7.6%	3.2%	2.7%	1.6%	—	1.23
International High Dividend Yield Index (530)	VIHAX	\$10K	—	Hold	\$26.10	—	—	—	—	—	—	—	—
Pacific Index (572)	VPADX	\$10K	—	Hold	\$68.59	7.9%	-1.9%	-7.1%	1.1%	2.8%	2.5%	—	1.12
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$24.12	8.2%	-0.2%	-8.2%	0.8%	0.7%	2.8%	—	1.09
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$26.84	8.3%	-0.3%	-8.7%	0.7%	—	2.9%	—	1.12
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSEX	\$50K	—	Buy	\$20.00	0.2%	0.5%	0.7%	—	—	0.7%	0.99%	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.76	0.3%	1.3%	1.3%	0.8%	1.2%	0.8%	0.80%	0.73
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.82	0.3%	1.3%	1.5%	1.0%	1.5%	1.0%	1.07%	0.34
Short-Term Gov't Index (1942)	VBSBX	\$10K	—	Sell	\$20.40	0.2%	0.9%	0.9%	0.7%	0.8%	0.7%	0.77%	0.27
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.61	1.0%	1.8%	1.3%	-0.5%	—	0.0%	-0.55%	0.65
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.69	1.0%	1.8%	1.9%	1.8%	2.4%	2.1%	2.07%	0.43
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.72	1.2%	1.8%	1.8%	1.9%	2.8%	2.0%	2.17%	0.52
Short-Term Bond Ixd. (5132)	VBIRX	\$10K	—	Hold	\$10.56	0.5%	1.6%	1.5%	1.2%	1.8%	1.3%	1.32%	0.46
Inflation-Protected Securities (5119)	VAIPIX	\$50K	—	Hold	\$26.36	1.9%	4.6%	1.5%	-0.8%	3.0%	0.8%	0.09%	1.51
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.59	0.2%	3.4%	3.2%	2.0%	3.8%	1.7%	1.37%	1.19
Interm.-Term Gov't Index (1943)	VSIGX	\$10K	—	Sell	\$22.35	0.2%	3.3%	3.0%	2.0%	3.7%	1.6%	1.36%	1.17
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$9.91	1.8%	3.6%	2.9%	3.1%	5.1%	3.0%	2.71%	1.08
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25%f	Buy	\$23.34	2.5%	4.1%	-2.3%	3.3%	5.7%	3.3%	3.30%	1.36
Intermed.-Term Bond Ixd. (5314)	VBILX	\$10K	—	Hold	\$11.64	1.1%	4.1%	2.9%	2.7%	5.2%	2.6%	2.37%	1.36
Total Bond Market (584)	VBTLL	\$10K	—	Hold	\$10.90	1.0%	3.1%	1.8%	2.4%	3.7%	2.4%	2.23%	1.01
Core Bond (1520)	VCOBX	\$50K	—	Buy	\$20.08	—	—	—	—	—	—	0.00%	—
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.79	0.3%	1.9%	2.3%	2.6%	3.5%	2.4%	2.56%	0.67
Mortgage-Backed Sec. Ixd (1948)	VMBSX	\$10K	—	Hold	\$21.35	0.2%	1.8%	2.2%	2.5%	3.1%	1.6%	2.06%	0.61
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$13.11	0.1%	8.3%	2.7%	6.0%	9.6%	2.7%	2.43%	3.84
Long-Term Gov't Index (1944)	VLGSX	\$10K	—	Sell	\$26.97	-0.0%	8.2%	2.8%	5.9%	9.4%	2.6%	2.43%	3.78
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$10.43	3.8%	6.8%	1.4%	5.4%	8.8%	4.3%	3.98%	2.75
Long-Term Corp. Index (1947)	VLTCX	\$10K	1.00%f	Hold	\$23.76	5.3%	7.0%	-1.1%	4.3%	7.9%	4.5%	4.58%	2.94
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.59	2.9%	2.3%	-1.0%	2.8%	5.6%	5.8%	5.66%	1.87
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75%f	Buy	\$19.19	3.0%	4.7%	3.9%	—	—	4.7%	4.69%	1.90
Emerging Markets Bond (1531)	VEGBX	—	—	—	\$20.38	—	—	—	—	—	—	0.00%	—
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$21.76	0.7%	3.4%	2.3%	—	—	1.5%	0.72%	0.98
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.82	-0.1%	0.3%	0.7%	0.6%	0.9%	0.8%	0.62%	0.15
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.05	-0.2%	0.7%	1.7%	1.4%	1.9%	1.6%	0.94%	0.52
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.39	0.3%	1.6%	3.8%	3.3%	5.0%	2.9%	1.55%	0.70
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25%f	Hold	\$20.54	0.3%	1.5%	—	—	—	—	1.63%	0.79
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$11.87	0.7%	1.9%	4.9%	4.5%	6.5%	3.7%	2.13%	0.88
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.43	0.8%	1.9%	4.9%	4.5%	6.9%	3.7%	2.62%	0.87
CA Intermed. Tax-Exempt (5100)	VCADX	\$50K	—	Buy	\$11.97	0.3%	1.7%	4.2%	3.8%	5.6%	2.8%	1.44%	0.71
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.34	0.7%	1.9%	5.1%	4.9%	7.2%	3.5%	1.94%	0.89
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.22	0.6%	1.9%	4.1%	3.9%	5.9%	3.6%	2.58%	1.01
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$12.03	0.6%	1.8%	5.0%	4.5%	6.0%	3.3%	1.88%	0.84
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$11.79	0.6%	1.6%	4.4%	4.4%	6.0%	3.6%	2.22%	0.82

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	3/31 Price	March Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$119.00	7.7%	-1.9%	-8.7%	7.0%	7.6%	1.1%	—	1.27
S&P SmallCap 600 Growth	VIQG	Buy	\$106.54	7.2%	-0.0%	-3.3%	10.8%	10.6%	1.3%	—	1.23
Russell 2000 Growth	VTWG	Hold	\$96.32	7.5%	-5.5%	-11.9%	7.9%	7.6%	0.9%	—	1.54
SmallCap	VB	Hold	\$111.49	8.5%	1.0%	-7.5%	8.5%	8.8%	1.7%	—	1.23
S&P SmallCap 600	VIOO	Hold	\$102.11	8.5%	3.0%	-3.2%	10.3%	10.3%	1.2%	—	1.25
Russell 2000	VTWO	Hold	\$88.71	8.0%	-1.5%	-9.7%	6.8%	7.2%	1.4%	—	1.37
SmallCap Value	VBR	Hold	\$101.88	8.9%	3.5%	-4.7%	9.6%	9.7%	2.2%	—	1.21
S&P SmallCap 600 Value	VIOV	Hold	\$97.60	9.4%	4.3%	-3.3%	9.5%	9.9%	1.5%	—	1.30
Russell 2000 Value	VTWV	Hold	\$81.02	8.6%	1.8%	-7.8%	5.6%	6.5%	2.2%	—	1.29
Extended Market	VXF	Sell	\$82.80	8.3%	-0.8%	-8.9%	8.1%	8.5%	1.7%	—	1.23
Growth	VUG	Hold	\$106.45	7.2%	0.4%	3.1%	12.6%	12.1%	1.3%	—	1.13
S&P 500 Growth	VOOG	Buy	\$104.00	6.8%	0.6%	3.4%	13.9%	12.8%	1.5%	—	1.05
Russell 1000 Growth	VONG	Hold	\$102.38	6.8%	0.7%	2.4%	13.5%	12.2%	1.5%	—	1.05
MegaCap Growth	MGK	Buy	\$83.13	7.0%	0.5%	1.2%	13.0%	12.7%	1.5%	—	1.11
MidCap Growth	VOT	Buy	\$100.26	8.2%	0.7%	-6.3%	10.0%	8.9%	1.0%	—	1.14
S&P MidCap 400 Growth	IVOG	Buy	\$100.12	6.8%	1.2%	-4.0%	9.4%	9.1%	1.0%	—	1.06
MidCap	VO	Hold	\$121.23	8.0%	1.2%	-7.1%	10.8%	10.0%	1.7%	—	1.11
S&P MidCap 400	IVOO	Buy	\$97.12	8.6%	3.8%	-3.6%	9.3%	9.4%	1.7%	—	1.10
MidCap Value	VOE	Hold	\$87.12	7.8%	1.7%	-2.9%	11.1%	11.0%	2.3%	—	1.03
S&P MidCap 400 Value	IVOV	Buy	\$93.99	9.8%	6.3%	-3.7%	8.9%	9.4%	1.6%	—	1.21
S&P 500	VOO	Buy	\$188.56	6.9%	1.4%	1.8%	11.8%	11.5%	2.1%	—	1.00
Russell 1000	VONE	Buy	\$94.29	7.1%	1.2%	0.4%	11.4%	11.2%	2.0%	—	1.02
Dividend Appreciation	VIG	Buy	\$81.25	6.3%	5.0%	3.3%	9.7%	10.3%	2.2%	—	0.92
High Dividend Yield	VYM	Hold	\$69.04	6.6%	4.1%	4.4%	11.3%	12.7%	3.1%	—	0.94
LargeCap	VV	Buy	\$94.01	6.9%	1.0%	0.7%	11.5%	11.3%	2.0%	—	1.01
MegaCap	MGC	Buy	\$70.10	6.4%	1.0%	1.8%	11.7%	11.5%	2.2%	—	1.01
Total Stock Market	VTI	Hold	\$104.82	7.1%	1.0%	-0.3%	11.1%	11.0%	1.9%	—	1.03
Russell 3000	VTHR	Hold	\$93.91	5.8%	0.8%	-0.6%	11.0%	10.8%	1.9%	—	1.02
Value	VTV	Hold	\$82.39	6.7%	1.7%	1.1%	11.2%	10.9%	2.6%	—	0.95
S&P 500 Value	VOOV	Hold	\$86.71	7.0%	2.3%	-0.4%	9.4%	9.8%	2.4%	—	0.99
Russell 1000 Value	VONV	Hold	\$86.57	7.3%	1.6%	-1.6%	9.3%	10.1%	2.4%	—	0.99
MegaCap Value	MGV	Hold	\$59.54	6.3%	1.5%	2.3%	10.6%	10.5%	2.6%	—	0.94
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$34.58	12.7%	5.9%	-12.9%	-4.3%	-4.2%	3.0%	—	1.47
Developed Markets	VEA	Sell	\$35.88	7.2%	-1.9%	-7.4%	2.5%	2.4%	2.9%	—	1.06
European	VGK	Hold	\$48.52	7.0%	-2.2%	-7.8%	3.1%	2.4%	3.3%	—	1.11
Int'l Dividend Appreciation	VIGI	Hold	\$53.85	8.0%	—	—	—	—	—	—	—
Int'l High Dividend Yield	VYMI	Hold	\$54.13	8.7%	—	—	—	—	—	—	—
Pacific	VPL	Hold	\$55.27	7.7%	-2.3%	-7.6%	0.9%	2.7%	2.5%	—	1.15
Total International Stock	VXUS	Hold	\$44.92	8.3%	-0.1%	-8.4%	0.9%	0.5%	2.8%	—	1.11
Total World Stock	VT	Hold	\$57.69	8.0%	0.5%	-4.2%	5.8%	5.5%	2.3%	—	1.05
World ex-U.S.	VEU	Sell	\$43.15	8.3%	-0.3%	-9.0%	0.6%	0.4%	2.9%	—	1.12
World ex-U.S. SmallCap	VSS	Hold	\$93.38	7.3%	0.6%	-3.5%	2.3%	1.1%	2.6%	—	1.08
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$124.06	6.8%	1.6%	3.1%	15.0%	16.0%	1.7%	—	1.15
Consumer Staples	VDC	—	\$135.32	4.9%	5.3%	9.9%	13.0%	15.2%	2.9%	—	0.87
Energy	VDE	—	\$85.82	10.6%	4.1%	-18.3%	-6.5%	-3.9%	3.9%	—	1.78
Financials	VFH	—	\$46.36	7.6%	-4.0%	-3.9%	8.9%	8.7%	2.2%	—	1.11
Health Care	VHT	—	\$123.30	3.2%	-6.9%	-7.5%	15.6%	17.1%	1.6%	—	1.19
Industrials	VIS	—	\$105.21	7.7%	4.6%	0.5%	11.5%	10.4%	2.3%	—	1.13
Information Tech.	VGIT	—	\$109.53	8.9%	1.5%	4.6%	16.0%	12.6%	1.6%	—	1.27
Materials	VAW	—	\$98.18	9.2%	4.6%	-6.9%	5.7%	4.5%	2.6%	—	1.53
REIT	VNQ	Hold	\$83.80	10.5%	6.3%	3.9%	10.3%	11.7%	4.2%	—	1.34
Global ex-U.S. Real Estate	VNQI	Hold	\$53.51	9.1%	4.9%	-2.1%	1.3%	5.0%	2.8%	—	1.15
Telecom Services	VOX	—	\$92.72	5.6%	11.1%	11.9%	11.6%	10.0%	3.8%	—	0.92
Utilities	VPU	—	\$107.53	8.2%	15.3%	14.9%	12.1%	13.3%	3.1%	—	1.25
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.20	0.2%	0.8%	0.9%	0.7%	0.8%	0.7%	0.77%	0.27
Short-Term Inflation Bond	VTIP	Hold	\$49.13	1.2%	1.6%	1.4%	-0.5%	—	0.0%	-0.55%	0.74
Short-Term Corporate	VCSH	Buy	\$80.03	1.2%	1.6%	1.9%	2.0%	2.8%	2.0%	2.17%	1.06
Short-Term Bond	BSV	Hold	\$80.63	0.4%	1.6%	1.6%	1.3%	1.8%	1.3%	1.32%	0.59
Int.-Term Government Bond	VGIT	Sell	\$66.30	0.2%	3.1%	3.1%	2.1%	3.8%	1.6%	1.36%	1.13
Int.-Term Corporate	VCIT	Buy	\$86.93	2.3%	3.9%	2.5%	3.4%	5.6%	3.2%	3.30%	1.36
Int.-Term Bond	BIV	Hold	\$86.27	1.3%	4.3%	3.1%	-2.8%	5.2%	2.6%	2.37%	1.30
Total Bond Market	BND	Hold	\$82.81	0.9%	3.0%	1.9%	2.3%	3.7%	2.4%	2.23%	1.01
Mortgage-Backed Securities	VMBS	Hold	\$53.47	0.2%	1.7%	2.1%	2.6%	3.1%	1.6%	2.06%	0.64
Long-Term Government	VGLT	Sell	\$80.41	0.0%	8.2%	2.8%	5.9%	9.5%	2.5%	2.43%	3.73
Long-Term Corporate	VCLT	Hold	\$89.45	6.4%	7.1%	-0.5%	4.6%	7.8%	4.4%	4.58%	3.18
Long-Term Bond	BLV	Sell	\$93.04	3.2%	7.9%	0.8%	4.9%	8.6%	3.8%	3.77%	3.08
Ext. Duration Treasury	EDV	Sell	\$126.79	-0.2%	12.6%	1.8%	9.1%	15.6%	2.7%	2.64%	6.24
Emerging Mkts. Gov't Bond	VWOB	Buy	\$76.94	3.2%	4.8%	3.7%	—	—	4.7%	4.69%	2.04
Total International Bond	BNDX	Hold	\$54.54	0.7%	3.4%	2.4%	—	—	1.5%	0.72%	0.95
Tax-Exempt Bond	VTEB	Hold	\$51.45	0.4%	1.2%	—	—	—	—	1.63%	0.88

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

DISTRIBUTIONS

Fund	Dist.
MARCH REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.01
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.02
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.02
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.02
Total Bond Market Index	\$0.02
Core Bond	\$0.00
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.05
High-Yield Corporate	\$0.03
Emerging Markets Gov't Bond	\$0.04
Emerging Markets Bond	\$0.02
Total International Bond	\$0.01
Admiral Treasury MM	\$0.00023
Federal MM	\$0.00026
Prime MM	\$0.00035
Tax-Exempt MM	\$0.00006
CA Tax-Exempt MM	\$0.00004
NJ Tax-Exempt MM	\$0.00005
NY Tax-Exempt MM	\$0.00005
OH Tax-Exempt MM	\$0.00006
PA Tax-Exempt MM	\$0.00004
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.01
Long-Term Tax-Exempt	\$0.04
High-Yield Tax-Exempt	\$0.04
CA Int.-Term Tax-Exempt	\$0.03
CA Long-Term Tax-Exempt	\$0.04
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.04
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.04
PA Long-Term Tax-Exempt	\$0.03
ETF DISTRIBUTIONS	
Short-Term Government Bond	\$0.04
Short-Term Corporate Bond	\$0.14
Short-Term Bond	\$0.09
Intermed.-Term Government Bond	\$0.09
Intermed.-Term Corporate Bond	\$0.24
Intermediate-Term Bond	\$0.18
Total Bond Market	\$0.17
Mortgage-Backed Securities Bond	\$0.09
Long-Term Government Bond	\$0.16
Long-Term Corporate Bond	\$0.34
Long-Term Bond	\$0.28
Emerging Markets Gov't Bond	\$0.30
Total International Bond	\$0.06
Tax-Exempt Bond	\$0.07
SPECIAL DISTRIBUTIONS	
Extended Dur. Treasury ETF	\$0.6960 @ \$125.56
GNMA	\$0.0030 @ \$10.77
Intermediate-Term Treasury	\$0.0095 @ \$11.55
Long-Term Invest.-Grade	\$0.0260 @ \$10.44
Long-Term Treasury	\$0.0077 @ \$13.15

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

Vanguard’s variable annuities, by default, carry the *Accumulated Value* death benefit, which awards your beneficiaries the value of your annuity upon your death. If the markets went up while you were putting money in, your beneficiaries get the contributions you made plus the gains you earned. If the markets declined, however, they may end up getting less than you contributed to the annuity. So there is no guarantee that your beneficiaries will receive, at a minimum, all the money you put into your annuity. It’s no different than what would happen in a regular investment account. You put money in, and whatever happens, happens. Vanguard says this benefit is “included at no additional cost,” but there is no way to avoid the 0.195% charge for this death benefit—it is baked into the expense ratios of Vanguard’s annuities.

The second option, *Return of Premium*, is more expensive, at 0.395%, but offers protection on the contributions. Under this option, beneficiaries are entitled to either the annuity’s accumulated value or the sum of the contributions less any withdrawals and applicable taxes, whichever is greater. That sounds great, but if you invest in an annuity for a long time (and remember, I said that you need to be here for decades to offset the costs), hopefully your account value will far outpace your contributions. In that case, you are essentially paying up for nothing—the accumulated value should be higher than the value of your contributions alone.

One final gripe with the death benefit: There’s no step-up in cost basis, so your heirs will owe taxes on the full amount.

The final piece of the annuity story is guaranteed income. Vanguard also offers an optional Guaranteed Lifetime Withdrawal Benefit (GLWB) rider—which it now calls “Secure Income”—on three annuities: **Balanced Annuity**, **Moderate Allocation Annuity** and **Conservative Allocation Annuity**. The GLWB is meant to provide a specific amount of income, set at the time of the purchase of the rider and dependent on when you begin taking withdrawals,

Maximum Withdrawal Percentages Before and After

Age at First Withdrawal	Purchase GLWB rider before May 1, 2013		Purchase GLWB rider on or after May 1, 2013	
	Single Life	Joint Life	Single Life	Joint Life
<59	0.0%	0.0%	0.0%	0.0%
59–64	4.5%	4.0%	4.0%	3.5%
65–69	5.0%	4.5%	5.0%	4.5%
70–79	5.5%	5.0%	5.0%	4.5%
80+	6.5%	6.0%	6.0%	5.5%

regardless of what the market does, for the lifetime of the annuity.

This is not a free service, however, and nearly three years ago Vanguard upped the cost while simultaneously lowering the maximum annual withdrawal percentage. (Yet another example that proves costs do not only go down at Vanguard.) If you purchased the GLWB rider prior to May 1, 2013, you continue to pay the 0.95% rate, but if you’ve purchased the rider since then or plan to someday, the annual charge is 1.20%. And Vanguard has the flexibility to increase the cost to as much as 2.0% in the future. As you can see in the table above, Vanguard reduced the maximum annual withdrawal percentage, which determines the amount of income you receive, by 0.5% for purchases made after May 1, 2013.

Of course, if you are looking for guaranteed income, you don’t have to purchase the GLWB rider. You could always “annuitize” your assets. This means you convert your variable annuity to an income annuity by irrevocably

transferring your assets to the insurance company in exchange for regular income payments. This is one way to set a floor on your income in retirement, but keep in mind that you and your beneficiaries lose access to the principal and gains (it now belongs to the insurance company, not you), and the guaranteed income is only as good as the insurance company standing behind it.

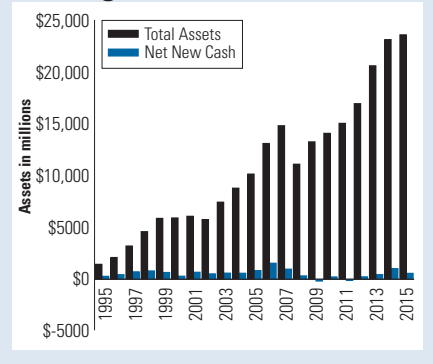
The final kicker, and possibly my biggest concern about Vanguard’s annuities, is that there are only a couple of great investment options available. To Vanguard’s credit, a few of the annuities do offer access to some of the highest-caliber managers in its stable—but not many.

Annuities are complicated—there’s no getting around it. At this point, I’ve hopefully convinced you that annuities need further study and that, well, they are not all they’re cracked up to be. Though Vanguard barely promotes these products, assets in the annuity family hit \$23.6 billion at the end of 2015—a new high-water mark. As the graph below shows, net new cash flows have ticked up in recent years, and assets have more than doubled since the end of 2008. However, this recovery in assets has been driven almost entirely by the recovery in the stock market, as net new cash inflows only account for 16% of the asset growth over the past seven years.

After years of successfully attracting assets from investors who owned other companies’ annuities, most of that money has been transferred over to the firm’s lower-cost offerings, putting the annuity business at Vanguard in a form of stasis.

Even Vanguard’s founder, Jack Bogle, under whose watch variable annuities were introduced in 1991, has less than flattering things to say about them. “Rates of return earned on variable annuities are certain to be significantly lower than the pretax returns earned through direct ownership of the underlying mutual funds,” he once wrote. “Since the higher costs of annuities offset their tax benefits for a decade or more [and] investing in a variable annuity program is less flexible than simply owning a mutual fund outright and may involve significant tax and

Little New Cash Flows to Vanguard’s Annuities



other financial penalties on withdrawal, carefully balance out these factors before locking up your money for an extended period.”

Annuities are far from the investing remedy they are often made out to be. All of that being said, there’s little question that Vanguard’s annuity program is one of the best in the industry. As you’d expect with Vanguard, their fees are among the lowest in the business. And though limited in scope, the program does give you access to some top-notch managers. While many of Vanguard’s annuity funds are clones or near-clones of funds I talk about all the time in this letter, here’s a brief review to remind you of the various options.

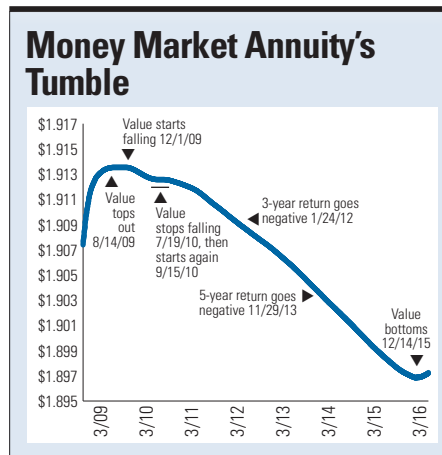
Money Market Annuity

Unrated. This fund is a clone of **Prime Money Market**. Once the most popular annuity option, **Money Market Annuity** has lost its cachet, though I’m left scratching my head how there is still over \$1 billion invested here. Yields on money markets of all stripes have been pinned near zero for years. As the chart above shows, high expenses have swamped meager yields, generating negative returns. Ask yourself when (if ever) you last saw a money market chart that went downhill was! The fund’s last positive calendar year was 2009.

With the Fed on pace to gradually increase interest rates, there is light at the end of the tunnel for holders of this annuity. But my longstanding caution that parking money in any cash account is not a good investment for the future—particularly when your vehicle is an annuity—still stands. Inflation and the annuity’s higher expenses work to erode your returns. Then taxes take the final bite. A money market annuity can be effective when you are transitioning cash into or out of an annuity. It’s a money management tool, not an investment. I prefer the next fund for short-term cash reserves.

Short-Term Investment-Grade Annuity

Buy. This is a clone of **Short-Term Investment-Grade**. This annu-



ity option can serve as a place to put money you expect to withdraw in a couple of years, or as a buffer for market volatility in a diversified portfolio of annuities. It will definitely serve you better than a money market. Yet, while it’s a superior cash alternative to Money Market Annuity, this is still not a preferable pick if you are looking to grow your wealth over the 10-plus years needed to make annuity investing even begin to be worthwhile.

Total Bond Market Annuity

Hold. A clone of **Total Bond Market Index**. The portfolio consists of a mix of U.S. Treasury bonds, high-grade corporate bonds and mortgage bonds. With an intermediate-term maturity, this bond fund has historically provided investors with about 70% to 80% of a long-term bond fund’s returns, with only about half the risk. This is a good

choice if you are looking to create balance between stock and bonds in your portfolio. In fact, holding your bond investments in a variable annuity can be an effective means of sheltering your income and allowing it to compound tax-deferred, while holding “growth” investments in a taxable account. Of course, the same caveats about higher expenses in annuities still apply.

For years I have warned about “total” bond market index funds and their exposure to U.S. Treasury and agency bonds—this fund is no exception. U.S. Treasury and agency bonds, which are the highest-quality bonds, are also the most sensitive to changes in interest rates, and make up more than 40% of this portfolio. The result is that investors are increasingly taking on interest-rate risk while being paid less income. I suspect many investors here are unaware of the perils.

High-Yield Bond Annuity

Buy. A clone of **High-Yield Corporate**, this portfolio’s ups and downs have more closely tracked the stock market than the bond market over time. Companies that issue high-yield bonds tend to be more dependent on the economic cycle. When the economy is weak, investors question the prospects of these companies and their ability to make good on their debts. But when the economy is expanding, this portfolio should benefit.

Investors saw this in spades last year and early in 2016, as the falling price of oil and struggling energy sector weighed on high-yield bonds.

For all the risk that people associate with junk bonds, keep in mind that **High-Yield Bond Annuity** is less risky than most. Most junk funds would never buy the stuff in High-Yield Bond Annuity—it’s too high-quality for them. That higher level of quality keeps returns muted when the economy is steaming along, but will protect investors when the economy or the junk market turns south.

For a deeper dive on high-yield bonds, see the story *High Yield: Opportunity or Trap?* on the front page of last month’s newsletter. In [▶](#)

Matching and Mixing

Model Portfolio Recommendation	Variable Annuity Substitute
Capital Opportunity	Capital Growth
Dividend Growth	Diversified Value
Health Care	Cap. Growth (60%) + Equ. Index (40%)
High-Yield Corporate	High-Yield Bond
Intermed.-Term Inv.-Grade	Total Bond
International Growth	International
MidCap Index	MidCap
PRIMECAP Core	Capital Growth
S&P MidCap 400 ETF	MidCap
S&P MidCap 400 Gro. ETF	MidCap
Selected Value	Diversified Value
Short-Term Inv.-Grade	Short-Term Inv.-Grade

Note: There are many imperfect matches between my favorite Vanguard funds and the offerings in the annuity plan. That said, this is a list of the options that are closest.

> short, Dan and I see more opportunity than danger in the high-yield bond space.

Conservative Allocation Annuity

Hold. Introduced in 2011, Conservative Allocation Annuity is an all-index fund-of-funds targeting a 40% stock, 60% bond allocation. The 60% allocation to bonds is split between **Total Bond Market Annuity** and **Total International Bond Index**. Interestingly, unlike nearly every other portfolio where Vanguard blends together domestic and foreign bond index holdings, only 20%, not 30%, of the bond allocation is going toward overseas bonds. Filling out the stock portion, Equity Index Annuity receives 23% of assets, **Total International Stock Index** gets 12% and a bit more than 5% goes to **Extended Market Index**.

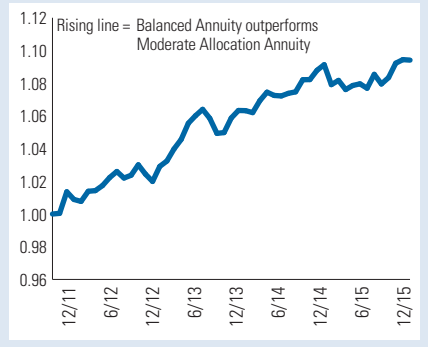
This is one of three options for those who want to access the “Guaranteed Lifetime Withdrawal Benefit” rider. That may be attractive to some, but, as discussed earlier, it comes at a high cost. I think investors can do better following one of the *Model Portfolios* or building their own conservative annuity portfolio using some of the active-management jockeys available here.

Moderate Allocation Annuity

Hold. **Moderate Allocation Annuity**, which turns five in October, is an all-index fund-of-funds targeting a 60% stock, 40% bond allocation. Like its more conservative sibling, the 40% allocation to bonds is split between Total Bond Market Annuity and Total International Bond Index, but the foreign bond portion only accounts for 20% of the bond sleeve. Filling out the stock portion, Equity Index Annuity receives 34% of assets, Total International Stock Index gets 18%, and 8% goes to Extended Market Index.

The reason to invest here would be to access the “Guaranteed Lifetime Withdrawal Benefit” rider. Again, I think investors can do better following the *Model Portfolios*, or, heck, the next annuity, which is a better alternative for an investor looking for a stock-tilted balanced portfolio.

Balanced Annuity: Active Beats Passive



Balanced Annuity

Buy. This is a **Wellington** clone, with about two-thirds of its assets in dividend-paying, large-capitalization stocks and the remainder in intermediate-term bonds. If you’re looking for a straight balanced fund, look no further. As you can see in the first chart above, since the index-based Moderate Allocation Annuity’s inception, **Balanced Annuity** has consistently outpaced its younger sibling. And I thought active management didn’t work?

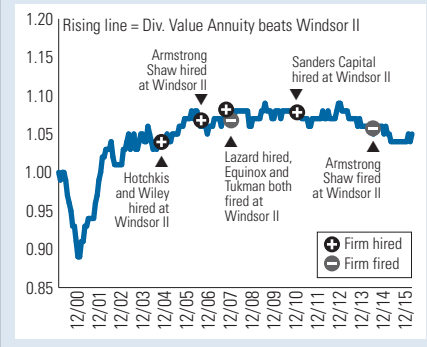
Capital Growth Annuity

Buy. With PRIMECAP Management running this portfolio unfettered, this is by far the best of Vanguard’s annuity options. **Capital Growth Annuity** used to be what I called a fraternal twin to **PRIMECAP**. It now moves almost like a clone. What I can’t get my head around is why this fund remains the fifth smallest annuity in terms of assets—over the past 10 years it has been the best performing annuity, gaining 8.6% a year. The next closest? Equity Income with a 7.4% annual return. If I owned an annuity (and I don’t), I’d consider putting all my money here.

Diversified Value Annuity

Buy. This is the concentrated version of **Windsor II**. And as with Windsor II, longtime manager Jim Barrow of Barrow Hanley stepped away from the portfolio at the end of the year, handing the reins over to his two handpicked successors: Jeff Fahrenbruch and David Ganuchau. Only time will tell if they are able to fill Barrow’s shoes.

Jim Barrow Solo vs. Windsor II



As I mentioned, Windsor II and **Diversified Value Annuity** differ in their level of concentration. Where Vanguard has hired five different firms (including Barrow Hanley) to manage pieces of Windsor II, Barrow Hanley is the only firm calling the shots at Diversified Value Annuity. And despite its higher expenses, Diversified Value Annuity has outpaced Windsor II, no matter how many managers Vanguard added to make the older fund “better.”

I expect Fahrenbruch and Ganuchau to continue practicing Barrow’s approach of holding around 45 stocks with roughly one-third of assets in the top-10 picks while keeping trading to a minimum. Though managed in the Windsor II style, focusing on large-cap value stocks, this annuity can be used as an imperfect substitute for **Selected Value** in my *Model Portfolios*.

Equity Income Annuity

Buy. Though it wasn’t always the case, this fund has been a clone of **Equity Income** for over a decade. At first, original Equity Income manager Newell Associates ran the annuity solo. But in August 2003, Newell was fired and replaced by Wellington Management and Vanguard’s in-house equity group. It took several years for the two funds to draw closer, but they have been essentially the same for the past decade, with the annuity lagging under the weight of higher overall expenses.

In the past, I preferred the stock-picking skills of Jim Barrow at Diversified Value Annuity. I still lean that way, but with Barrow gone, I’m watching

Barrow's two successors closely. Now that Equity Income Annuity has made up lost ground—outpacing Diversified Value Annuity over the past five years by 2.5% a year—the two funds have essentially matched each other since Diversified Value Annuity's inception.

Equity Index Annuity

Buy. This fund, like its taxable counterpart, 500 Index, attempts to mimic the S&P 500 by owning all of the stocks in the index. Of course, with its higher expenses, this fund won't track the S&P as closely as 500 Index, as I noted earlier. And that's the rub. 500 Index is already managed in a very tax-efficient manner—to the point where Tax-Managed Growth & Income had become redundant and was merged into it. In the end, an investor may not need to pay those higher annuity fees to find tax-efficient investment solutions like this annuity. If you must index your annuity, this fund will work for you, but I prefer Capital Growth Annuity for long-term investors.

Growth Annuity

Hold. This fund was the tax-deferred clone of **U.S. Growth** up until February 2014. At that point, U.S. Growth picked up two new sub-advisers when it absorbed Growth Equity. Growth Annuity kept the management structure it moved to in 2010 more or less unchanged, divvying the funds' assets between three sub-advisers: William Blair, Jackson Square Partners and Wellington Management.

I'm glad to see the annuity didn't pick up more management teams, and while the changes made in 2010 have helped performance, if you want growth, I still recommend using Capital Growth Annuity.

MidCap Index Annuity

Buy. As a clone of **MidCap Index**, this fund's benchmark has changed several times over the years. First, it tracked the S&P MidCap 400, before switching to the MSCI MidCap 450 in 2003. Then, in 2013, it completed its most recent jump to the CRSP MidCap index. I've long believed that mid-cap

stocks offer better bang for your buck over time, and despite the index changes, I continue to like this annuity option.

REIT Index Annuity

Hold. Like **REIT Index**, this annuity tracks the MSCI U.S. REIT (Real Estate Investment Trust) index. Higher yields make this fund a good alternative inside an annuity simply because your income continues to grow, tax deferred. Whether you want to have much money invested in REITs is

another story. Once a "hybrid" security that had characteristics of both stocks and bonds, REITs seem now to vacillate between putting up gaudy returns (up over 200% since the market bottom in March 2009) and leading the race to the bottom (losing over two-thirds in the market crash). I'd be very careful about putting too much money here.

Small Company Growth Annuity

Hold. This annuity's closest fund relative is **Explorer**, which it has >

Efficient Investing

AS LONGSTANDING FFSA MEMBERS know, Dan was one of the first investment advisers to even consider a fund's tax efficiency and to provide you with regular updates on each Vanguard fund's after-tax returns.

The chart below is the cold, hard mathematical illustration behind my claim that it takes a long time horizon for annuities to make sense. Consider two investors: One invests in a regular taxable mutual fund, and the other invests in an annuity clone of the fund. I'm going to load the example in favor of the annuity. First, the annuity charges just 0.20% in additional expenses over the fund, and upon withdrawal, our annuity investor is going to pay 38.8% income tax on all his gains, but not on his original contribution. (I'm going to ignore the penalty for withdrawals before the age of 59.5, too.)

I'll compare that to a fund investor who's only keeping 85% of his gains each year. In other words, the fund has just 85% tax efficiency, which is actually quite low. The taxable investor is then further taxed at a 20% capital gains rate upon selling the position.

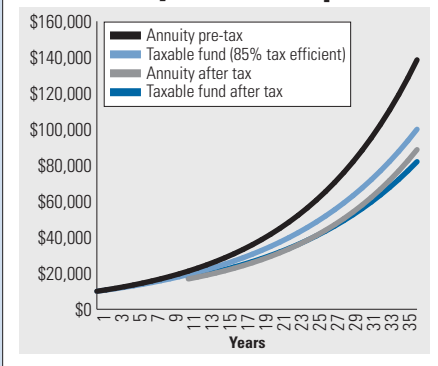
As the chart shows, the annuity, despite higher fees, grows much faster before taxes than the taxable account. (In this example, I'm assuming an 8% annualized rate of return for both the fund and the annuity.) This is what we would expect, and why I advocate funding your retirement accounts to the max. Tax-deferred investing can be a powerful tool in growing your retirement assets.

But once the annuity investor takes his money and runs (and yes, I'm assuming the annuity investor cashes out completely and pays his taxes on his gains), his net value falls behind the taxable fund investor's. In fact, it takes more than 20 years for the annuity investor to come out ahead (the point where the dark blue and grey lines cross).

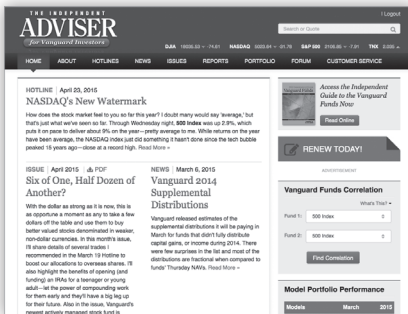
Remember that I said I was loading the example in favor of the annuity investor. If that investor had funded his annuity with pre-tax dollars, his after-tax value would be even lower (he'd have to pay taxes on his entire annuity's value) and the comparison would look even worse next to the regular, taxable fund account.

So let's return to square one. Think about the reason you'd consider investing in an annuity in the first place: You want to avoid taxes. Then think of the alternative. Instead of committing your money to a small selection of funds for 20 years or more—with higher minimums and expenses, locked up until retirement and liable for taxes at your income tax rate when you withdraw—why not pick a few tax-efficient funds instead?

After Taxes, Takes Decades for Annuity to Catch Up



Online Resources



Many of you regularly access our website and its members-only features. For those who haven't logged in lately, here's a brief reminder of what you can do online at www.AdviserOnline.com.

■ **STAY ON TOP OF RECENT EVENTS** with news articles.

■ **SEARCH THE WEBSITE** to find archived articles and answers to your questions.

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➤ substantially outperformed. The annuity got a big jump over Explorer in 1999, when Granahan Investment Management ran it solo. Today it's a multimanager portfolio, with Vanguard's in-house equity group added in 2010, and Arrowpoint Partners added this past January. With each sub-adviser now managing a third of the portfolio's assets, Arrowpoint's responsibilities are largely coming at the expense of a dwindling Granahan share of the assets.

That might sound like a lot of changes, but it's nothing compared to the game of manager musical chairs Vanguard has played with Explorer's portfolio. There are currently 15 individual managers from seven different firms stirring the pot at Explorer. And all those extra managers haven't helped performance. Despite higher fees, Small Company Growth Annuity outpaced Explorer by 0.5% a year over the past decade.

Total Stock Market Annuity

Hold. Despite the similarity in name, **Total Stock Market Annuity** is not a perfect clone of its big brother, **Total Stock Market Index**. The difference? Rather than invest directly in stocks, or even a sampling of stocks,

the annuity was set up as a fund-of-funds, combining investments in Extended Market Index (about 20% of assets) and Equity Index Annuity (the remainder). I prefer my funds actively managed for the most part, so this fund rates a Hold. If you're looking to add a smaller-stock component to a portfolio weighted toward Equity Index, which is essentially what a "total" market index does, I suggest trying **Small Company Growth** or **MidCap Index Annuity**, described above.

International Annuity

Buy. A near-clone of the taxable **International Growth**, this portfolio has actually outperformed the taxable option by a small margin since inception. Like its non-annuity counterpart, Baillie Gifford was added in 2003, and M&G Investments started running a piece of the portfolio in 2008. Where the two funds have differed is that sub-adviser Baillie Gifford manages more of the annuity assets (roughly half), and for a while, the annuity was outpacing the mutual fund despite higher fees. Vanguard finally pushed more of International Growth's assets to Baillie Gifford, and performance has since tilted in favor of the cheaper mutual fund. ■

DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ Variable annuities often fall short of their promise. But, if you're convinced an annuity is for you, Vanguard's are some of the cheapest around. (See page 7)
- ✓ **Core Bond** is the most appealing of Vanguard's newest income solutions, but there's no need to rush into this recently launched fund. (See page 5)
- ✓ Take what you read in the media with a grain of salt. Vanguard expense don't always fall and "Best of" lists are not the place to start your investment search. (See pages 1 and 5)



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editor of *The Independent Adviser for Vanguard Investors*, he is a five-time recipient of the *Newsletter Publishers Foundation's Editorial Excellence Award*. He also edits the annual *Independent Guide to the Vanguard Funds*. Mr. Wiener is often quoted in the nation's leading financial publications.



Jeffrey D. DeMaso, Editor/Director of Research, works directly with Dan Wiener researching and writing the multiple-award winning *Independent Adviser for Vanguard Investors* newsletter. He also leads the analyst team for *Adviser Investments, LLC*. Jeff gradu-

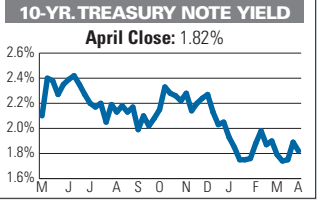
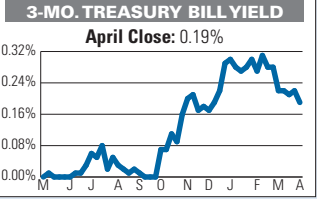
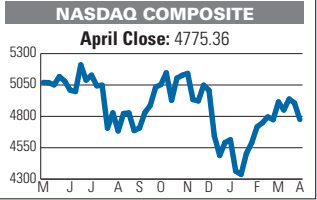
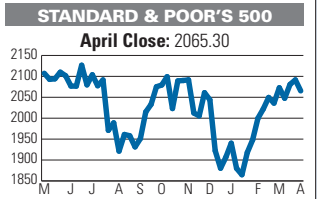
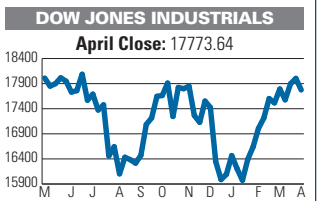
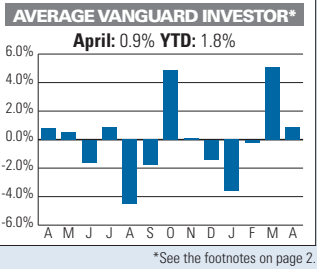
ated magna cum laude from Tufts University with a B.A. in economics, holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the Boston Security Analysts Society.

THE INDEPENDENT ADVISER

for Vanguard Investors

MAY 2016

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Q1 Blues, Ver. 3.0

AFTER A ROUGH START TO 2016, a relative calm seems to have settled over Wall Street. Volatility is down; stocks are up; and high yield is back in favor. Since quarter-end, the VIX, a gauge of investor anxiety, has fallen, and its year-to-date average is below its long-term average. If that trend sticks, this will be the fifth year in a row of below-average volatility. The Dow and S&P 500 indexes, despite tumbles near April's end, are within 3.1% and 2.9% of their all-time highs, respectively. Add in dividends, and the Dow hit five all-time highs this month. **500 Index** hit an all-time high on April 20 but fell 1.8% from there. And **High-Yield Corporate** was up 2.6% this month, putting it up 5.0% on the year. Compare that to **Total Bond Market Index's** 0.4% April gain and 3.5% rise this year.

Though expected, the report that first-quarter economic growth was extremely light for the third year in a row, at 0.5% growth, raised anxiety. Economists complain there are problems with the way the BEA collects data in the first quarter of each year, but to me, the issue is that consumers aren't spending—they're saving. Household balance sheets are in the best shape they've been in decades. U.S. consumers have plenty of steam to keep the economic train chugging ahead, but economic growth won't reach a higher level until consumers start spending more.

Look at the graph on page 3, which shows GDP growth has been a bit steadier than quarterly numbers would suggest. Over the past 16 years, year-over-year growth has averaged 1.9%. That includes 17 first quarters. (I counted from the beginning of 2000 through this past quarter.) Would I like to see stronger economic growth? Absolutely. Do

SEE **BLUES** PAGE 3 >

MID-CAP VALUE

Selling Selected Value

I'VE ALWAYS BEEN a big fan of mid-caps—they tend to be solid companies with real businesses, real balance sheets and real history. Unlike small companies, the mid-cap arena's denizens are a bit more grown up. Yet, they tend to be overlooked by Wall Street, where the bulk of the attention is focused on S&P 500 companies, the behemoths of the market.

I've also always believed in smart diversification, so rather than own a mid-cap index fund, I've preferred to allocate money to managers with different views of what growth and value are. That's why you and I have owned **Selected Value** for years.

But after almost 17 years, I think it's time to bid Selected Value adieu. As I recommended in the April 28 *Hotline*, we're trading out of the fund in both the *Growth* and *Conservative*

SEE **VALUE** PAGE 3 >

GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	7,574	\$23.10	\$174,949	22%	0.5%
Capital Opportunity	VHCOX	3,193	\$49.29	\$157,400	20%	-0.9%
S&P MidCap 400 Value ETF	IVOV	1,521	\$96.02	\$146,091	18%	N.A.
S&P MidCap 400 Growth ETF	IVOG	1,445	\$100.85	\$145,708	18%	0.7%
International Growth	VWIGX	4,504	\$21.08	\$94,937	12%	2.0%
Health Care	VGHCX	302	\$201.13	\$60,666	7%	2.6%
Short-Term Inv.-Grade	VFSTX	2,380	\$10.72	\$25,513	3%	0.4%

TOTAL \$805,265

CURRENT PERFORMANCE	Apr. 1.1%	YTD 0.5%	1-yr -1.7%	3-yr 10.1%	5-yr 9.5%
Risk last 24 months	0.96		Risk since inception	0.96	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

THIS MONTH'S CHANGES

We sold **Selected Value** in the *Growth* and *Conservative Growth* models on 4/29 at \$26.98 and used the proceeds to purchase **S&P MidCap 400 Value ETF** at the open on 5/2 at \$96.02. See page 1 for details.

About our Model Portfolios The *Growth* portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The *Conservative Growth* portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The *Income* portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The *Growth Index* model is designed for young investors who wish to index exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. **3-year** and **5-year returns** are compound, annualized returns. **Risk** is *Model Portfolio* volatility against the S&P 500 index. Flagship investors may open new accounts in all closed funds in the model portfolios, though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. With **Capital Opportunity** (and *PRIMECAP Odyssey Aggressive Growth*) closed I recommend investors consider *PRIMECAP Odyssey Growth* (POGRX) as a replacement. *PRIMECAP Odyssey Stock* (POSKX) is the preferred replacement for **PRIMECAP Core**. Both can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

CONSERVATIVE GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	5,683	\$23.10	\$131,269	23%	0.5%
Capital Opportunity	VHCOX	2,421	\$49.29	\$119,350	21%	-0.9%
S&P MidCap 400 Value ETF	IVOV	764	\$96.02	\$73,326	13%	N.A.
S&P MidCap 400 ETF	IVOO	688	\$98.32	\$67,609	12%	1.2%
International Growth	VWIGX	2,291	\$21.08	\$48,288	9%	2.0%
High-Yield Corporate	VVHEX	7,622	\$5.71	\$43,522	8%	2.6%
Health Care	VGHCX	216	\$201.13	\$43,361	8%	2.6%
Short-Term Inv.-Grade	VFSTX	2,985	\$10.72	\$32,000	6%	0.4%

TOTAL \$558,724

CURRENT PERFORMANCE	Apr. 1.1%	YTD 0.9%	1-yr -1.2%	3-yr 9.3%	5-yr 9.4%
Risk last 24 months	0.88		Risk since inception	0.82	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	4,527	\$23.10	\$104,579	26%	0.5%
PRIMECAP Core	VPCCX	4,355	\$20.65	\$89,924	22%	-0.4%
Int-Term Investment-Grade	VFICX	7,723	\$9.96	\$76,919	19%	0.7%
High-Yield Corporate	VVHEX	7,121	\$5.71	\$40,659	10%	2.6%
Short-Term Inv.-Grade	VFSTX	2,789	\$10.72	\$29,895	7%	0.4%
Health Care	VGHCX	142	\$201.13	\$28,561	7%	2.6%
International Growth	VWIGX	1,154	\$21.08	\$24,327	6%	2.0%
MidCap Index	VIMSX	345	\$33.26	\$11,471	3%	0.5%

TOTAL \$406,335

CURRENT PERFORMANCE	Apr. 0.8%	YTD 1.7%	1-yr 0.9%	3-yr 7.8%	5-yr 8.5%
Risk last 24 months	0.65		Risk since inception	0.60	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
S&P MidCap 400 Growth ETF	IVOG	772	\$100.85	\$77,850	23%	0.7%
Dividend Appreciation ETF	VIG	834	\$80.98	\$67,531	20%	-0.3%
S&P MidCap 400 Value ETF	IVOV	679	\$95.60	\$64,903	19%	1.7%
S&P 500 Growth ETF	VOOG	505	\$102.59	\$51,813	16%	-1.4%
Total International Stock ETF	VXUS	807	\$45.89	\$37,016	11%	2.2%
Health Care ETF	VHT	196	\$127.06	\$24,924	8%	3.0%
Short-Term Corporate ETF	VCSH	141	\$80.19	\$11,275	3%	0.4%

TOTAL \$335,312

CURRENT PERFORMANCE	Apr. 0.7%	YTD 2.7%	1-yr -1.1%	3-yr 9.5%	5-yr 8.9%
Risk last 24 months	0.97		Risk since inception	1.05	

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

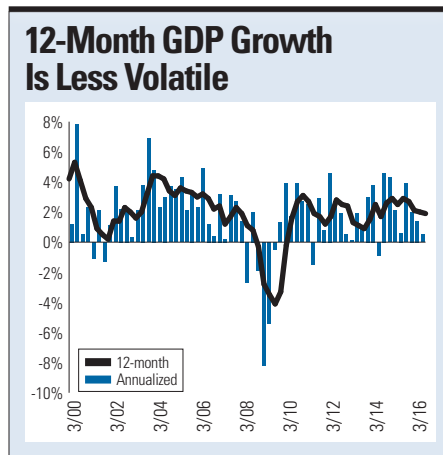
Fund	Ticker	4/29 Price	Apr. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$38.29	1.4%	-4.2%	-5.4%	8.4%	8.4%	Capital Opp.
Artisan MidCap Value	ARTQX	\$20.53	3.1%	9.5%	-3.9%	5.5%	7.3%	Selected Value
Polaris Global Value	PGVFX	\$21.48	0.8%	1.5%	-4.5%	8.7%	8.0%	Global Equity
Fidelity International SmallCap	FISMX	\$22.83	1.1%	3.2%	-1.4%	6.6%	5.3%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$14.92	0.1%	0.0%	-0.2%	6.8%	6.9%	International Expl.
T. Rowe International Discovery	PRIDX	\$53.33	0.6%	-1.1%	-1.3%	7.2%	6.1%	International Expl.
Hartford Healthcare	HGHAX	\$31.59	2.9%	-9.9%	-5.1%	16.9%	16.5%	Health Care
ICON Healthcare	ICHCX	\$14.72	6.3%	-1.3%	-6.3%	15.7%	15.9%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$25.88	-1.6%	-5.3%	-1.6%	10.3%	10.2%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$30.96	-1.3%	-4.4%	-4.8%	15.3%	13.8%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$23.43	-0.6%	-0.8%	-1.7%	10.7%	10.6%	PRIMECAP Core
Fidelity High Income	SPHIX	\$8.31	3.7%	6.7%	-2.4%	1.5%	4.3%	High-Yield Corporate

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

I think the current slowdown warrants panic? Not at all.

While the economy is in expansion, earnings are in recession. If the definition of an economic recession is two quarters of negative growth (another way of saying two quarters of shrinking GDP), then the BEA's reports that after-tax corporate earnings fell in the two last quarters of 2015 means we are in an earnings recession. And it's looking as though we'll add on a third quarter when Q1's numbers are tallied, though by the time we see those numbers in late May, we'll be well on our way to understanding how the second quarter has played out, and the first quarter will be long, long gone.

As I've noted before, a big chunk of the current earnings decline is directly attributable to the energy industry. Oil prices have begun to pick themselves up off the floor from the high \$20-per-barrel range in late January. But the damage has been done, and it will take some time to work today's \$40-plus prices through the system that ultimately will



yield an increase in earnings per share for the oil majors. We might see that in either the second or third quarters' earnings numbers, but recent estimates are that energy companies are going to be responsible for about 5.6 percentage points of the estimated 6.1% decline in earnings for the S&P 500 in Q1.

Contrast that with the jobs picture: We've got solid job growth, the lowest levels of unemployment claims in over 40 years, and greater numbers of workers moving from job to job as they seek higher and higher compensa-

tion. Incomes are rising—slowly, but inexorably.

Housing could get another shot in the arm, too. Rents are up nationwide almost 9% from a year ago, and if you live in a hot market like New York City or San Francisco, you know they're up a whole lot more than that. With mortgage rates still low and job security strong, this is the perfect time for renters to take some of their savings and become buyers, so long as they don't overdo it.

I keep wondering what it's going to take to loosen the grip on wallets and pocketbooks, and send the U.S. consumer back to the store, or onto the Internet with credit card in hand. We'll have to wait to see.

Meantime, expect a reboot on articles claiming you should "Sell in May and go away." Yeah, yeah, I've heard it all before. The bottom line is that market timing doesn't pay, and it isn't as if the May to October period (when you're supposed to sit in cash) is a historical loser. It's not. As I like to say, time in the markets, not market timing, is how you make money. ■

Growth Model Portfolios, and using the proceeds to buy **S&P Mid-Cap 400 Value ETF**. Based on Friday's closing price, the sales price was \$26.98 on Selected Value. The ETF was purchased at Monday's opening price of \$96.02.

Why Sell?

A little history is in order before I get into the nuts and bolts of this decision. First, you and I didn't buy Selected

Value upon its inception. Nope. The fund started out a loser under the guidance of a former Goldman Sachs portfolio manager working for Barrow Hanley. Vanguard wasn't happy, nor was Jim Barrow, lead partner at Barrow Hanley, and so he was assigned the task of righting Selected Value's ship.

It was shortly after that, given that I knew and respected Jim Barrow, that I recommended buying the fund and put it into the *Growth Model Portfolio*. I'd been a fan of **Windsor II** for years

when Barrow ran it (it has since been hamstrung by its multimanager format).

So, you and I bought Selected Value in May 1999, just a couple of months after Barrow was appointed. And a year and a half later, in December 2000, I recommended the fund for investors following the *Conservative Growth Model Portfolio*. We've added and subtracted from our holdings over the years, but Barrow and his co-manager, Mark Giambone, who joined Barrow as co-manager in late 2002, ➤

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> have been fixtures in the *Model Portfolios* for almost 17 years.

It turns out those original purchases were darned good for us. From the first purchase in the *Growth Model Portfolio* through March 2016, Selected Value returned 332.5%, more than three times the return of **500 Index**, which gained 108.6%. It was the fifth-best Vanguard fund, not counting sector funds, over that period.

Selected Value also tripled the index fund's return between the time we first put it into the *Conservative Growth Model Portfolio* and the end of March. In fact, only **REIT Index** outperformed over that period, so Selected Value was the single best-performing diversified stock fund in the Vanguard stable at the time.

And that's the rub—at the time. Since those first purchases, Vanguard has monkeyed around with Selected Value's manager lineup, adding Donald Smith & Co. in May 2005 and Pzena Investment Management in March 2014, and they've also offered up more options in the mid-cap value space. While I'm a very patient investor, I think it's time to move on—17 years is a long time, so you can't say I'm making a rash decision. But Selected Value has lost its appeal.

Of course, if you started following the newsletter after my initial recommendation to buy Selected Value (as many of you have), your returns aren't going to match the numbers I quote above—every investor's experience is going to be unique. I share those numbers to show that Selected

Value has been a long-term winner, but as we'll see, may not be the ideal pick for the next 17 years. While I'm selling Selected Value from the *Model Portfolios*, I'm switching my rating on the fund to a *Hold* from a *Buy* in recognition of the fact that some of you will continue to hold onto it because of your long-term gains and, frankly, because the fund remains good enough that there may come a time when we want to purchase it again.

When might that be? Well, one reason for Selected Value's periodic underperformance has been its managers' avoidance of real estate investment trusts, or REITs. As I've shown you in the past, REITs have had a significant impact on the performance of the mid-cap value indexes. Their decline during the financial crisis was one reason Selected Value did so well then, on a relative basis. Should interest rates begin rising substantially and income proxies like REITs and utilities lose steam, we might see Selected Value surge ahead. Jeff and I will keep our eyes open for that.

Buying Past Performance

What's fascinating about Vanguard's muddling with management at Selected Value is that, on the surface, the addition of managers like Donald Smith & Co. and Pzena Investment Management should have been a net positive to the fund, given the companies' track records. Both firms' mid-cap value strategies have outperformed Selected Value over their lifetimes. However, despite the fact that the two newest managers have strong long-term track

records, they haven't had the right stuff since joining the Selected Value team.

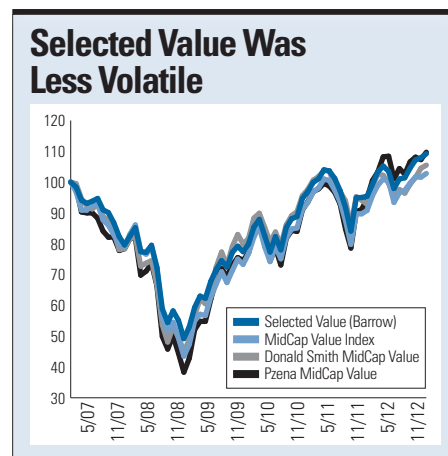
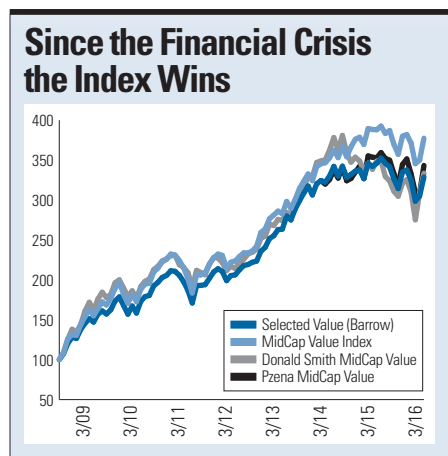
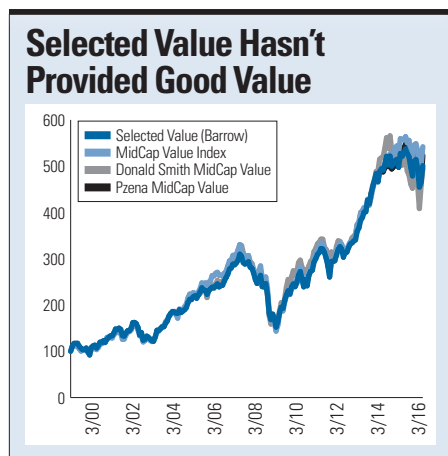
How do I know this? First off, Vanguard doesn't break out individual managers' performance, so you have to do some digging. But both Donald Smith and Pzena manage separate accounts in the mid-cap value style. While there may be some variation between what they do in their separate accounts and what they do for Selected Value, it can't be vastly different. Vanguard wouldn't hire an outside manager based on one strategy and then force them to alter it drastically. Yes, Vanguard will sometimes ask that portfolios be slimmed down to "best ideas" or that risk be toned down a notch, but essentially they hire managers to do what they have always done. I feel the comparisons are apt.

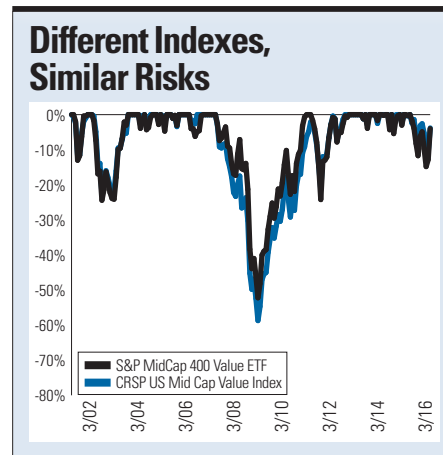
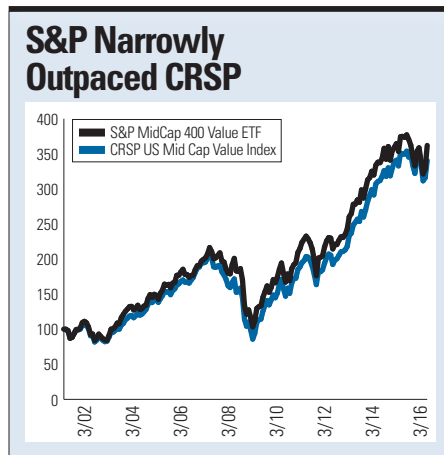
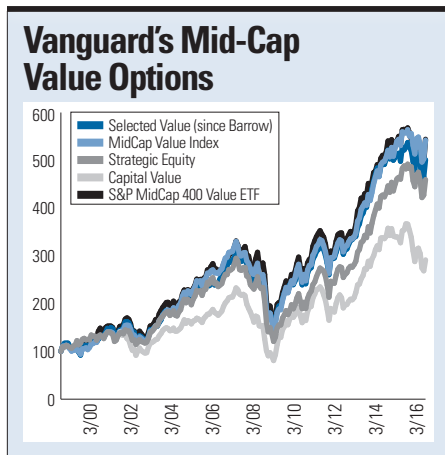
Unfortunately, the historical outperformance Vanguard might have thought it was buying just hasn't presented itself in the favor of Selected Value's shareholders.

Since coming aboard Selected Value in May 2005, Donald Smith & Co.'s mid-cap value strategy has underperformed Selected Value, which means Barrow and Giambone have outperformed. However, both underperformed **MidCap Value Index**.

Pzena has only been on the fund for two years, but in that short time, while the Pzena mid-cap value strategy outperformed both Donald Smith & Co. (which lost money in an up market) and Selected Value, it still lagged the index fund.

Take a look at the charts below. (Note all the charts are reset to start at





100.) The first chart on the left of page 4 shows the long-term performance of Selected Value since Jim Barrow took over, plus both Donald Smith's and Pzena's portfolios. While MidCap Value Index didn't come into being until August 2006, I used historical index returns for earlier months so that we could get a fuller picture.

Since it's hard to see much difference between the portfolios until the post-financial crisis period, the middle chart on page 4 focuses on that time period to give you a sense of the fairly close performance, but greater volatility of some of the portfolios.

What I think you can see, in particular, is the relationship between upside potential and downside risk. And this is over a fairly bullish period in the stock markets.

I also narrowed the scope in the right-most chart on page 4 to run from the 2007 peak through the recoveries for all the portfolios. Donald Smith & Co. is a deep-value investor whose style has been successful over the long term, but with significant volatility. During the 2008 financial crisis, Donald Smith's mid-cap value strategy lost 55.0% from its high through the end of February 2009. But Pzena's mid-cap value strategy was even worse, down a whopping 61.7% on the backs of big bets on financials. Selected Value lost 50.8%, which means Barrow and Giambrone's portfolio provided at least some ballast to the portfolio. MidCap Value Index, by the way, dropped 56.5%, about on par with Donald Smith's portfolio.

Barrow and Giambrone were clearly the winners during the crisis.

But that may not be good enough. Markets rise more often than they fall. In a crisis, yes, I'd prefer to have my money managed by Barrow and Giambrone. But markets run through cycles, and the bottom line is that Selected Value has not given us good value in the mid-cap value arena over a full cycle. While it protected us a bit during the financial crisis, over a full market cycle (or several), it's underperformed, and there's absolutely no reason to believe that the additional managers make it any better, as you can see in the table below.

Reviewing the Options

Now, you might think that it's a pretty simple decision to sell Selected Value and buy MidCap Value Index. But as I mentioned, Vanguard has provided lots of alternatives since we first bought Selected Value in mid-1999.

Jeff and I cranked up our spreadsheets and looked at risks and returns for a few alternatives, including **Capital Value**, MidCap Value Index, S&P MidCap 400 Value ETF and **Strategic Equity**.

The bottom line is that the active mid-cap value funds that Vanguard offers as alternatives just don't cut it when it

comes to long-term performance, as shown in the left-most chart at the top of this page. Yes, Strategic Equity has had some shining moments, but it also has some significant downside risks. And, as you know, Jeff and I have found that trading into Capital Value when it's down and selling it when it's up can offer some potential for good gains. But for a long-term holding, it really comes down to the two index alternatives.

So we went back and gathered data on the two indexes these options track, the CRSP U.S. Mid-Cap Value Index and the S&P Mid-Cap 400 Value Index, and made some comparisons.

We came down on the side of the S&P option, though to be honest, there are reasons you could choose the CRSP option as well. For instance, we can only access the S&P index through an ETF, while the CRSP index is the basis for Vanguard's open-end mid-cap value index fund.

Take a look at the middle and right-hand charts above, which are based on index returns, not fund returns, going back to the earliest date for which we have data on both. You can see that the S&P index has outperformed the CRSP index by a compounded 9.1% return versus 8.6% for the entire period. That's a decent half-percent per year. Even if you were to compare MidCap Value Index's Admiral shares' 0.09% expense ratio to the S&P ETF's expense ratio of 0.20%, the 11 basis point difference still leaves the S&P index outperforming over time. That's one thing to consider.

On the risk side of the equation, the decision is a bit more muddled. During the financial crisis, the S&P

Lagging, Not Leading

	Selected Value	MidCap Value Index
Since Jim Barrow took over	401.3%	442.1%
Since Donald Smith added	126.1%	137.7%
Since Pzena added	1.4%	9.3%

Note: Performance data through Mar. 31, 2016.

> index absolutely outperformed, hitting an MCL (Maximum Cumulative Loss) of -52.2% compared to the CRSP index's -58.7% MCL. But over other down-market periods, the S&P index didn't do any better, and sometimes it did worse than the CRSP index, so it's closer to a toss-up on the risk side.

One other factor that I think is worth noting is that the companies in the S&P index are much smaller than those in the CRSP index. The median company in the S&P index is currently \$3.8 billion in size, while the median CRSP index company weighs in at \$10.2 billion. To my way of thinking, we're getting more mid-caps and maybe a few smaller companies in the portfolio

than the CRSP index offers. Plus, the companies in the S&P index are chosen by a committee of humans, not computers. Don't forget that. So we're actually choosing to side with an actively managed index rather than a computer-managed one. How's that for an oxymoron?

In any case, that's some of the analysis that Jeff and I went through in making this decision, which was something we thought long and hard about.

Action Items

So, in sum, as noted in the April 28 *Hotline*, Jeff and I think it's the right move to trade out of **Selected Value** and into **S&P Mid-Cap 400 Value ETF**. Some of you will have large gains in

Selected Value and will be wary of taking the tax hit. I get that. One alternative is to stop reinvesting in Selected Value and direct your new money and distributions into the S&P ETF.

Others of you may wish to stick with open-end mutual funds and not buy an ETF at all. I can understand that, though it doesn't cost anything to buy an ETF if your account's at Vanguard. But if you decide you simply won't buy an ETF, or it's not available in your 401(k) plan, there's nothing wrong with MidCap Value Index. In the end, I think the differences over time will be small.

But in the *Model Portfolios*, we've sold Selected Value and bought S&P MidCap 400 Value ETF. ■

TAX EFFICIENCY

After-Tax Tales

THOSE MASSIVE LOSSES “earned” during the financial crisis and lingering in our mutual funds' portfolios are (for the most part) long gone now that we're seven years into this bull market. Other than **Precious Metals & Mining**, which is sitting on realized and unrealized losses equal to an astounding 105% of its portfolio value (yes, really!), and a number of international stock funds that haven't seen the massive run-ups of their domestic counterparts, most funds are sitting on unrealized gains—capital gains in stocks that haven't been sold yet.

That's why it's a good time to think, once again, about taxes and, more importantly, the concept of tax efficiency. You see, what many investors think they know about taxes and mutual funds is, in many cases, dead wrong. Now's the time to give this a thorough look-see and to strike down the accepted wisdom.

Now that Tax Day has passed, there's little you or I can do about what happened in 2015. But as the tax reporting deadline fades, I can fully appreciate you might be wondering how to reduce or even eliminate future tax bills.

But that's not the way to think about it. Indulge me for a moment. The goal of investing isn't to avoid taxes, but

to maximize wealth after you're done paying your taxes. Keeping an eye on the taxes you pay certainly should be a factor in your investment strategy, but it's not the whole story.

As I've noted in years past, most of Vanguard's funds have been quite good at shielding a majority of their shareholders' returns from the IRS, earning high marks for tax efficiency. While this was largely thanks to big losses realized during the bear market, it's also a testimony to smart and selective selling by some of the funds' managers and their long-term investment style, as they have not yet “realized” the gains they've been building for us.

Still, as I've said many times before, focusing on tax efficiency is the wrong way to look at the bite taxes take out of your investments. You want to focus on after-tax returns.

I often say that the focus on tax efficiency can lead you down the wrong path. For instance, a couple of years ago, I noted that **U.S. Growth** was Vanguard's single most tax-efficient fund over the three years ending in 2013, as the portfolio managers took advantage of millions in realized losses, having not paid out capital gains since

2000. I also said those losses were pretty much used up, and to expect capital gains in 2014. Bingo! That's exactly what happened, and what had been the most super-tax-efficient fund all of a sudden wasn't.

Today, Vanguard's most tax-efficient fund is **Market Neutral**. The fund barely pays out a distribution, and when it does, it's fractional. So, investors here get to keep almost every dollar they earn. The problem is, they don't earn that much. So why would we use a close to 100% tax-efficiency measure to choose an investment? Well, you wouldn't, or at least you shouldn't. Focusing on tax efficiency is like focusing on the top-performing fund over the most recent three years or the last six months—meaningless, absent context.

Plus, how do you really distinguish between funds when so many have similar tax efficiency ratios? In any given three- or five-year period, better than half of Vanguard's funds, whether indexed or actively managed, typically show tax-efficiency rates of 90% or better. That means investors kept 90% or more of the funds' returns even after paying taxes. So that's not a very discerning metric for picking funds.

Is low or negative tax efficiency another story, though? Funds like Precious Metals & Mining, **Emerging Markets Select Stock**, **Emerging Markets Index**, **Energy Index** and **Energy** have been pretty lousy for investors over the past several years, and taxes made performance even worse. Some funds' small pre-tax gains turned into losses once the tax-man got his share. **Total International Stock Index**, for example, gained an annualized 0.7% over the past three years and 0.6% over the past five through March. After taxes on its distributions, those positive (albeit small) returns turned into fractional losses. The same held true for **World ex-U.S. Index** and some other foreign index funds.

Energy shareholders, who saw annualized losses before taxes of 6.7% and 5.6%, respectively, over the past three and five years through March 31, lost even more once the tax man got his share, with after-tax losses of 7.6% and 6.5%.

Of course, falling oil prices played a big part in Energy's losses, but the

additional hit shareholders took due to taxes probably stung pretty hard. Yet, had you looked at Energy in the earlier part of this decade, when oil prices were rising and the fund's fortunes were soaring, you'd have found that its tax efficiency ran better than 95%. Was that a good reason to buy the fund? As I said, tax efficiency, like so many performance measures based on single points in time or single time periods, is quite susceptible to dramatic change, and doesn't make for a good fund-selection metric.

Besides, low tax efficiency isn't always a bad thing unless observed in a vacuum. Take **Convertible Securities**, a chronic underachiever in the tax-efficiency hunt. Many investors use the fund precisely for its income-generating characteristics. And in our tax system, income gets taxed pretty heavily. Yes, the fund can also produce some capital gains, as well. Over the past three years, the fund's tax efficiency has run 36%; over the past five, it's run 43%; and over the past

seven, 78%. Its after-tax returns of 1.2%, 1.6% and 8.4% might look miserly, but compared to **Total Bond Market's** after-tax returns of 1.2%, 2.5% and 3.2% over the same periods, Convertible Securities doesn't look like such a bad income play after all. (Note that the tables on pages 12 and 13 only show Vanguard's stock and balanced funds.)

Now, to be perfectly clear, all tax efficiency numbers as well as after-tax returns need to be taken with a grain of salt, because they are time dependent. Remember, these are point-in-time calculations, not rolling returns. So, again, it's not tax efficiency that matters; it's after-tax returns, and even these need to be regarded with one eye on the time period being measured. I'll show you why.

Efficient Investing

Before we get into the nitty-gritty of the data, let's back up and talk about tax

SEE **TALES** PAGE 12 ➤

MAILBOX

Equity Allocations

In the February *Adviser*, the article on rebalancing uses a 50/50 portfolio for comparison purposes. But your *Model Portfolios* seem very heavily weighted to equities. For example, the *Conservative Growth Model* appears to have only 14% in bonds. Can you explain how (or if) the *Models* compare to more traditional ones, in which a conservative growth portfolio would probably contain closer to 50% bonds?

—R. E., Huntington Beach, CA

THANK YOU FOR YOUR QUESTION. Yes, it's true that the *Model Portfolios* are more heavily weighted to equities than a 50/50 portfolio, with allocations of about 60% to 95% as of the end of March. This reflects my longstanding belief that the best way to build wealth over the long term is to have a large allocation to stocks, rather than bonds. That's particularly true given the current low-interest-rate environment we find ourselves in today.

As for the allocation in the *Conservative Growth Model Portfolio*, I guess it all depends on your definitions of "conservative" and "growth." Since we could all have different interpretations of what "conservative" means, I would pay closer attention to the allocations you mentioned, as well as their long-term records for risk. Note that, for instance, the *Conservative Growth Model Portfolio's* relative volatility has run about 82% (0.82) of the stock market's volatility since inception in January

1991. At the nadir of the financial crisis, the portfolio was down 44.5%, compared to **Total Stock Market's** 51.0% decline. (Just to give another comparison, a 50/50 portfolio would have dropped 34.5%.) That means the model dropped about 87% as much as the stock market. The reason it fell more than its relative volatility of 0.82 would imply is that the model also held foreign stocks (about 18%) and bonds (about 14%). While the bond market fell just 5.8% at its worst, foreign markets dropped almost 59%. So the relative volatility number gives at least a good estimate of the risk that might be encountered in this model.

The *Income Model Portfolio's* long-term risk number comes in around 60% (0.60), and sure enough, its maximum loss of 32.5% during the financial crisis was about 64% of the loss in the stock market.

Believe it or not, some academics have argued that long-term investors building retirement savings should invest 100% of their money in the stock market. While the math behind their arguments is strong, what the calculus doesn't take into consideration is human behavior. It's one thing to "know" that your retirement account allocated completely to stocks is the "best" way to go, but it's quite another to stomach the wrenching losses that you'll inevitably suffer over the course of what may be several market cycles during your investment lifetime.

The Greek aphorism "know thyself" has had many interpretations. I think it's particularly apt when an investor applies it to their investment goals and the risks they are willing to endure.

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	4/29 Price	Apr. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.24	-1.6%	3.6%	—	—	—	—	—
Energy (51)	VGENX	\$3K	—	Hold	\$48.73	10.0%	18.7%	-14.3%	-3.6%	-4.1%	2.2%	1.92
Precious Metals & Mining (53)	VGPXM	\$3K	—	Sell	\$10.57	28.7%	69.4%	13.4%	-3.7%	-14.9%	1.5%	3.07
Health Care (52)	VGHGX	\$3K	—	Buy	\$201.13	2.6%	-6.4%	-3.3%	18.0%	17.1%	0.8%	1.07
REIT Index (123)	VGSIX	\$3K	—	Hold	\$27.16	-2.4%	3.7%	7.6%	7.0%	9.8%	4.2%	1.34
Global ex-U.S. Real Estate Index (738)	VGXRX	\$3K	0.25% f/0.25% r	Hold	\$21.85	2.0%	6.3%	-5.2%	-0.4%	4.6%	2.6%	1.11
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$49.29	-0.9%	-4.1%	-4.2%	11.9%	11.3%	0.6%	1.08
Explorer (24)	VEXPX	\$3K	—	Hold	\$80.61	1.4%	0.2%	-8.3%	8.3%	7.5%	0.3%	1.31
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$29.42	1.1%	3.4%	-2.7%	8.3%	8.9%	0.8%	1.24
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$21.76	-0.4%	-3.1%	-7.6%	9.1%	8.4%	0.3%	1.15
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$33.91	1.3%	-0.7%	-7.0%	7.4%	7.0%	0.9%	1.26
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$54.33	1.7%	2.7%	-4.0%	8.9%	8.4%	1.5%	1.22
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$24.93	2.0%	5.6%	-1.6%	10.2%	9.5%	2.0%	1.22
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$28.37	-0.2%	0.2%	-4.8%	11.5%	10.8%	1.6%	1.08
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$29.27	0.2%	1.0%	-4.4%	10.4%	9.5%	1.1%	1.16
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$45.82	1.1%	3.6%	0.1%	11.0%	10.1%	1.5%	1.23
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$10.85	3.8%	-0.6%	-17.5%	5.4%	5.2%	1.2%	1.46
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$63.90	1.7%	0.8%	-6.0%	8.4%	8.1%	1.5%	1.22
Growth Index (9)	VIGRX	\$3K	—	Buy	\$54.38	-0.8%	-0.5%	-0.6%	11.6%	11.1%	1.2%	1.10
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$39.41	0.0%	0.6%	-5.4%	9.6%	8.3%	0.8%	1.13
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$33.26	0.5%	1.6%	-3.5%	10.2%	9.4%	1.5%	1.07
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$34.63	1.0%	2.6%	-1.8%	10.7%	10.4%	2.2%	1.03
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$24.17	-1.1%	-3.0%	-0.8%	11.8%	9.7%	0.7%	1.07
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$97.34	-0.4%	-2.4%	-1.8%	12.4%	11.5%	1.1%	1.01
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$20.65	-0.4%	-0.8%	-1.1%	12.1%	11.1%	1.1%	1.01
Selected Value (934)	VASVX	\$3K	—	Hold	\$26.98	3.1%	4.4%	-2.0%	9.9%	9.9%	1.6%	1.13
Social Index (213)	VFTSX	\$3K	—	Buy	\$13.10	0.3%	-0.4%	-1.3%	11.7%	11.7%	1.9%	1.05
STAR Growth (122)	VASGX	\$3K	—	Sell	\$27.87	1.1%	2.2%	-2.6%	6.4%	6.3%	2.1%	0.81
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$104.69	0.5%	1.4%	0.4%	11.3%	10.8%	2.1%	1.02
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$28.55	-0.7%	-4.2%	-0.5%	13.1%	11.3%	0.5%	1.05
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$190.70	0.4%	1.7%	1.1%	11.1%	10.9%	2.0%	1.00
Convertible Securities (82)	VCVSX	\$3K	—	Buy	\$12.03	1.6%	-0.4%	-7.4%	3.6%	3.7%	1.9%	0.63
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$29.71	0.8%	-0.5%	-3.1%	10.4%	9.8%	1.1%	1.07
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$32.42	-0.2%	4.7%	3.2%	8.9%	9.4%	2.1%	0.91
Dividend Growth (57)	VDIGX	\$3K	—	Buy	\$23.10	0.5%	3.4%	5.3%	10.9%	11.6%	1.9%	0.88
Equity Income (65)	VEIPX	\$3K	—	Buy	\$30.70	1.0%	4.6%	3.6%	10.1%	11.6%	2.8%	0.92
Growth & Income (93)	VGNPX	\$3K	—	Sell	\$40.19	0.3%	1.6%	1.9%	11.7%	11.4%	1.7%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$27.53	0.7%	4.8%	3.4%	10.4%	11.8%	3.1%	0.93
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$38.12	0.4%	1.4%	0.3%	10.8%	10.6%	1.9%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$12.19	-1.9%	0.6%	7.1%	5.1%	4.0%	0.0%	0.44
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$23.66	0.9%	2.6%	-1.1%	5.5%	5.7%	2.1%	0.61
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$51.33	0.6%	1.5%	-0.4%	10.6%	10.3%	1.8%	1.02
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$16.50	1.4%	1.2%	-1.1%	10.0%	11.0%	2.1%	0.96
Value Index (6)	VIVAX	\$3K	—	Hold	\$32.62	1.5%	3.1%	1.1%	10.2%	10.1%	2.4%	0.94
Windsor (22)	VWNDX	\$3K	—	Hold	\$19.18	2.2%	0.2%	-5.8%	9.2%	9.5%	1.8%	1.17
Windsor II (73)	VWNFX	\$3K	—	Buy	\$34.44	2.6%	2.8%	-2.0%	8.6%	9.5%	2.2%	1.02
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$29.80	0.5%	2.5%	1.0%	7.2%	7.7%	1.9%	0.61
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$17.58	0.6%	2.9%	-1.4%	5.1%	5.3%	3.9%	0.57
STAR (56)	VGSTX	\$1K	—	Hold	\$23.70	1.2%	1.8%	-1.8%	6.2%	6.7%	2.0%	0.68
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$18.30	0.7%	3.0%	0.3%	4.6%	4.9%	2.1%	0.43
STAR Income (723)	VASIX	\$3K	—	Sell	\$14.98	0.5%	3.2%	1.5%	3.5%	4.1%	2.1%	0.28
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$27.28	0.6%	2.1%	2.8%	7.2%	7.7%	2.0%	0.47
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$25.51	0.9%	4.7%	4.2%	5.7%	7.5%	2.9%	0.40
Wellington (21)	VWELX	\$3K	—	Buy	\$37.80	1.4%	3.4%	1.5%	7.5%	8.2%	2.6%	0.67
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$27.74	1.2%	1.9%	-3.7%	6.7%	—	1.8%	0.91
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$31.44	1.2%	2.0%	-3.7%	6.7%	6.8%	1.9%	0.91
Target Retirement 2050 (699)	VFIIX	\$1K	—	—	\$29.05	1.2%	2.0%	-3.6%	6.8%	6.8%	2.0%	0.91
Target Retirement 2045 (306)	VTIVX	\$1K	—	—	\$18.13	1.2%	2.0%	-3.6%	6.7%	6.8%	2.1%	0.91
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$29.02	1.2%	2.0%	-3.6%	6.8%	6.8%	2.1%	0.91
Target Retirement 2035 (305)	VTTHX	\$1K	—	—	\$17.20	1.1%	2.1%	-2.8%	6.6%	6.7%	2.1%	0.84
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$28.37	1.0%	2.3%	-2.2%	6.4%	6.5%	2.1%	0.76
Target Retirement 2025 (304)	VTTVX	\$1K	—	—	\$16.01	0.9%	2.5%	-1.7%	6.0%	6.3%	2.1%	0.68
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$27.86	0.9%	2.6%	-1.2%	5.7%	6.0%	2.1%	0.61
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$14.61	0.8%	2.7%	-0.7%	5.0%	5.6%	2.0%	0.51
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$25.57	0.6%	2.8%	0.2%	4.1%	5.0%	1.8%	0.38
Target Retirement Income (308)	VTINX	\$1K	—	—	\$12.76	0.5%	2.8%	0.4%	3.4%	4.6%	1.7%	0.34
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$9.14	2.4%	0.3%	-8.9%	—	—	2.7%	1.08
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$22.06	0.8%	6.1%	-18.5%	-4.7%	-4.8%	2.9%	1.49
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$16.51	2.0%	8.5%	-16.8%	-5.0%	—	1.7%	1.57
European Index (79)	VEURX	\$3K	—	Hold	\$26.80	2.8%	0.3%	-9.2%	2.5%	1.3%	3.0%	1.11
Global Equity (129)	VHGEX	\$3K	—	Hold	\$23.75	0.7%	0.5%	-4.5%	6.4%	5.8%	1.7%	1.00
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$11.45	-0.8%	1.3%	2.2%	—	—	1.8%	0.62
International Dividend Appreciation Index (2015)	VIAIX	\$3K	—	Hold	\$21.81	1.7%	—	—	—	—	—	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$16.72	0.7%	-1.4%	-3.5%	7.0%	3.6%	1.5%	0.97
International Growth (81)	VWIGX	\$3K	—	Buy	\$21.08	2.0%	-0.1%	-9.7%	2.8%	1.7%	1.4%	1.23
International High Dividend Yield Index (1530)	VIHIX	\$3K	—	Hold	\$22.20	3.0%	—	—	—	—	—	—
International Value (46)	VTRIX	\$3K	—	Hold	\$31.71	2.5%	2.0%	-12.7%	0.5%	0.8%	2.1%	1.18
Pacific Index (72)	VPACX	\$3K	—	Hold	\$10.66	0.9%	-1.1%	-10.0%	-0.6%	2.2%	2.3%	1.14
Total International Stock Index (113)	VGTSX	\$3K	—	Hold	\$14.74	2.2%	2.0%	-10.7%	0.3%	0.0%	2.7%	1.10
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$23.79	1.4%	1.8%	-5.5%	5.3%	4.8%	2.2%	1.02
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$17.40	2.2%	1.8%	-11.3%	0.0%	-0.2%	2.8%	1.11
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$36.66	2.7%	3.6%	-5.8%	2.5%	0.6%	2.4%	1.08

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	4/29 Price	Apr. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk
												25%	28%	36.8%*	38.8%*	43.4%*	
TAXABLE INCOME																	
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.1	\$10.00	0.1%	0.6%	0.7%	—	—	0.7%	0.86%	—	—	—	—	—	
Short-Term Treasury (32)	VFISX	Sell	2.3	\$10.75	-0.0%	1.2%	1.1%	0.7%	0.9%	0.7%	0.53%	—	—	—	—	0.35	
Short-Term Federal (49)	VSGBX	Sell	2.7	\$10.81	-0.0%	1.3%	1.3%	0.8%	1.2%	0.9%	0.90%	—	—	—	—	0.34	
Short-Term Inflation Index (1967)	VTIPX	Hold	2.5	\$24.56	-0.0%	1.7%	0.5%	-0.5%	—	0.0%	-0.87%	—	—	—	—	0.64	
Short-Term Investment-Grade (39)	VFSTX	Buy	3.2	\$10.72	0.4%	2.2%	2.0%	1.7%	2.2%	2.0%	1.69%	—	—	—	—	0.44	
Short-Term Bond Index (132)	VBISX	Hold	2.8	\$10.56	0.1%	1.7%	1.6%	1.1%	1.5%	1.3%	1.08%	—	—	—	—	0.46	
Inflation-Protected Sec. (119)	VIPSX	Hold	8.6	\$13.45	0.1%	4.8%	0.9%	-1.1%	2.4%	0.7%	-0.22%	—	—	—	—	1.51	
Intermed. Treasury (35)	VFITX	Sell	5.6	\$11.56	-0.1%	3.3%	3.2%	1.6%	3.4%	1.6%	1.14%	—	—	—	—	1.21	
Intermed. Investment-Grade (71)	VFICX	Buy	6.5	\$9.96	0.7%	4.3%	3.6%	2.9%	4.7%	3.0%	2.43%	—	—	—	—	1.08	
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.3	\$11.67	0.5%	4.5%	3.5%	2.4%	4.8%	2.6%	2.11%	—	—	—	—	1.37	
Total Bond Market (84)	VBMFX	Hold	8.0	\$10.92	0.4%	3.5%	2.5%	2.1%	3.4%	2.4%	1.98%	—	—	—	—	1.00	
Core Bond (1320)	VCORX	Buy	6.7	\$10.07	0.4%	—	—	—	—	—	1.47%	—	—	—	—	—	
GNMA (36)	VFHIX	Hold	5.7	\$10.79	0.2%	2.1%	2.2%	2.3%	3.1%	2.4%	2.38%	—	—	—	—	0.64	
Long-Term Treasury (83)	VUSTX	Sell	24.8	\$13.00	-0.6%	7.6%	5.2%	4.3%	8.9%	2.6%	2.28%	—	—	—	—	3.87	
Long-Term Investment-Grade (28)	VWESX	Hold	23.2	\$10.59	1.9%	8.8%	5.7%	4.8%	8.5%	4.2%	3.68%	—	—	—	—	2.83	
Long-Term Bond Index (522)	VBLTX	Sell	24.2	\$14.18	1.3%	8.8%	4.1%	3.8%	8.2%	3.8%	3.56%	—	—	—	—	2.97	
High-Yield Corporate (29)	VWEHX	Buy	6.8	\$5.71	2.6%	5.0%	0.5%	3.0%	5.7%	5.6%	5.42%	—	—	—	—	1.91	
Emerging Mkts. Gov't Bond Ixd. (1120)**	VGOVX	Buy	10.2	\$9.73	1.8%	6.5%	3.7%	—	—	4.5%	4.14%	—	—	—	—	1.91	
Emerging Markets Bond (1431)	VEMBX	—	8.5	\$10.33	2.0%	—	—	—	—	—	4.67%	—	—	—	—	—	
Total International Bond Index (1231)	VTIBX	Hold	9.2	\$10.85	-0.2%	3.3%	3.0%	—	—	1.5%	0.63%	—	—	—	—	1.03	
MONEY MARKET																	
Treasury MM (11)	VUSXX	—	41	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.26%	—	—	—	—	—	
Federal MM (33)	VMFXX	—	48	\$1.00	0.0%	0.1%	0.1%	0.1%	0.0%	0.1%	0.29%	—	—	—	—	—	
Prime MM (30)	VMNXX	—	43	\$1.00	0.0%	0.1%	0.2%	0.1%	0.1%	0.2%	0.43%	—	—	—	—	—	
Tax-Exempt Money Market (45)	VMSXX	—	27	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.30%	0.4%	0.4%	0.5%	0.5%	—	
CA Tax-Exempt MM (62)	VCTX	—	15	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.22%	0.3%	0.3%	0.4%	0.4%	—	
NJ Tax-Exempt MM (95)	VNJXX	—	44	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.23%	0.3%	0.4%	0.4%	0.4%	—	
NY Tax-Exempt MM (163)	VYFXX	—	21	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.25%	0.4%	0.4%	0.4%	0.5%	—	
OH Tax-Exempt MM (96)	VOHXX	—	40	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.26%	0.4%	0.4%	0.4%	0.5%	—	
PA Tax-Exempt MM (63)	VPTXX	—	15	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.22%	0.3%	0.3%	0.4%	0.4%	—	
TAX-FREE INCOME																	
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.5	\$15.83	0.1%	0.4%	0.8%	0.6%	0.8%	0.7%	0.65%	0.9%	0.9%	1.0%	1.1%	0.11	
Limited-Term Tax-Exempt (31)	VMLTX	Buy	3.0	\$11.07	0.3%	0.9%	2.0%	1.3%	1.8%	1.5%	0.88%	1.2%	1.2%	1.4%	1.6%	0.36	
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.2	\$14.45	0.6%	2.3%	4.8%	3.1%	4.7%	2.8%	1.36%	1.8%	1.9%	2.2%	2.4%	0.68	
Tax-Exempt Bond Index (1491)***	VTEBX	Hold	5.5	\$10.34	0.7%	2.3%	—	—	—	—	1.45%	1.9%	2.0%	2.3%	2.4%	0.76	
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.3	\$11.94	0.9%	2.8%	6.4%	4.3%	6.2%	3.6%	1.90%	2.5%	2.6%	3.0%	3.1%	0.86	
High-Yield Tax-Exempt (44)	VWAHX	Hold	6.8	\$11.50	0.9%	2.8%	6.3%	4.4%	6.7%	3.6%	2.44%	3.3%	3.4%	3.9%	4.0%	0.85	
STATE TAX-FREE																	
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.3	\$12.02	0.6%	2.3%	5.1%	3.6%	5.4%	2.7%	1.28%	1.9%	2.0%	2.3%	2.3%	0.70	
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.5	\$12.41	0.8%	2.8%	6.7%	4.7%	6.9%	3.4%	1.72%	2.6%	2.7%	3.0%	3.1%	0.87	
MA Tax-Exempt (168)	VMATX	Sell	6.2	\$11.09	0.8%	2.6%	6.0%	4.0%	5.5%	3.0%	1.68%	2.4%	2.5%	2.8%	2.9%	0.89	
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.2	\$12.29	0.9%	2.8%	5.8%	3.6%	5.6%	3.5%	2.36%	3.5%	3.6%	4.1%	4.2%	1.00	
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.0	\$12.10	0.8%	2.7%	6.4%	4.3%	5.8%	3.2%	1.66%	2.4%	2.5%	2.9%	3.0%	0.81	
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.2	\$12.86	0.9%	2.8%	6.5%	4.4%	6.1%	3.3%	1.90%	2.7%	2.8%	3.2%	3.3%	0.88	
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	5.6	\$11.87	0.9%	2.5%	6.0%	4.2%	5.8%	3.5%	1.96%	2.7%	2.8%	3.2%	3.3%	0.81	

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1). **3-year and 5-year returns** are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	4/29 Price	Apr. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.0%	-0.0%	-0.1%	-0.2%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$18.90	0.5%	2.1%	1.8%	1.5%	1.9%	0.45
Total Bond Market Annuity (67)	Hold	\$38.07	0.3%	3.3%	2.3%	1.8%	3.1%	1.00
High-Yield Bond Annuity (146)	Buy	\$30.30	2.6%	5.0%	0.2%	2.6%	5.2%	1.85
Conservative Allocation Annuity (801)	Hold	\$26.48	0.6%	2.8%	0.2%	4.4%	—	0.43
Moderate Allocation Annuity (803)	Hold	\$28.47	0.7%	2.4%	-1.0%	5.3%	—	0.61
Balanced Annuity (69)	Buy	\$85.11	1.4%	3.3%	1.2%	7.2%	7.9%	0.67
Capital Growth Annuity (603)	Buy	\$38.92	-0.5%	-2.2%	-1.6%	11.9%	11.3%	0.98
Diversified Value Annuity (145)	Buy	\$29.12	3.3%	3.8%	-0.6%	8.2%	9.3%	0.97
Equity Income Annuity (8)	Buy	\$73.85	1.1%	4.3%	3.4%	9.8%	11.2%	0.93
Equity Index Annuity (68)	Buy	\$81.68	0.3%	1.6%	0.8%	10.8%	10.5%	1.00
Growth Annuity (10)	Hold	\$40.73	-0.8%	-4.2%	-1.2%	12.8%	11.1%	1.04
MidCap Index Annuity (143)	Buy	\$46.99	0.5%	1.6%	-3.7%	9.9%	9.1%	1.07
REIT Index Annuity (147)	Hold	\$56.45	-2.4%	3.6%	7.3%	6.7%	9.5%	1.34
Small Company Growth Annuity (160)	Hold	\$62.38	1.3%	-1.1%	-7.8%	8.8%	8.0%	1.38
Total Stock Market Annuity (604)	Hold	\$29.61	0.6%	1.4%	-0.6%	10.3%	10.0%	1.02
International Annuity (86)	Buy	\$36.58	2.1%	-0.4%	-10.3%	2.4%	1.4%	1.25

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	4/29 Price	Apr. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$64.18	-0.0%	1.6%	3.5%	13.8%	15.1%	1.7%	—	1.12
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$66.01	-1.0%	4.2%	10.0%	11.6%	13.8%	2.9%	—	0.86
Energy (551)	VGELX	\$50K	—	Hold	\$91.44	10.1%	18.7%	-14.2%	-3.6%	-4.0%	2.3%	—	1.92
Energy Index (5480)	VENAX	\$100K	—	—	\$47.25	10.2%	14.6%	-16.0%	-3.0%	-2.2%	3.5%	—	1.87
Financials Index (5486)	VFAIX	\$100K	—	—	\$23.89	2.8%	-1.4%	-0.8%	9.0%	9.1%	2.1%	—	1.13
Health Care (552)	VGHAX	\$50K	—	Buy	\$84.85	2.6%	-6.4%	-3.3%	18.0%	17.2%	0.9%	—	1.07
Health Care Index (5485)	VHCIX	\$100K	—	—	\$63.57	3.0%	-4.1%	-2.8%	15.6%	16.4%	1.6%	—	1.20
Industrials Index (5482)	VINAX	\$100K	—	—	\$54.62	1.0%	5.8%	2.2%	12.4%	10.1%	2.3%	—	1.14
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$53.45	-4.7%	-3.2%	-1.6%	14.0%	10.9%	1.7%	—	1.28
Materials Index (5481)	VMIAX	\$100K	—	—	\$52.70	5.3%	10.2%	-4.3%	7.6%	5.1%	2.5%	—	1.57
REIT Index (5123)	VGSLX	\$10K	—	Hold	\$115.88	-2.4%	3.7%	7.8%	7.1%	10.0%	4.3%	—	1.35
Global ex-U.S. Real Estate Index (1758)	VGRGX	\$10K	0.25%f/0.25%r	Hold	\$33.09	2.0%	6.4%	-5.0%	-0.3%	4.7%	2.8%	—	1.17
Telecom Svcs. Index (5488)	VTCAX	\$100K	—	—	\$47.15	-0.2%	10.8%	7.7%	8.7%	9.5%	3.8%	—	0.97
Utilities Index (5489)	VUIAX	\$100K	—	—	\$52.91	-1.9%	13.0%	13.5%	9.4%	12.0%	3.1%	—	1.21
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$113.80	-0.9%	-4.1%	-4.1%	12.0%	11.4%	0.7%	—	1.10
Explorer (5024)	VEXRX	\$50K	—	Hold	\$74.95	1.4%	0.3%	-8.2%	8.5%	7.7%	0.5%	—	1.31
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$42.39	1.3%	-0.7%	-6.9%	7.6%	—	1.1%	—	1.26
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$54.36	1.7%	2.8%	-3.9%	9.1%	8.5%	1.7%	—	1.22
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$44.69	2.1%	5.6%	-1.4%	10.3%	—	2.2%	—	1.22
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$63.87	1.7%	0.8%	-5.9%	8.5%	8.3%	1.7%	—	1.22
Growth Index (509)	VIGAX	\$10K	—	Buy	\$54.38	-0.7%	-0.4%	-0.5%	11.7%	11.3%	1.3%	—	1.10
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$43.15	0.0%	0.7%	-5.3%	9.8%	—	1.0%	—	1.13
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$150.91	0.5%	1.7%	-3.4%	10.3%	9.6%	1.7%	—	1.07
MidCap Value Index	VMVAX	\$10K	—	Hold	\$45.57	1.0%	2.7%	-1.7%	10.8%	—	2.3%	—	1.03
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$74.90	-1.1%	-3.0%	-0.7%	12.0%	9.8%	0.8%	—	1.06
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$100.85	-0.4%	-2.3%	-1.7%	12.5%	11.6%	1.2%	—	1.01
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$73.91	-0.7%	-4.1%	-0.3%	13.2%	11.5%	0.6%	—	1.05
500 Index (540)	VFIAX	\$10K	—	Buy	\$190.72	0.4%	1.7%	1.2%	11.2%	11.0%	2.1%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$21.99	-0.2%	4.7%	3.3%	—	—	2.2%	—	0.91
Equity Income (565)	VEIRX	\$50K	—	Buy	\$64.35	1.0%	4.6%	3.7%	10.2%	11.7%	2.9%	—	0.93
Growth & Income (593)	VGIAX	\$50K	—	Sell	\$65.63	0.3%	1.7%	2.0%	11.8%	11.5%	1.9%	—	0.97
LargeCap Index (5307)	VLCAIX	\$10K	—	Buy	\$47.67	0.4%	1.4%	0.4%	10.9%	10.7%	2.0%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$51.36	0.6%	1.6%	-0.2%	10.7%	10.5%	1.9%	—	1.02
Value Index (506)	VVIAX	\$10K	—	Hold	\$32.62	1.5%	3.2%	1.3%	10.3%	10.2%	2.6%	—	0.95
Windsor (5022)	VWNEX	\$50K	—	Hold	\$64.71	2.3%	0.2%	-5.7%	9.3%	9.6%	1.9%	—	1.16
Windsor II (573)	VWNAX	\$50K	—	Buy	\$61.13	2.6%	2.8%	-1.9%	8.7%	9.6%	2.3%	—	1.02
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$29.81	0.5%	2.5%	1.2%	7.4%	7.9%	2.1%	—	0.62
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$61.81	0.9%	4.7%	4.3%	5.8%	7.5%	2.9%	—	0.41
Wellington (521)	VWENX	\$50K	—	Buy	\$65.28	1.4%	3.4%	1.5%	7.6%	8.3%	2.6%	—	0.67
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$11.81	2.4%	0.4%	-8.8%	1.6%	1.8%	2.9%	—	1.07
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$28.97	0.8%	6.2%	-18.4%	-4.5%	-4.7%	3.0%	—	1.49
European Index (579)	VEUSX	\$10K	—	Hold	\$62.42	2.9%	0.4%	-9.1%	2.6%	1.4%	3.2%	—	1.12
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$22.91	-0.7%	1.4%	2.2%	—	—	1.8%	—	0.62
International Dividend Appreciation Index (515)	VIAAX	\$10K	—	Hold	\$26.50	1.7%	—	—	—	—	—	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$67.03	2.0%	-0.0%	-9.6%	3.0%	1.9%	1.5%	—	1.23
International High Dividend Yield Index (530)	VIHAX	\$10K	—	Hold	\$26.87	3.0%	—	—	—	—	—	—	—
Pacific Index (572)	VPADX	\$10K	—	Hold	\$69.22	0.9%	-1.0%	-9.8%	-0.4%	2.3%	2.5%	—	1.13
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$24.66	2.2%	2.1%	-10.7%	0.4%	0.1%	2.8%	—	1.10
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$27.42	2.2%	1.9%	-11.2%	0.2%	—	2.9%	—	1.12
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSEFX	\$50K	—	Buy	\$20.01	0.1%	0.6%	0.8%	—	—	0.7%	0.94%	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.75	-0.0%	1.2%	1.2%	0.8%	1.0%	0.8%	0.63%	0.73
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.81	0.0%	1.3%	1.4%	0.9%	1.3%	1.0%	1.00%	0.34
Short-Term Gov't Index (1942)	VBSBX	\$10K	—	Sell	\$20.39	0.0%	0.9%	0.9%	0.7%	0.7%	0.7%	0.65%	0.27
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.60	-0.0%	1.8%	0.6%	-0.4%	—	0.0%	-0.78%	0.64
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.72	0.5%	2.2%	2.1%	1.8%	2.3%	2.1%	1.79%	0.44
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.78	0.5%	2.2%	2.1%	1.9%	2.7%	2.0%	1.87%	0.52
Short-Term Bond Ixd. (5132)	VBIRX	\$10K	—	Hold	\$10.56	0.1%	1.7%	1.6%	1.2%	1.6%	1.3%	1.15%	0.46
Inflation-Protected Securities (5119)	VAIPX	\$50K	—	Hold	\$26.41	0.2%	4.8%	1.0%	-1.0%	2.5%	0.8%	-0.12%	1.49
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.56	-0.1%	3.3%	3.3%	1.7%	3.5%	1.7%	1.24%	1.20
Interm.-Term Gov't Index (1943)	VSIGX	\$10K	—	Sell	\$22.29	-0.2%	3.1%	3.1%	1.7%	3.4%	1.6%	1.23%	1.18
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$9.96	0.7%	4.3%	3.7%	3.0%	4.8%	3.1%	2.53%	1.09
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25%f	Buy	\$23.55	1.2%	5.3%	3.6%	3.2%	5.5%	3.2%	3.02%	1.37
Intermed.-Term Bond Ixd. (5314)	VBILX	\$10K	—	Hold	\$11.67	0.5%	4.5%	3.6%	2.5%	4.9%	2.6%	2.18%	1.36
Total Bond Market (584)	VBTLLX	\$10K	—	Hold	\$10.92	0.4%	3.5%	2.6%	2.2%	3.5%	2.5%	2.08%	1.01
Core Bond (1520)	VCOBX	\$50K	—	Buy	\$20.15	0.5%	—	—	—	—	—	1.57%	—
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.79	0.2%	2.1%	2.3%	2.4%	3.2%	2.5%	2.48%	0.66
Mortgage-Backed Sec. Ixd (1948)	VMBSX	\$10K	—	Hold	\$21.35	0.1%	1.9%	2.2%	2.4%	2.9%	1.7%	1.73%	0.60
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$13.00	-0.6%	7.7%	5.3%	4.4%	9.0%	2.7%	2.38%	3.88
Long-Term Gov't Index (1944)	VLGSX	\$10K	—	Sell	\$26.75	-0.6%	7.6%	5.3%	4.4%	8.8%	2.6%	2.39%	3.81
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$10.59	1.9%	8.8%	5.8%	4.9%	8.6%	4.3%	3.78%	2.77
Long-Term Corp. Index (1947)	VLTCX	\$10K	1.00%f	Hold	\$24.30	2.6%	9.8%	3.8%	4.0%	7.9%	4.3%	4.36%	2.98
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.71	2.6%	5.0%	0.6%	3.1%	5.8%	5.7%	5.52%	1.97
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75%f	Buy	\$19.47	1.8%	6.6%	3.8%	—	—	4.7%	4.44%	1.94
Emerging Markets Bond (1531)	VEGBX	—	—	—	\$20.81	2.1%	—	—	—	—	—	4.82%	—
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$21.70	-0.2%	3.3%	3.0%	—	—	1.5%	0.69%	0.99
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.83	0.1%	0.5%	0.9%	0.6%	0.9%	0.8%	0.73%	0.15
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.07	0.3%	1.0%	2.0%	1.4%	1.9%	1.6%	0.96%	0.52
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.45	0.6%	2.3%	4.9%	3.2%	4.8%	2.9%	1.44%	0.69
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25%f	Hold	\$20.66	0.7%	2.2%	—	—	—	—	1.52%	0.77
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$11.94	0.9%	2.8%	6.5%	4.4%	6.3%	3.6%	1.98%	0.86
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.50	0.9%	2.8%	6.3%	4.5%	6.8%	3.7%	2.52%	0.85
CA Intermed. Tax-Exempt (5100)	VCADX	\$50K	—	Buy	\$12.02	0.6%	2.3%	5.2%	3.7%	5.4%	2.8%	1.36%	0.70
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.41	0.9%	2.8%	6.8%	4.8%	7.0%	3.5%	1.80%	0.87
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.29	0.9%	2.8%	5.9%	3.7%	5.7%	3.6%	2.44%	1.00
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$12.10	0.8%	2.7%	6.5%	4.4%	5.9%	3.3%	1.73%	0.81
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$11.87	0.9%	2.6%	6.1%	4.3%	5.9%	3.6%	2.04%	0.80

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	4/29 Price	Apr. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$120.59	1.3%	-0.6%	-6.8%	7.6%	7.2%	1.1%	—	1.25
S&P SmallCap 600 Growth	VIQG	Buy	\$106.71	0.2%	0.1%	-0.3%	11.1%	9.7%	1.3%	—	1.20
Russell 2000 Growth	VTWG	Hold	\$97.30	1.0%	-4.5%	-8.3%	8.6%	7.1%	0.9%	—	1.50
SmallCap	VB	Hold	\$113.46	1.8%	2.8%	-3.9%	9.1%	8.5%	1.7%	—	1.23
S&P SmallCap 600	VIOO	Hold	\$103.04	0.9%	3.9%	0.1%	10.8%	9.9%	1.2%	—	1.24
Russell 2000	VTWO	Hold	\$90.08	1.5%	0.0%	-6.0%	7.6%	7.0%	1.4%	—	1.35
SmallCap Value	VBR	Hold	\$104.02	2.1%	5.7%	-1.5%	10.3%	9.6%	2.2%	—	1.22
S&P SmallCap 600 Value	VIOV	Hold	\$99.80	2.3%	6.6%	0.5%	10.4%	10.2%	1.5%	—	1.29
Russell 2000 Value	VTWV	Hold	\$82.39	1.7%	3.5%	-3.9%	6.3%	6.6%	2.1%	—	1.29
Extended Market	VXF	Sell	\$84.13	1.6%	0.8%	-6.0%	8.5%	8.2%	1.7%	—	1.22
Growth	VUG	Hold	\$105.61	-0.8%	-0.4%	-0.5%	11.7%	11.2%	1.3%	—	1.14
S&P 500 Growth	VOOG	Buy	\$102.59	-1.4%	-0.8%	1.5%	12.6%	11.8%	1.5%	—	1.05
Russell 1000 Growth	VONG	Hold	\$101.42	-0.9%	-0.2%	0.9%	12.3%	11.3%	1.5%	—	1.06
MegaCap Growth	MGK	Buy	\$82.50	-0.8%	-0.3%	0.4%	12.1%	11.8%	1.5%	—	1.11
MidCap Growth	VOT	Buy	\$100.27	0.0%	0.7%	-5.2%	9.8%	8.4%	1.0%	—	1.13
S&P MidCap 400 Growth	IVOG	Buy	\$100.85	0.7%	1.9%	-0.9%	9.3%	8.5%	1.0%	—	1.04
MidCap	VO	Hold	\$121.86	0.5%	1.7%	-3.3%	10.4%	9.6%	1.7%	—	1.11
S&P MidCap 400	IVOO	Buy	\$98.32	1.2%	5.1%	-1.0%	9.6%	9.1%	1.6%	—	1.10
MidCap Value	VOE	Hold	\$87.98	1.0%	2.7%	-1.6%	10.8%	10.6%	2.3%	—	1.03
S&P MidCap 400 Value	IVOV	Buy	\$95.60	1.7%	8.1%	-1.6%	9.8%	9.4%	1.5%	—	1.21
S&P 500	VOO	Buy	\$189.22	0.4%	1.8%	1.1%	11.2%	11.0%	2.1%	—	1.00
Russell 1000	VONE	Buy	\$94.63	0.4%	1.5%	0.1%	10.9%	10.6%	1.9%	—	1.02
Dividend Appreciation	VIG	Buy	\$80.98	-0.3%	4.7%	3.2%	8.9%	9.5%	2.2%	—	0.92
High Dividend Yield	HYM	Hold	\$69.54	0.7%	4.9%	3.4%	10.5%	11.9%	3.1%	—	0.93
LargeCap	VV	Buy	\$94.42	0.4%	1.5%	0.4%	11.0%	10.7%	2.0%	—	1.01
MegaCap	MGC	Buy	\$70.40	0.4%	1.5%	1.2%	11.1%	11.0%	2.2%	—	1.01
Total Stock Market	VTI	Hold	\$105.51	0.7%	1.6%	-0.3%	10.7%	10.5%	1.9%	—	1.02
Russell 3000	VTHR	Hold	\$94.32	0.4%	1.2%	-0.4%	10.6%	10.3%	1.9%	—	1.02
Value	VTV	Hold	\$83.64	1.5%	3.3%	1.3%	11.0%	10.6%	2.6%	—	0.95
S&P 500 Value	VOOV	Hold	\$88.41	2.0%	4.3%	0.3%	9.5%	9.7%	2.3%	—	0.99
Russell 1000 Value	VONV	Hold	\$88.16	1.8%	3.5%	-0.7%	9.4%	9.9%	2.4%	—	0.99
MegaCap Value	MGV	Hold	\$60.45	1.5%	3.1%	2.0%	10.4%	10.2%	2.6%	—	0.94
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$34.93	1.0%	7.0%	-18.1%	-4.6%	-4.6%	3.0%	—	1.47
Developed Markets	VEA	Sell	\$36.71	2.3%	0.4%	-8.8%	1.6%	1.7%	2.9%	—	1.07
European	VGK	Hold	\$49.86	2.8%	0.5%	-9.1%	2.5%	1.3%	3.2%	—	1.11
Int'l Dividend Appreciation	VIGI	Hold	\$54.69	1.6%	—	—	—	—	—	—	—
Int'l High Dividend Yield	VYMI	Hold	\$55.64	2.8%	—	—	—	—	—	—	—
Pacific	VPL	Hold	\$55.53	0.5%	-1.8%	-10.3%	-0.7%	2.1%	2.5%	—	1.15
Total International Stock	VXUS	Hold	\$45.89	2.2%	2.1%	-10.7%	0.4%	-0.0%	2.7%	—	1.12
Total World Stock	VT	Hold	\$58.27	1.0%	1.5%	-5.6%	5.2%	4.8%	2.3%	—	1.05
World ex-U.S.	VEU	Sell	\$44.06	2.1%	1.8%	-11.3%	0.1%	-0.2%	2.9%	—	1.13
World ex-U.S. SmallCap	VSS	Hold	\$96.20	3.0%	3.6%	-5.8%	2.5%	0.7%	2.5%	—	1.10
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$123.94	-0.1%	1.5%	3.5%	13.8%	15.1%	1.7%	—	1.14
Consumer Staples	VDC	—	\$133.87	-1.1%	4.2%	10.0%	11.5%	13.7%	2.9%	—	0.87
Energy	VDE	—	\$94.64	10.3%	14.8%	-15.9%	-3.0%	-2.2%	3.5%	—	1.87
Financials	VFH	—	\$47.68	2.8%	-1.3%	-0.9%	9.0%	9.1%	2.1%	—	1.12
Health Care	VHT	—	\$127.06	3.0%	-4.1%	-2.8%	15.7%	16.4%	1.6%	—	1.19
Industrials	VIS	—	\$106.34	1.1%	5.8%	2.2%	12.4%	10.0%	2.3%	—	1.13
Information Tech.	VGIT	—	\$104.41	-4.7%	-3.2%	-1.5%	14.0%	10.8%	1.7%	—	1.30
Materials	VAW	—	\$103.45	5.4%	10.3%	-4.2%	7.6%	5.1%	2.5%	—	1.56
REIT	VNQ	Hold	\$81.83	-2.4%	3.8%	7.8%	7.1%	10.0%	4.3%	—	1.35
Global ex-U.S. Real Estate	VNQI	Hold	\$54.63	2.1%	7.1%	-4.9%	-0.3%	4.6%	2.8%	—	1.15
Telecom Services	VOX	—	\$92.54	-0.2%	10.9%	7.7%	8.6%	9.5%	3.8%	—	0.92
Utilities	VPU	—	\$105.43	-2.0%	13.0%	13.4%	9.4%	12.0%	3.1%	—	1.25
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.18	0.0%	0.9%	0.8%	0.7%	0.7%	0.7%	0.65%	0.27
Short-Term Inflation Bond	VTIP	Hold	\$49.04	-0.2%	1.4%	0.5%	-0.4%	—	0.0%	-0.78%	0.73
Short-Term Corporate	VCSH	Buy	\$80.19	0.4%	2.0%	2.2%	1.8%	2.6%	2.0%	1.87%	1.06
Short-Term Bond	BSV	Hold	\$80.61	0.1%	1.7%	1.7%	1.2%	1.6%	1.3%	1.15%	0.60
Int.-Term Government Bond	VGIT	Sell	\$66.11	-0.2%	3.0%	3.0%	1.7%	3.4%	1.6%	1.23%	1.14
Int.-Term Corporate	VCIT	Buy	\$87.56	1.0%	5.0%	3.4%	2.9%	5.4%	3.2%	3.02%	1.36
Int.-Term Bond	BIV	Hold	\$86.34	0.3%	4.6%	3.7%	-2.4%	4.8%	2.6%	2.18%	1.29
Total Bond Market	BND	Hold	\$82.97	0.4%	3.4%	2.6%	2.1%	3.5%	2.4%	2.08%	1.00
Mortgage-Backed Securities	VMBS	Hold	\$53.51	0.2%	2.0%	2.2%	2.5%	2.9%	1.6%	1.73%	0.63
Long-Term Government	VGLT	Sell	\$80.00	-0.3%	7.8%	5.6%	4.3%	8.9%	2.6%	2.39%	3.76
Long-Term Corporate	VCLT	Hold	\$91.21	2.3%	9.5%	3.9%	3.7%	7.7%	4.3%	4.36%	3.19
Long-Term Bond	BLV	Sell	\$93.78	1.1%	9.1%	4.5%	4.0%	8.2%	3.8%	3.63%	3.07
Ext. Duration Treasury	EDV	Sell	\$125.39	-1.1%	11.4%	6.6%	6.1%	14.6%	2.8%	2.63%	6.30
Emerging Mkts. Gov't Bond	VWOB	Buy	\$77.97	1.7%	6.6%	3.7%	—	—	4.6%	4.44%	2.08
Total International Bond	BNDX	Hold	\$54.34	-0.3%	3.1%	3.2%	—	—	1.5%	0.70%	0.97
Tax-Exempt Bond	VTEB	Hold	\$51.83	0.9%	2.0%	—	—	—	—	1.52%	0.86

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

DISTRIBUTIONS

Fund	Dist.
APRIL REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.01
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.02
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.02
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.02
Total Bond Market Index	\$0.02
Core Bond	\$0.01
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.04
High-Yield Corporate	\$0.03
Emerging Markets Gov't Bond	\$0.04
Emerging Markets Bond	\$0.04
Total International Bond	\$0.01
Admiral Treasury MM	\$0.00022
Federal MM	\$0.00024
Prime MM	\$0.00035
Tax-Exempt MM	\$0.00023
CA Tax-Exempt MM	\$0.00017
NJ Tax-Exempt MM	\$0.00018
NY Tax-Exempt MM	\$0.00020
OH Tax-Exempt MM	\$0.00020
PA Tax-Exempt MM	\$0.00017
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.01
Long-Term Tax-Exempt	\$0.03
High-Yield Tax-Exempt	\$0.03
CA Int.-Term Tax-Exempt	\$0.03
CA Long-Term Tax-Exempt	\$0.03
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.04
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.03
PA Long-Term Tax-Exempt	\$0.03
ETF DISTRIBUTIONS	
Short-Term Government Bond	\$0.04
Short-Term Corporate Bond	\$0.14
Short-Term Bond	\$0.10
Intermed.-Term Government Bond	\$0.08
Intermed.-Term Corporate Bond	\$0.22
Intermediate-Term Bond	\$0.19
Total Bond Market	\$0.17
Mortgage-Backed Securities Bond	\$0.09
Long-Term Government Bond	\$0.16
Long-Term Corporate Bond	\$0.31
Long-Term Bond	\$0.30
Emerging Markets Gov't Bond	\$0.31
Total International Bond	\$0.06
Tax-Exempt Bond	\$0.07

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

efficiency for a moment. Or, better yet, let's talk about after-tax returns.

As I said, tax efficiency often gets the headlines, but it's really not the most important metric for assessing the overall performance of a fund when taxes are your concern. For years I've said that just because many index funds are tax efficient and have low turnover, that doesn't mean they'll make you richer faster.

Vanguard, like so many other asset managers, talks tax efficiency and after-tax returns, but in the same breath, advises that investors keep index funds in taxable accounts and active funds in tax-deferred accounts like IRAs. What they're doing is dumbing down the advice they share with investors, falling back on letting their tax tale wag the investment advice dog.

Here's Vanguard's latest pitch: "Investors should maximize the tax efficiency of their portfolio because taxes have the potential for taking the biggest bite out of investment returns over the long run."

In fact, they often trot out the hackneyed advice that you can potentially improve your returns by keeping less tax-efficient funds in tax-deferred accounts. Of course, you could also improve your returns by buying better funds—but that isn't part of the Vanguard mantra.

I can understand why they take this route. Vanguard doesn't want you to know that there's another way to look at fund performance or tax efficiency, and they certainly aren't going to provide their investors with the data to make up their own minds. Hence, the simple, contrived and often wrong advice.

I have to say that I was encouraged some years ago when Vanguard began to note that focusing on a low turnover rate as the key to fending off distributions was a "flawed" approach. Vanguard tax maven Joel Dickson, who also happens to help run the quantitative side of Vanguard's stock shop, even said, "At the end of the day, the question is whether you have created wealth, not how much you have reduced taxes." As he's put it,

the investor's goal should not be to "minimize capital gains" but rather to "maximize after-tax wealth."

Unfortunately, Joel's wisdom doesn't always percolate down to those offering up advice to the masses. Tax efficiency tells you nothing about a fund's returns—it only tells you the portion of that fund's returns you're likely to keep.

Before you check out the table summaries below and on page 13, let's define our parameters, and let me give you a caveat. Both the returns and tax-efficiency calculations I've done cover the three- and five-year periods ending March 31, 2016. (An expanded set of tables, including a seven-year table, is provided in the HTML version of the issue at our members-only website, www.adviseronline.com.) I've

hit the funds with a heavy tax burden, applying a 20% capital gains rate and a 43.4% income tax rate, which incorporates the 3.8% health-care surtax on high-income-earners. For qualified dividend income, as specified under the American Taxpayer Relief Act of 2012, I've used the percentages reported by Vanguard for each individual fund. The funds in the tables are ranked by after-tax returns. My one caveat here is the same as I note when discussing rolling returns versus static performance calculations: These after-tax returns are based on point-in-time calculations for the single three-year and five-year periods ending in March. Why does that matter? I'll explain in a moment.

One fund characteristic that I haven't bothered to look at is turnover, because

After-Tax Returns Over Tax-Efficiency

Ranked by After-Tax Return	3-Year Return	Tax-Adj. Return	Tax-Effic.	Ranked by After-Tax Return	3-Year Return	Tax-Adj. Return	Tax-Effic.
U.S. Growth	13.5%	12.3%	91%	Target Retirement 2055	7.0%	6.6%	93%
PRIMECAP	13.5%	12.2%	91%	SmallCap Growth Index	6.8%	6.5%	96%
Capital Opportunity	13.2%	12.2%	93%	Target Retirement 2050	7.1%	6.5%	92%
Growth Index	12.4%	12.2%	98%	Target Retirement 2040	7.1%	6.5%	92%
Social Index	12.4%	12.1%	97%	Target Retirement 2045	7.1%	6.5%	91%
PRIMECAP Core	13.0%	11.8%	91%	Explorer Value	7.9%	6.4%	80%
T-M Capital Appreciation	11.6%	11.3%	97%	Target Retirement 2035	7.0%	6.3%	89%
500 Index	11.7%	11.2%	96%	Wellington	7.8%	6.1%	79%
Morgan Growth	12.8%	11.0%	86%	Target Retirement 2030	6.7%	6.0%	89%
LargeCap Index	11.4%	11.0%	97%	STAR Growth	6.7%	5.9%	88%
Growth & Income	12.2%	11.0%	90%	Market Neutral	5.9%	5.9%	100%
Dividend Growth	11.8%	10.9%	92%	Target Retirement 2025	6.3%	5.5%	87%
High Dividend Yield Index	11.2%	10.6%	94%	Explorer	8.0%	5.4%	68%
Total Stock Market Index	11.0%	10.6%	96%	STAR	6.5%	5.3%	82%
Strategic Equity	11.9%	10.6%	89%	Target Retirement 2020	6.0%	5.2%	87%
MidCap Value Index	10.9%	10.5%	96%	Total World Stock Index	5.7%	5.2%	90%
MidCap Index	10.6%	10.3%	97%	STAR Mod. Growth	5.8%	5.0%	85%
T-M SmallCap	10.5%	10.2%	97%	Wellesley Income	6.0%	4.5%	75%
Value Index	10.4%	9.9%	95%	Target Retirement 2015	5.3%	4.2%	80%
MidCap Growth Index	9.9%	9.7%	98%	STAR Cons. Gro.	4.8%	3.8%	79%
Equity Income	10.7%	9.4%	87%	Target Retirement 2010	4.4%	3.4%	77%
Strategic SmallCap Equity	10.3%	9.3%	91%	Managed Payout	5.6%	3.2%	58%
Diversified Equity	10.6%	9.2%	87%	STAR Income	3.8%	2.8%	75%
U.S. Value	9.9%	9.2%	93%	Target Retirement Income	3.6%	2.8%	76%
Dividend Apprec. Index	9.5%	9.1%	96%	International Growth	3.1%	2.7%	86%
SmallCap Value Index	9.4%	8.9%	95%	European Index	2.9%	2.1%	73%
Selected Value	9.3%	8.2%	87%	Developed Mkts. Index	2.4%	1.9%	78%
SmallCap Index	8.4%	8.0%	95%	World ex-US SmCap Idx.	2.5%	1.7%	69%
Windsor	8.8%	7.8%	88%	Capital Value	5.0%	1.7%	34%
Extended Market Index	8.0%	7.6%	96%	Convertible Securities	3.5%	1.2%	36%
Windsor II	8.5%	7.0%	82%	International Value	1.3%	0.7%	58%
Balanced Index	7.6%	7.0%	92%	Pacific Index	1.0%	0.4%	40%
T-M Balanced	7.4%	7.0%	94%	Total International Index	0.7%	-0.0%	Neg.
MidCap Growth	9.2%	6.7%	73%	World ex-US Index	0.6%	-0.2%	Neg.
International Explorer	8.1%	6.7%	83%	Emerging Markets Index	-4.5%	-5.4%	Neg.
Target Retirement 2060	7.1%	6.6%	94%	Emerging Mkts Sel. Stock	-5.2%	-5.6%	Neg.
Global Equity	6.9%	6.6%	95%				

it's just not relevant. Unbelievably, sophisticated investors and novices alike still seem to focus way too much on turnover ratios (the pace at which a fund's holdings are traded). I can't tell you the number of times I've had conversations with investors who were convinced that the only way to identify funds with high tax efficiency was to find those that keep turnover low. That's old-think. Not all turnover results in a taxable gain. Higher turnover could mean that a fund manager is harvesting his or her losses. Turnover is a lousy indicator of tax efficiency.

Tax Efficiency or After-Tax Returns?

Taking a look at the tables, there are a few things that stand out. Large-cap stocks, particularly those in the growth

arena, tended to perform best, both before and after taxes were considered, over the three- and five-year periods through March. But take it out to seven years (see the expanded tables on our website), and you'll see that smaller and mid-cap stock funds dominated. Again, it's that time-dependency issue I've talked about.

I also would note that in the large-cap-dominated periods, many active funds, including U.S. Growth, **PRIMECAP** and **Capital Opportunity**, topped the list, while in the smaller- and mid-cap periods, the tilt is more towards index funds, though **Strategic Equity** and **Strategic SmallCap Equity** turned in strong after-tax returns. In all cases, it also appears that aside from one or two outliers, the after-tax returns of the top funds are fairly close to one another.

Also, note the continued outstanding performance by Don Kilbride's **Dividend Growth** when stacked up against **Dividend Appreciation Index**. His outperformance is so strong before taxes that even after taxes he retains a significant lead over his index rival.

Now, one takeaway you could also glean from this data is, for instance, that some funds may outperform before taxes but lose their dominance afterwards. **Growth & Income** beat **500 Index** over the three-, five- and seven-year periods measured here. But after taxes, it only outperformed over five years. That would suggest you might want to hold the active fund in your IRA or other tax-advantaged account while buying 500 Index in taxable accounts.

Again, I'm going to repeat my admonition that these are point-in-time calculations, so don't use these rankings as the sole determinant for your fund selections. Also, and this is important, you may not fall into the highest category of taxpayers. So, the difference between pre-tax and after-tax returns could be smaller if you're in a lower tax bracket. You can figure that for most of Vanguard's funds, after-tax returns are higher by 0.1% to 0.2% for an investor in the 28% income tax bracket, though funds like **REIT Index** or **Convertible Securities** will see a more significant jump in after-tax returns (on the order of 0.5% to 0.6% or so).

Like any tool, after-tax return calculations need to be used properly, or you might accidentally punch a hole in your portfolio.

Sector Taxation

I'm going to save most of my comments about sector funds and after-tax returns for next month, when we'll cover ETFs. But let me give you a preview: Many of Vanguard's sector mutual funds outperform their sector ETF twins on an after-tax basis. The differences can be very small, but the fact is that the sector ETFs show no compelling advantage on an after-tax basis over their open-end siblings. ■

Most Vanguard Funds Have Been Tax-Efficient

Ranked by After-Tax Return	5-Year Return	Tax-Adj. Return	Tax-Effic.	Ranked by After-Tax Return	5-Year Return	Tax-Adj. Return	Tax-Effic.
High Dividend Yield Idx.	12.6%	12.0%	95%	Wellington	8.5%	7.1%	84%
Social Index	12.2%	11.9%	97%	Target Retirement 2055	7.3%	6.8%	94%
Growth Index	11.9%	11.7%	98%	Target Retirement 2050	7.3%	6.7%	93%
Dividend Growth	12.3%	11.6%	94%	Target Retirement 2040	7.3%	6.7%	92%
U.S. Growth	12.2%	11.5%	94%	Target Retirement 2045	7.3%	6.7%	92%
PRIMECAP	12.4%	11.4%	92%	Target Retirement 2035	7.1%	6.5%	91%
Capital Opportunity	12.2%	11.2%	92%	Wellesley Income	7.8%	6.4%	81%
Equity Income	12.2%	11.2%	91%	Target Retirement 2030	6.9%	6.3%	90%
PRIMECAP Core	12.0%	11.1%	93%	Explorer	7.9%	6.2%	79%
Growth & Income	12.0%	11.1%	92%	Global Equity	6.6%	6.2%	94%
500 Index	11.4%	11.0%	96%	STAR	7.1%	6.0%	85%
T-M Capital Appreciation	11.3%	11.0%	97%	STAR Growth	6.8%	6.0%	89%
LargeCap Index	11.1%	10.8%	97%	Target Retirement 2025	6.7%	5.9%	88%
U.S. Value	11.3%	10.7%	95%	Target Retirement 2020	6.5%	5.7%	88%
Strategic Equity	11.6%	10.7%	92%	STAR Mod. Growth	6.1%	5.3%	86%
Total Stock Market Index	10.9%	10.5%	96%	Target Retirement 2015	6.0%	5.0%	84%
MidCap Value Index	10.8%	10.4%	96%	Total World Stock Index	5.4%	4.9%	90%
T-M SmallCap	10.4%	10.2%	98%	Market Neutral	4.5%	4.5%	100%
Value Index	10.4%	9.9%	95%	Target Retirement 2010	5.5%	4.5%	82%
Dividend Apprec. Index	10.2%	9.8%	96%	STAR Cons. Gro.	5.2%	4.2%	80%
MidCap Index	9.9%	9.6%	97%	Target Retirement Income	5.0%	4.0%	81%
Strategic SmallCap Equity	10.2%	9.5%	93%	Managed Payout	5.9%	3.9%	66%
Morgan Growth	10.6%	9.5%	89%	International Explorer	4.5%	3.3%	75%
Diversified Equity	10.2%	9.3%	91%	STAR Income	4.3%	3.2%	74%
SmallCap Value Index	9.5%	9.0%	94%	Capital Value	4.8%	2.7%	56%
Selected Value	9.9%	9.0%	91%	International Growth	2.5%	2.1%	83%
Windsor	9.5%	8.7%	92%	Pacific Index	2.6%	2.0%	74%
MidCap Growth Index	8.8%	8.7%	98%	Developed Mkts. Index	2.5%	1.8%	74%
Windsor II	9.7%	8.6%	89%	Convertible Securities	3.6%	1.6%	43%
SmallCap Index	8.6%	8.3%	96%	European Index	2.3%	1.5%	65%
Extended Market Index	8.3%	8.0%	96%	International Value	1.3%	0.7%	55%
T-M Balanced	8.1%	7.6%	94%	World ex-US SmCap Idx.	1.1%	0.4%	32%
Explorer Value	9.0%	7.6%	84%	Total International Index	0.6%	-0.2%	Neg.
Balanced Index	8.1%	7.5%	92%	World ex-US Index	0.4%	-0.3%	Neg.
MidCap Growth	9.2%	7.4%	80%	Emerging Markets Index	-4.3%	-5.0%	Neg.
SmallCap Growth Index	7.4%	7.2%	97%				

10 Things Vanguard Won't Tell You (Part 1)

VANGUARD HAS GROWN into the largest mutual fund company by putting shareholder interests ahead of their own. They tend to do this better than any other mutual fund company.

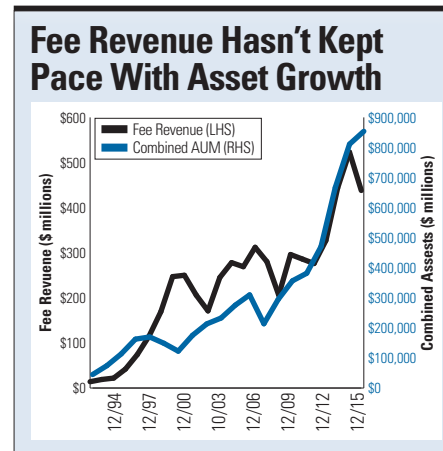
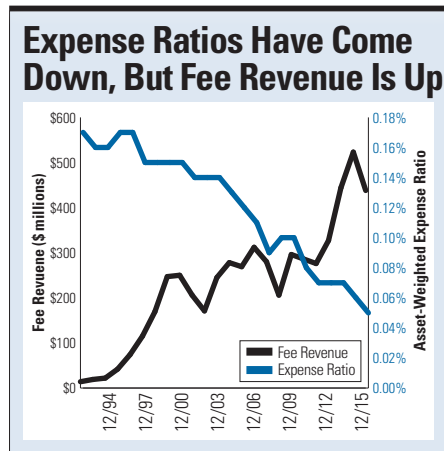
And Vanguard's focus on lowering cost has saved investors millions and millions of dollars over the years. But Vanguard is not perfect—far from it. In many areas, Vanguard could stand to improve their services and be more transparent. In some instances, Vanguard could step up and take more of a leadership position within the industry beyond simply charging less.

By shining a light on these places, I don't intend to dissuade you from buying and holding Vanguard funds—Dan and I both own Vanguard funds personally. We are not about to abandon offering our independent take on the good, the bad and the ugly at Vanguard. While we will both continue to applaud Vanguard when they are doing something right, Vanguard has plenty of cheerleaders in the media, and I'd be doing all of us a disservice if I didn't call out Vanguard when they could be doing better.

Vanguard isn't being devious or nefarious by not telling you these 10 "secrets." In fact, these aren't truly secrets—you just have to know where to look and be willing to turn a skeptical eye on Vanguard's pronouncements. Let's start with four this month, and cover the remaining six next month.

1. Investors are paying Vanguard half a billion dollars to run its largest stock index funds—and those costs have been rising in dollar terms even as expense ratios have fallen in percentage terms.

How did this happen? Well, at the end of 1993, with \$11.9 billion invested in **500 Index, Institutional Index** (which is the institutional version of 500 Index) and **Total Stock Market** combined, the average expense ratio paid by shareholders was 0.14%. That generated \$16.8 million in fees to run the two index funds.



Fast forward to the end of 2015, and investors held \$853.9 billion across the different share classes and clones of 500 Index and Total Stock Market Index, and paid an average expense ratio of 0.06%. So yes, the expense ratio dropped significantly—0.14% to 0.06%. But the dollar cost to run 500 Index and Total Stock Market Index has soared to over \$500 million.

So does that mean what Vanguard was able to do for under \$20 million in 1993 now costs it half a billion dollars? That's an average annual increase of 17%, well ahead of the 2% annual rate of inflation we've experienced. Had costs increased at the pace of inflation, it would only cost Vanguard \$27 million or so to run the two index funds today—which translates into an expense ratio of 0.003%.

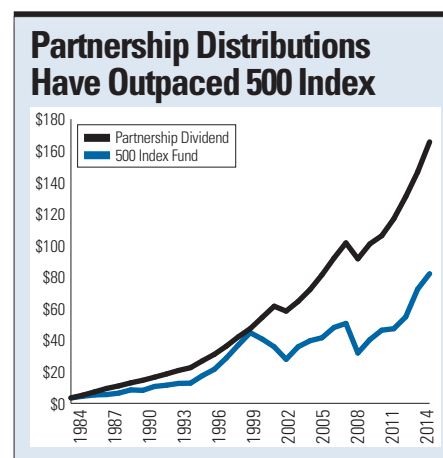
It is hard to fathom how it costs \$500 million to run just two index funds. Though the new Institutional Plus shares of 500 Index and Total Stock Market charge just 1 basis point (which sounds like Vanguard is giving their services away for free), on a minimum investment of \$5 billion, that translates into \$500,000.

I realize that Vanguard has many, many more annual reports and account statements to print and mail because these index funds have many, many more shareholders to service. To Vanguard's credit, in recent years, fee

revenue has not grown as quickly as the two funds' skyrocketing asset levels. Still, at the very least, it begs the questions: What does Vanguard really mean when it says it runs funds at cost? How is that cost determined? Are some of those fees being used to subsidize expenses elsewhere within Vanguard? While I applaud the trend of lower expense ratios, Vanguard's size and the billions it takes in every year raises the question of whether costs could be lowered even further.

2. Vanguard is a non-profit with a profit-sharing plan. And being a Vanguard partner has been much more lucrative than being a Vanguard fund shareholder.

The *Partnership Plan*, created in 1984 by founder Jack Bogle, is



Vanguard's internal profit-sharing mechanism, designed to reward all employees, from top management to phone operators, with profits the low-cost fund provider generates each year. Based on rolling three-year periods, and in large measure focused on assets under management rather than fund performance, and factoring in the "cost savings" that accrues by comparing Vanguard's average operating expense ratio to industry averages, the *Partnership Plan* pays out many millions of dollars a year to Vanguard's top dogs. The rest of Vanguard's employees also get a dividend calculated using a tricky set of variables related to their job "grade" and tenure to determine the ultimate payout.

The 2015 numbers won't be released to Vanguard's crew until June, but the 2014 dividend for the *Partnership Plan* was \$165.57, up 48-fold since inception. Compare that to an investment in the flagship fund **500 Index** over the same period, which is up only half as much.

While Vanguard no longer discloses data that allows us to calculate top executives' compensation (even though you and I are shareholders), Dan and I have done some calculations based on disclosures made years ago about Vanguard's payments to both Jack Bogle and Jack Brennan, who succeeded Bogle and preceded current Chairman Bill McNabb. If Jack Bogle were still chairman today, he'd be bringing down about \$17 million a year. It's a good bet that the current chair is taking home something close to that.

So yes, Vanguard is a very, very profitable enterprise, despite its claims of being something akin to a non-profit. I don't believe too many non-profits pay their execs compensation in the eight-figure range.

3. Vanguard's independent directors are paid hundreds of thousands of dollars a year to keep tabs on more than 100 Vanguard funds, but most don't invest in more than a handful of them.

Disclosure of mutual fund board members' ownership is one area where the entire fund industry, not

	Started	Total Comp.	Minimum Invested	— FUND OWNERSHIP LEVELS —				Total Funds
				Over \$100,000	\$50,001-\$100,000	\$10,000-\$50,000	\$1-\$10,000	
Peter F. Volanakis	2008	\$1.5 million	\$2.2 million	22	0	1	0	23
William McNabb	—	—	\$2.2 million	21	1	3	1	26
JoAnn Heffernan Heisen	1998	\$2.7 million	\$1.6 million	16	0	2	3	21
Amy Gutmann	2006	\$1.9 million	\$1.4 million	13	2	1	0	16
Mark Loughridge	2012	\$870,000	\$1.4 million	14	0	0	0	14
F. Joseph Loughrey	2009	\$1.4 million	\$1.2 million	11	1	0	0	12
Rajiv L. Gupta	2001	\$2.4 million	\$1.0 million	10	0	0	0	10
Emerson U. Fullwood	2008	\$1.7 million	\$930,000	9	0	3	0	12
Scott C. Malpass	2012	\$840,000	\$810,000	6	4	1	0	11
André F. Perold	2004	\$2.1 million	\$110,000	1	0	1	2	4

just Vanguard, could be much more transparent. Ownership is reported in just four categories: \$1–\$10,000, \$10,001–\$50,000, \$50,001–\$100,000 and over \$100,000. And Vanguard is only required to report these amounts annually, whenever prospectuses are reviewed and renewed.

Compiling this data is labor intensive and tedious, but I've done the legwork for you, and the table above summarizes the directors overseeing Vanguard's funds, how much they have been paid in compensation, how many funds they own and the minimum each has invested in Vanguard funds. I say minimum because I assumed each director was at the low end of the stated range for every one of their holdings. For those with "over \$100,000" invested, I assumed \$100,001 as the minimum.

So, how are Vanguard's directors' portfolios stacking up? Well, if you view this from 30,000 feet up, you might say that a board with investments in more than 60 funds isn't making too terrible a showing. But consider that we really don't know how big a commitment the directors have made, since the required disclosures are so minimal. Plus, that leaves over 100 funds with no director dollars in the mix. And there are only six funds where at least half the board is invested alongside shareholders.

As far as I'm concerned, the director with the best record of investing alongside shareholders is Peter Volanakis, former president and CEO of Corning. He owns a large number of Vanguard funds, meaning his fortunes, to a greater or lesser extent, ride alongside fellow

investors. Volanakis holds positions of \$100,000 or more in 22 different funds, and also owns one other fund on top of that. Even Chairman McNabb isn't keeping pace—he has "over \$100,000" positions in 21 funds. (By the way, this data is constantly being updated as prospectuses are issued, so the numbers will almost certainly be changing.)

On the other end of the scale is André Perold, who despite having been paid more than \$2 million in fees since joining Vanguard's board in 2004, is, at last count, only invested in four Vanguard funds: Less than \$10,000 in two money market funds, under \$50,000 in **Convertible Securities** and over \$100,000 in **500 Index**. It's not a strong showing for someone who is supposed to be providing strong, independent oversight over billions of dollars. If I were a board member, I'd have lots more than that invested in the funds I was overseeing.

Former SEC chairman Arthur Levitt once said, "Being on a mutual fund board is the most comfortable position in corporate America." And he wasn't talking about the leather boardroom chairs. It's time that Vanguard took a leadership position in its industry and paid directors in shares of the funds they oversee, rather than in cash—something this newsletter has advocated forever, but which gets no traction in the halls of fund-dom. Public companies pay their directors in stock. Is it too much to ask that directors' financial interests (and I'm not talking about just their annual fees) be aligned with those of investors in the funds they purport to keep watch over? ➤

Upgrade Now



When I started this newsletter in 1991, I had to thumb through paper SEC filings and copy fund data by hand. But now, thanks to advances in technology and the efforts of our team at InvestorPlace, Jeff and I are able to bring you an unprecedented research tool for Vanguard investors: **The Independent Vanguard Fund Analyzer**.

The Fund Analyzer takes everything you know from our monthly newsletter and annual guidebook to a whole new level. Like our guidebook, it contains comprehensive data on every Vanguard fund we track. And like our newsletter, it's updated every month. (Some data is even updated daily.)

But unlike either, it gives you direct access to a suite of online, interactive charts, tables, and other analytical tools created directly from our in-house database—and it's designed to work with any computer or mobile device you own. It's like being right there in our office with us, as your own independent fund analyst on our research team, with our proprietary risk and return statistics like rolling returns, relative returns, Maximum Cumulative Loss (MCL), and many more at your fingertips.

And the best part is, you can get the Fund Analyzer for only \$199 a year. For details on how you can try it risk-free for 60 days, visit www.thefundanalyzer.com/JoinNow or call 800/211-7641 and mention code **MT9207**.

> 4. Many of Vanguard's in-house fund managers don't invest a nickel in the funds they run.

I count 21 Vanguard managers out of a total of 33, or nearly two-thirds, who have no money invested in any of the funds they run. That's depressing.

While board members report their holdings in increments rising to just \$100,000, portfolio managers are required to report holdings in different categories, ranging from \$1 to \$10,000 up to "over \$1 million."

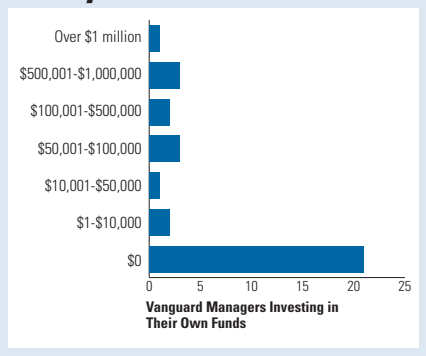
Digging into the numbers, Pam Tynan is the only in-house manager who has more than \$1 million in a fund she runs. In this case, it's **Short-Term Tax-Exempt**, and her leadership in this regard is a thing of the past. Tynan retired

at the end of February. Three Vanguard funds' managers have between \$500,001 and a million dollars invested alongside shareholders. Five funds' managers have between \$100,001 and \$500,000 invested. Another four funds have managers with between \$50,001 and \$100,000 invested. And that's about it.

Those numbers have been improving at a snail's pace and still leave plenty of funds without any manager investment. To be fair, there are legitimate reasons why a manager may not be invested in the fund he or she runs. For younger managers, a bond fund, for instance, may not match up with their time horizon and goals. Well-paid, high-tax-bracket managers might not want to own the taxable bond funds they run, preferring to hold something that is tax-exempt. Some of Vanguard's managers with indexing in their bones probably invest the bulk of their money in the "core" funds like **Total Stock Market** or **Total Bond Market Index**, yet don't manage those funds.

Any way you slice the data, there is plenty of room for Vanguard portfolio managers to invest alongside shareholders. One glance at the holdings of outside managers from PRIMECAP Management or Wellington Management, and you'll see what eating your own cooking really looks like. ■

Eating Their Own Cooking? Hardly!



DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ After nearly 17 years, it's time to say goodbye to **Selected Value**. (See page 1)
- ✓ Everyone wants a smaller tax bill, but don't lose sight of the real aim: Maximizing after-tax returns. (See page 6)
- ✓ I don't take everything Vanguard says at face value, and neither should you. The truth is there are a few places Vanguard could stand to improve upon. (See page 14)



Daniel P. Wiener is America's leading expert on the Vanguard family of funds. He is founder of the Fund Family Shareholder Association and chairman and chief executive officer of Adviser Investments, LLC, a Newton, Massachusetts, investment advisory firm (800-492-6868). As

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Jeffrey D. DeMaso, Editor/Director of Research, works directly with Dan Wiener researching and writing the multiple-award winning *Independent Adviser for Vanguard Investors* newsletter. He also leads the analyst team for Adviser Investments, LLC. Jeff gradu-

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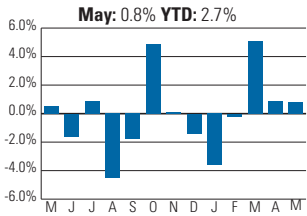
THE INDEPENDENT ADVISER

for Vanguard Investors

JUNE 2016

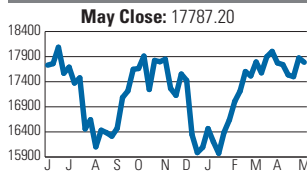
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AVERAGE VANGUARD INVESTOR*

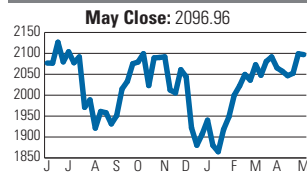


*See the footnotes on page 2.

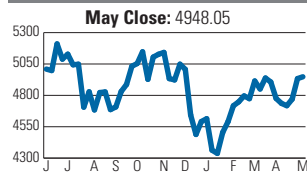
DOW JONES INDUSTRIALS



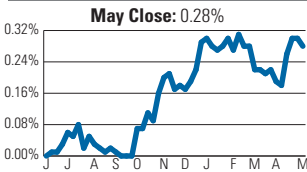
STANDARD & POOR'S 500



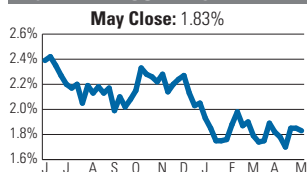
NASDAQ COMPOSITE



3-MO. TREASURY BILLYIELD



10-YR. TREASURY NOTE YIELD



Rate Hike Reversals

ANTICIPATION AHEAD of the Federal Reserve's June 15 decision on whether to hike short-term interest rates sent markets on a roller-coaster ride in May. Bipolar traders switched between a "risk off" and a "risk on" posture, depending on whether they saw another rate hike as a bad thing or a good one for the economy and the markets.

That's nuts. The overwhelming rationale for another rate hike will be that the U.S. economy is functioning properly, expanding well, and is showing some signs of a steady increase in inflation—all positives for you, me and stock prices.

Employment is strong. The unemployment rate is holding at 5.0%—what's generally considered "full employment." The U-6 rate, which is a broader measure including people who've given up looking for work but say they would work if they could find a job, fell to 9.7% in April. The 4.7% gap between the U-6 and the headline unemployment rate is the lowest since August 2008 and right in line with its average over the past 20 years.

We've finally got a whiff of inflation in the air, but it isn't more than a scent. The Fed's favorite inflation gauge showed a 1.1% rise over the year ending in April, up from the prior two months but slower than in January. Even as oil has risen, inflation has remained in check. I'd give the chance of a June rate rise 50/50 odds right now.

What tips my thinking a bit, though, is the incredibly strong income and spending report that was released as May ended. Year-over-year income gains, after adjusting for inflation, are at a steady rate of more than 4.0%. Rising incomes have allowed consumption to grow at the same time that savings rates are up as well. At 5.4% in May, the consumer saving

SEE REVERSALS PAGE 12 >

MARKET HISTORY

No New Highs, No Worries

SO IT'S BEEN a year since U.S. stock indexes hit their all-time highs. The lack of new highs over the past 12 months is excellent fodder for alarmist headlines, but should investors be concerned? Absolutely not.

First, while the S&P 500's price level last hit a high on May 21, 2015, on a total return basis, the index hit an all-time high just two trading days ago—on May 27, to be specific.

But the media and most investors don't focus on total returns. They focus on the index prices, and yes, we've gone that full year without a record. Is this unusual? Not at all. In fact, drawdowns are normal when investing in stocks. Allow me to paint a picture.

The first chart on page 3 shows the growth in price of the S&P 500 Index since its March 1957 start date. The shaded regions show when the index was below its previous

SEE HISTORY PAGE 3 >

GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	7,574	\$23.23	\$175,934	21%	0.6%
Capital Opportunity	VHCOX	3,193	\$51.16	\$163,372	20%	3.8%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$104.15	\$150,476	18%	3.3%
S&P MidCap 400 Value ETF	IVOV	1,521	\$96.93	\$147,476	18%	0.9%*
International Growth	VWIGX	4,504	\$21.06	\$94,847	12%	-0.1%
Health Care	VGHCX	302	\$206.64	\$62,327	8%	2.7%
Short-Term Inv.-Grade	VFSTX	2,384	\$10.70	\$25,513	3%	-0.0%

TOTAL **\$819,945**

CURRENT PERFORMANCE	May	YTD	1-yr	3-yr	5-yr
	1.8%	2.3%	-1.8%	10.0%	10.0%
Risk last 24 months	0.96		Risk since inception	0.96	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

THIS MONTH'S CHANGES

None.

*Mo. Return calculated from the 5/2 opening price.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to index exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. **3-year** and **5-year** returns are compound, annualized returns.

Risk is *Model Portfolio* volatility against the S&P 500 index. Flagship investors may open new accounts in all closed funds in the model portfolios, though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. With **Capital Opportunity** (and **PRIMECAP Aggressive Growth**) closed I recommend investors consider **PRIMECAP Odyssey Growth** (POGRX) as a replacement. **PRIMECAP Odyssey Stock** (POSKX) is the preferred replacement for **PRIMECAP Core**. Both can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

CONSERVATIVE GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	5,683	\$23.23	\$132,007	23%	0.6%
Capital Opportunity	VHCOX	2,421	\$51.16	\$123,878	22%	3.8%
S&P MidCap 400 Value ETF	IVOV	764	\$96.93	\$74,021	13%	0.9%*
S&P MidCap 400 ETF	IVOO	688	\$100.52	\$69,122	12%	2.2%
International Growth	VWIGX	2,291	\$21.06	\$48,242	8%	-0.1%
Health Care	VGHCX	216	\$206.64	\$44,549	8%	2.7%
High-Yield Corporate	VWEHX	7,659	\$5.68	\$43,500	8%	-0.0%
Short-Term Inv.-Grade	VFSTX	2,991	\$10.70	\$31,999	6%	-0.0%

TOTAL **\$567,319**

CURRENT PERFORMANCE	May	YTD	1-yr	3-yr	5-yr
	1.5%	2.5%	-1.2%	9.3%	9.8%
Risk last 24 months	0.88		Risk since inception	0.82	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	4,527	\$23.23	\$105,168	26%	0.6%
PRIMECAP Core	VPCCX	4,355	\$21.21	\$92,363	22%	2.7%
Int-Term Investment-Grade	VFICX	7,742	\$9.92	\$76,799	19%	-0.2%
High-Yield Corporate	VWEHX	7,155	\$5.68	\$40,639	10%	-0.0%
Short-Term Inv.-Grade	VFSTX	2,794	\$10.70	\$29,894	7%	-0.0%
Health Care	VGHCX	142	\$206.64	\$29,344	7%	2.7%
International Growth	VWIGX	1,154	\$21.06	\$24,304	6%	-0.1%
MidCap Index	VIMSX	345	\$33.88	\$11,685	3%	1.9%

TOTAL **\$410,195**

CURRENT PERFORMANCE	May	YTD	1-yr	3-yr	5-yr
	0.9%	2.6%	1.0%	8.1%	8.6%
Risk last 24 months	0.64		Risk since inception	0.60	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
S&P MidCap 400 Growth ETF	IVOG	772	\$104.15	\$80,397	24%	3.3%
Dividend Appreciation ETF	VIG	834	\$81.75	\$68,173	20%	1.0%
S&P MidCap 400 Value ETF	IVOV	679	\$96.93	\$65,806	19%	1.4%
S&P 500 Growth ETF	VOOG	505	\$105.33	\$53,197	16%	2.7%
Total International Stock ETF	VXUS	807	\$45.44	\$36,653	11%	-1.0%
Health Care ETF	VHT	196	\$130.08	\$25,517	7%	2.4%
Short-Term Corporate ETF	VCSH	141	\$80.00	\$11,268	3%	-0.1%

TOTAL **\$341,010**

CURRENT PERFORMANCE	May	YTD	1-yr	3-yr	5-yr
	1.7%	4.5%	-1.0%	9.5%	9.5%
Risk last 24 months	0.97		Risk since inception	1.05	

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	5/31 Price	May Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$39.60	3.4%	-1.0%	-3.5%	8.9%	9.3%	Capital Opp.
Artisan MidCap Value	ARTQX	\$20.70	0.8%	10.4%	-2.9%	5.1%	7.6%	Selected Value
Polaris Global Value	PGVFX	\$21.52	0.2%	1.7%	-3.8%	8.0%	8.7%	Global Equity
Fidelity International SmallCap	FISMX	\$23.11	1.2%	4.5%	-0.5%	7.7%	6.1%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$15.08	1.1%	1.1%	-0.9%	7.9%	7.6%	International Expl.
T. Rowe International Discovery	PRIDX	\$54.21	1.7%	0.5%	-1.0%	8.1%	6.9%	International Expl.
Hartford Healthcare	HGHAX	\$32.67	3.4%	-6.8%	-7.8%	17.4%	16.4%	Health Care
ICON Healthcare	ICHCX	\$14.88	1.1%	-0.3%	-9.2%	14.9%	15.6%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$26.63	2.9%	-2.5%	-1.2%	10.5%	11.1%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$31.77	2.6%	-1.9%	-4.0%	14.1%	14.7%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$24.00	2.4%	1.7%	-0.7%	10.8%	11.2%	PRIMECAP Core
Fidelity High Income	SPHIX	\$8.33	0.7%	7.3%	-2.3%	2.0%	4.4%	High-Yield Corporate

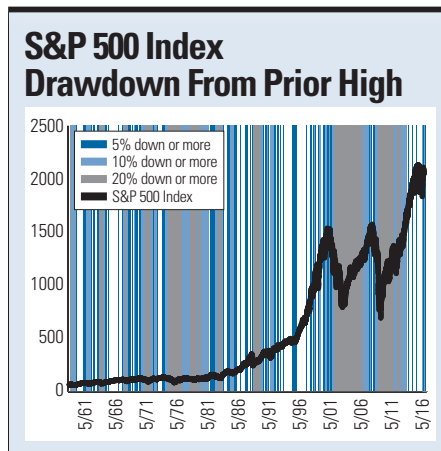
The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

high point to varying degrees. Despite all the color on the chart, over the nearly 60-year-long stretch, the S&P 500 Index grew at a 6.7% annual pace—for a price return of 4,659%.

On just 6% of trading days was the index actually making a new high. And 37% of the time, the index was within 5% of an all-time high. Flipping that around, it means that more than half of the time—57%, to be precise—the S&P 500 Index was off its high by 5% or more. Think about that. Even though a long-term investment in the stock market has paid off nicely, more than 90% of the time, an investor would have been feeling some level of regret.

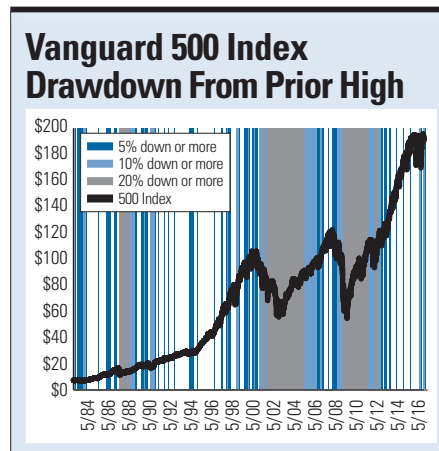
One other stat: The S&P 500 Index (on a price-only basis) has actually spent *three times as many days at levels 20% or more below its highs as it has hitting a new high*. (It was 20% or more below its high 20% of the time, compared to hitting a new high on just 6% of all trading days.)

We've all heard the disclaimer that you can't invest directly in the index, and dividends do very much matter to flesh-and-blood investors, so let's look at a real-world, investable example.



The top right chart shows the growth of **500 Index**, including dividends, since the end of June 1983. (There's nothing special about that date; it's just as far back as my daily total return data goes.) Over the past 33 years or so, 500 Index grew at a 10.5% annual pace—for a total return of 2,564%.

Including dividends in return calculations always paints a more realistic picture, but in this case, it doesn't change the image much. As you can see in the table below, when I include dividends, the index fund spends more time at or near highs and less time materially below those highs. But still, an investor in 500 Index would have



spent most days below a previous high point. (I also ran the analysis on the S&P 500 price index since June

A long-term investment in stocks has paid off, but investors felt regret more than 90% of the time.

1983 for reference—you can see how including dividends boosted returns and cut back on drawdowns over time.)

Whether you look at price return or total return, U.S. large-cap stocks have been trading water for the last year, with some periods, like the early part of this year, giving investors a fright. But, if you are investing in the stock market, you need to accept that you will be below your most recent high point with great regularity. To my way of thinking, pull-backs and corrections just create opportunities to put money to work. With the market off its highs, this is an excellent time to add to accounts. I'd rather buy below the highs than at the highs. ■

Being Down From Highs Is Normal

% of Time...	S&P 500 Index Price Only Since March 1957	S&P 500 Index Price Only Since June 1983	Vanguard 500 Index Total Return (Includes Dividends) Since June 1983
At new high	6%	7%	9%
Within 5% of high	37%	41%	45%
5% down or more	57%	53%	46%
10% down or more	42%	40%	32%
20% down or more	20%	24%	18%
Cumulative return	4659%	1158%	2564%
Annualized return	6.7%	8.0%	10.5%

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10 Things Vanguard Won't Tell You—Part II

WHAT COULD VANGUARD do better? That's the question Dan and I asked ourselves a few months back. Last month we discussed four areas where Vanguard could up its game. And as promised, here are six more places we'd like to see Vanguard improve.

5. While Vanguard likes to tout numbers showing that index funds outperform active funds, that's not the case for Vanguard's active funds, which, like index funds, are low-cost.

The argument that index funds will outperform the average actively managed fund after fees makes sense. In aggregate, all actively managed funds roughly make up the market, and if their expenses are higher than those for index funds, which also make up the market, well then, the index funds come out ahead. And the numbers back this up. Consider that over the past decade, **500 Index** and **SmallCap Index** outperformed roughly 80% of the funds in their respective peer groups.

But at Vanguard, actively managed funds aren't run at high or even average costs, but at low costs—not quite as low as Vanguard's index funds, but darned close. The cost advantage that index funds have over active funds is narrower within the Vanguard stable. By my count, through the end of 2015, half of Vanguard's actively managed domestic and foreign stock and balanced funds outperformed in-house index competitors over the prior decade (or since inception if the active and passive funds were not around for 10 years). That's a pretty decent track record relative to the mutual fund industry at large.

More importantly, it's not a bad record considering that it includes the likes of **Explorer** and **U.S. Growth**, which I have long said were overmanaged messes. Funds that outperformed include all the PRIMECAP Management-led funds, **Health Care**, **Dividend Growth** and **International Growth**—funds Dan and I have recommended for many years

in the *Model Portfolios*. Not only can active management outperform passive index funds, but it is possible to identify those managers ahead of time. We've done it for years.

6. Vanguard says its multimanager format, first adopted in 1987, “can reduce portfolio volatility, provide potential for long-term outperformance and mitigate manager risk.” I'd say they are batting, at best, one out of three.

To take just one example, Explorer is the poster child for Vanguard's failed multimanager efforts, with 15 managers from seven different firms (and that's after Century Capital was dropped from the fund in January).

The chart below plots the relative performance of Explorer versus the Russell 2500 Growth index since Kalmar was added as the sixth sub-adviser a little more than a decade ago. When the line is rising, Explorer is outperforming. You can see pretty clearly that for all the manager additions and subtractions, it's been a persistent downtrend for Explorer. Strike one.

Strike two concerns that claim about reducing risk. To give just one example, in the 2008–09 financial credit crisis, Explorer suffered a 52.4% loss over 16 months ending in February 2009, which took 24 months to recover. The Russell 2500 Growth Index suffered a nearly

identical 52.8% loss over the same period (though that doesn't include a management fee) and recovered in 22 months. I'd call that a draw in terms of risk.

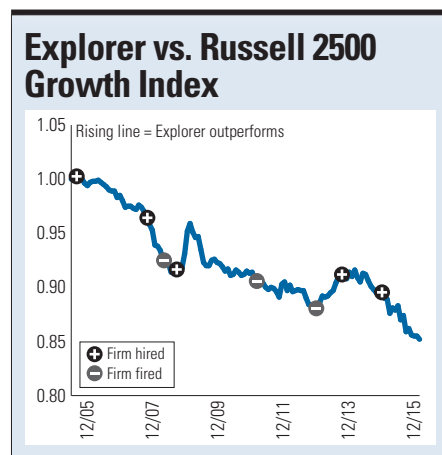
As for the final “benefit” of multimanager, the reduction of “manager risk,” well, that's kind of obvious, isn't it? If Vanguard doesn't hire managers who all invest in the exact same stocks and in the same fashion, and they hire a bunch of them, then ipso facto, you can claim lower manager risk. But what's the benefit? They haven't reduced the risk that really matters (drawdown), and they haven't outperformed. Why is multimanager a good idea?

7. Vanguard is more concerned with pulling in assets than preserving performance.

A corollary to the weakness of Vanguard multimanager strategy is the fact that Vanguard would rather add more managers to their most popular active funds and keep them open to pull in assets, rather than close them to preserve their outperformance. In fact, if the conglomerations only match their index benchmarks, Vanguard is happy enough.

Mae West wasn't talking about Vanguard when she said, “If a little is great, and a lot is better, then way too much is just about right!” But she could've been describing Vanguard's approach to the multiple manager format. Yes, there can be a benefit to owning different managers, particularly if they are hunting in different waters—as Dan and I recommend in the *Model Portfolios*. But you can easily go overboard when adding managers to a single portfolio when all are essentially dropping their hooks in the same small area, be it small-cap stocks or large-cap dividend payers.

Adding multiple managers to a fund makes the active fund look more and more like the index it's trying to beat. Another way of thinking of it is that with multiple managers you reduce the chance of a really bad out-



come, but also limit the potential for good ones.

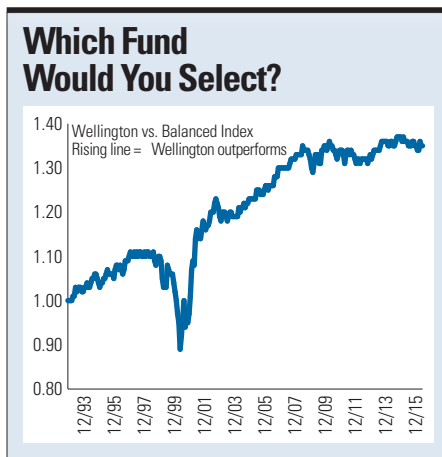
So why would Vanguard be happy with this tradeoff? Well, it all comes back to Vanguard's low-cost advantage. Remember, the logic behind an index fund is that after fees, you'll come out ahead of the average actively managed competitor, because in aggregate, the active funds are the market. Vanguard's low costs apply to its active funds as well as its index funds. So if Vanguard's multimanager active funds just act like the index, then they too will come out "above average" after fees. Consider that Explorer has outperformed a third of its peers over the last five years but, as the chart on page 4 shows, has clearly lagged its index.

8. If you look to Vanguard for advice, they won't suggest their best funds—and may even tell you to sell them if you already own them.

Vanguard has made an enormous push to be your personal investment manager of choice through its Vanguard Personal Advisor Services (PAS) option, a pseudo-robo adviser. Despite having "personal" in the name, if you pop the hood on any PAS portfolio, chances are it'll look a lot like one of the **Target Retirement** or **STAR LifeStrategy** funds. The four "core" total market index funds will dominate the portfolio. What's personal about that?

Or consider Vanguard's "Select" funds. If you expected to see the likes of Don Kilbride, Jean Hynes or the PRIMECAP Management team among Vanguard's top picks, you're in for a disappointment. Which actively managed U.S. stocks make the cut? Explorer, **Morgan Growth** and **Windsor II**—all of which have at least four different firms running a piece of the portfolio. Remember what I said about larding up funds with too many managers? What do you think happens when you lard up an entire portfolio of funds with too many managers?

And I don't know how anyone looking at the funds side by side selects **Balanced Index** over **Wellington**—

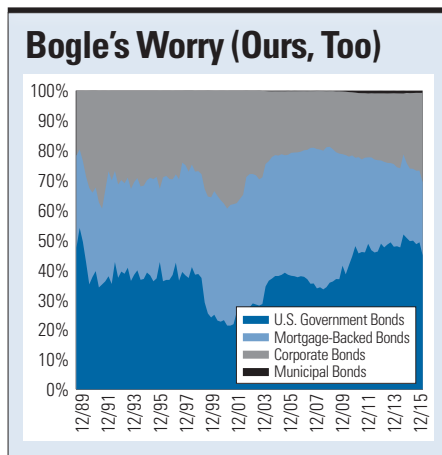


see the relative performance chart above—but that's just what Vanguard has done time and again for its clients. This from the firm that supposedly knows these funds the best.

9. Vanguard pushes investors to buy Total Bond Market Index, but even Jack Bogle thinks it's too risky.

Total Bond Market, with \$250 billion in assets, is the largest bond fund in the world. Broadly diversified, it serves as a one-stop shop for bond exposure. It also plays a leading role in balanced portfolios run by Vanguard, in everything from the Target Retirement series and STAR LifeStrategy funds to portfolios managed by Vanguard Personal Advisor Services.

For years, Dan and I have been telling you that the overweight to Treasuries in this index fund was bad for your financial health, and a good dose of corporate and municipal bonds would improve your performance without



adding undue risk. A couple of years back, Jack Bogle echoed our stance in an interview with ETF.com.

"I go to basically short-term and intermediate-term municipals in my personal account, and, in my retirement plan account, which is my largest asset here, I use intermediate-term corporate and short-term corporate debt," he said.

Why does Bogle do this?

"The bond index is much more heavily weighted in government debt—72 percent—than most investors need to be."

We share his concern. Treasury bonds are the most sensitive to changes in interest rates. As they come to represent more and more of Total Bond Market's total assets, the fund's interest-rate risk creeps up. But no one's warning you about that except us, and now Bogle as well.

It's not as if Vanguard lacks other options; **Intermediate-Term Investment-Grade**, to name just one, makes a great high-quality core bond holding without the heavy slug of Treasuries. Time will tell, but Vanguard's freshly launched **Core Bond** may be another in-house actively managed bond fund that beats Total Bond Market. Still, Vanguard's belief in indexing means that it keeps pushing investors to "set it and forget it" with Total Bond Market Index despite the risks.

10. Vanguard's low-cost ethos often leads to inferior service.

Vanguard's operations are running with roughly the same full-time head count it had in the early 2000s, when assets were a quarter of today's level. In recent years, Vanguard has restructured its *Partnership Plan* to reduce payouts to workers in many positions, restructured job categories, transitioned salaried employees to hourly pay, outsourced information tech jobs and relied on temporary contract workers for customer service.

All those efforts help keep a lid on costs, but they also reveal an ugly truth. When you cut costs to the bone, something has to give. Recent issues surrounding transitioning clients from fund to brokerage accounts and miscues on handling fund distributions are just the latest in a long list of service >

➤ snafus at Vanguard that readers have reported to Dan and me over the years. Or how about the report that in February Vanguard sent 71 emails to a shareholder detailing transactions of other Vanguard shareholders ranging from \$3 to more than \$50,000?

Sometimes you do get what you pay for.

As I said at the get-go, I'm not out to give Vanguard a black eye, nor am I about to give up on Vanguard. Vanguard provides us access to some of the best investment minds in the business at

rock-bottom prices—for that, we can all be thankful. But even when it comes to Vanguard—whether it's their market materials, advice from Vanguard on how to invest or just regularly reviewing your statements—keep a skeptical eye about you. Dan and I will be. ■

TAX EFFICIENCY

Are ETFs Best on Taxes?

MANY OF VANGUARD'S open-end mutual funds are very tax efficient, as I detailed for you last month. But what about the vaunted tax efficiency of exchange-traded funds—in particular, Vanguard's?

As I'm sure you know, ETFs have long been touted as the most tax-efficient way to invest. It's one of the ETF industry's calling cards.

However, many years ago I showed you some preliminary data to indicate that ETFs might not be any better at keeping taxes at bay than a regular old open-end index fund. In fact, I told you that in some cases, the old format was better than the new.

Well, with several more years of data now available, I'd say neither vehicle has proven superior. From an investor's tax perspective, over specific time periods, many of Vanguard's ETFs have a teeny-tiny advantage over their open-end index fund siblings. But some don't. And the differences are minor.

Getting right to the data, in the table on page 7, I've grouped sibling ETFs and index funds, with the ETF listed first. I've used Vanguard's Investor shares to represent the open-end fund to give the ETFs as much of an advantage as possible.

Running down the table, you'll see that many times, on an after-tax basis, the ETF comes out slightly ahead of its Investor share sibling. At other times, particularly among Vanguard's sector fund portfolios, it's the mutual fund in front. Most importantly, the differences are measured in basis points, or hundredths of a percent. Now, imagine the extra 10 or so basis-point advantage

in operating expenses of the Admiral share class versus the Investor share class, and you'll quickly conclude that the old, tried-and-true open-end fund is probably just as good as the ETF, if not better.

It's really a toss-up.

So, if you hear someone extolling the tax-efficiency advantage of a Vanguard ETF over a Vanguard index fund, pull this table out. The argument may hold a little water, but it's pretty leaky.

Now, a couple of things to point out. First off, remember that ETF returns

I'll let you look at the table yourself, but one thing to note: I've compared returns for the **Tax-Managed** funds against their respective benchmark index ETFs. **Tax-Managed Capital Appreciation**, which tracks the Russell 1000 index, but makes tactical moves to reduce taxes, outperformed **Russell 1000 ETF** by an annualized 0.2% over the three- and five-year periods ending in March. Similarly, **Tax-Managed SmallCap**, which traces the S&P SmallCap 600 Index, did about the same against **S&P SmallCap 600 ETF**.

Odds are you'll actually do better after taxes by staying away from ETFs and investing in an old-fashioned open-end mutual fund.

are dynamic in that not everyone gets the same price when they buy or sell or even just read their month-end statements to check prices and performance, particularly if you use multiple brokers. When I report Vanguard's ETF returns, I'm using real-world prices. I own shares in every Vanguard ETF, so I use the prices I receive in my personal Vanguard account for things like reinvestment, to give you the most accurate data I can. Still, each individual's returns could be better or worse than what I'm reporting.

Plus, as I said, if you buy the Admiral shares instead of Investor shares, my original comment holds: The odds are that you'll actually do better after taxes by staying away from ETFs and investing in an old-fashioned open-end mutual fund.

Also, one comparison that I've talked about before is in the health care sector, which has been super strong these past several years. **Health Care**'s returns have been good, as have those of **Health Care Index** and **Health Care ETF**. Yet, after you take taxes into account—and remember, I'm hitting the funds with the top tax rates—the index fund comes out ahead over five years, while the active fund wins over three. But please notice the difference in “tax efficiency,” which runs in the high 80s for the active fund but in the high 90s for the index options, and remember what I've long said about tax efficiency: It isn't the tax efficiency but the after-tax return that matters. Health Care is a good example of that.

You might be wondering why after-tax returns are so similar over the

ETFs Have No Consistent Tax Advantage

	3-Year Return	Tax- Adj. Return	Tax- Effic.	5-Year Return	Tax- Adj. Return	Tax- Effic.		3-Year Return	Tax- Adj. Return	Tax- Effic.	5-Year Return	Tax- Adj. Return	Tax- Effic.
S&P 500 ETF	11.8%	11.3%	96%	11.5%	11.0%	95%	MidCap Value ETF	11.1%	10.7%	96%	11.0%	10.5%	96%
500 Index	11.7%	11.2%	96%	11.4%	11.0%	96%	MidCap Value Index	10.9%	10.5%	96%	10.8%	10.4%	96%
Consumer Discretionary ETF	15.0%	14.7%	98%	16.0%	15.7%	98%	Pacific ETF	0.9%	0.2%	26%	2.7%	2.0%	73%
Consumer Discretionary Index	15.0%	14.7%	98%	16.0%	15.7%	98%	Pacific Index	1.0%	0.4%	40%	2.6%	2.0%	74%
Consumer Staples ETF	13.0%	12.5%	96%	15.2%	14.5%	96%	REIT ETF	10.3%	8.6%	83%	11.7%	10.1%	86%
Consumer Staples Index	13.1%	12.6%	96%	15.2%	14.7%	97%	REIT Index	10.2%	8.5%	84%	11.6%	10.0%	86%
Developed Markets ETF	2.5%	1.8%	70%	2.4%	1.6%	68%	Russell 1000 ETF	11.4%	11.0%	97%	11.2%	10.71%	96%
Developed Markets Index	2.4%	1.9%	78%	2.5%	1.8%	74%	T-M Capital Appreciation	11.6%	11.3%	97%	11.3%	10.98%	97%
Dividend Appreciation ETF	9.7%	9.2%	95%	10.3%	9.9%	96%	Russell 1000 Growth ETF	13.5%	13.2%	98%	12.2%	11.8%	97%
Dividend Appreciation Index	9.5%	9.1%	96%	10.2%	9.8%	96%	Russell 1000 Value ETF	9.3%	8.8%	95%	10.1%	9.5%	94%
Emerging Markets ETF	-4.3%	-5.2%	Neg.	-4.2%	-5.0%	Neg.	Russell 2000 ETF	6.8%	6.5%	95%	7.2%	6.8%	95%
Emerging Markets Index	-4.5%	-5.4%	Neg.	-4.3%	-5.0%	Neg.	Russell 2000 Growth ETF	7.9%	7.8%	98%	7.6%	7.5%	98%
Energy ETF	-6.5%	-7.0%	Neg.	-3.9%	-4.3%	Neg.	Russell 2000 Value ETF	5.6%	5.1%	91%	6.5%	6.0%	92%
Energy Index	-6.5%	-7.0%	Neg.	-3.8%	-4.3%	Neg.	Russell 3000 ETF	11.0%	10.6%	97%	10.8%	10.4%	96%
European ETF	3.1%	2.3%	74%	2.4%	1.5%	64%	S&P 500 Growth ETF	13.9%	13.5%	98%	12.8%	12.4%	97%
European Index	2.9%	2.1%	73%	2.3%	1.5%	65%	S&P 500 Value ETF	9.4%	8.9%	95%	9.8%	9.3%	94%
Extended Market ETF	8.1%	7.7%	95%	8.5%	8.1%	96%	S&P MidCap 400 ETF	9.3%	9.0%	96%	9.4%	9.1%	97%
Extended Market Index	8.0%	7.6%	96%	8.3%	8.0%	96%	S&P MidCap 400 Growth ETF	9.4%	9.2%	98%	9.1%	8.9%	98%
Financials ETF	8.9%	8.3%	93%	8.7%	8.0%	93%	S&P MidCap 400 Value ETF	8.9%	8.6%	97%	9.4%	9.1%	97%
Financials Index	8.9%	8.3%	93%	8.7%	8.1%	93%	S&P SmallCap 600 ETF	10.3%	10.0%	97%	10.3%	10.00%	97%
Global ex-U.S. Real Estate	1.2%	-0.0%	Neg.	5.1%	3.7%	73%	T-M SmallCap	10.5%	10.2%	97%	10.4%	10.16%	98%
Global ex-U.S. Real Estate ETF	1.3%	0.0%	1%	5.0%	3.6%	70%	S&P SmallCap 600 Growth ETF	10.8%	10.6%	98%	10.6%	10.4%	98%
Growth ETF	12.6%	12.3%	98%	12.1%	11.8%	98%	S&P SmallCap 600 Value ETF	9.5%	9.2%	96%	9.9%	9.6%	96%
Growth Index	12.4%	12.2%	98%	11.9%	11.7%	98%	SmallCap ETF	8.5%	8.1%	95%	8.8%	8.4%	95%
Health Care	18.2%	15.9%	87%	17.9%	16.0%	89%	SmallCap Index	8.4%	8.0%	95%	8.6%	8.3%	96%
Health Care ETF	15.6%	15.3%	98%	17.1%	16.7%	98%	SmallCap Growth ETF	7.0%	6.7%	96%	7.6%	7.3%	97%
Health Care Index	15.6%	15.3%	98%	17.1%	16.8%	98%	SmallCap Growth Index	6.8%	6.5%	96%	7.4%	7.2%	97%
High Dividend Yield ETF	11.3%	10.7%	94%	12.7%	12.0%	95%	SmallCap Value ETF	9.6%	9.0%	94%	9.7%	9.1%	94%
High Dividend Yield Index	11.2%	10.6%	94%	12.6%	12.0%	95%	SmallCap Value Index	9.4%	8.9%	95%	9.5%	9.0%	94%
Industrials ETF	11.5%	11.1%	97%	10.4%	9.9%	96%	Telecom Services ETF	11.6%	10.9%	94%	10.0%	9.1%	91%
Industrials Index	11.5%	11.2%	97%	10.4%	10.0%	96%	Telecom Services Index	11.6%	10.9%	94%	10.0%	9.3%	93%
Information Technology ETF	16.0%	15.7%	98%	12.6%	12.3%	98%	Total International ETF	0.9%	0.1%	12%	0.5%	-0.2%	Neg.
Information Technology Index	16.1%	15.8%	98%	12.6%	12.4%	98%	Total International Index	0.7%	-0.0%	Neg.	0.6%	-0.2%	Neg.
LargeCap ETF	11.5%	11.1%	96%	11.3%	10.9%	96%	Total Stock Market ETF	11.1%	10.7%	96%	11.0%	10.6%	96%
LargeCap Index	11.4%	11.0%	97%	11.1%	10.8%	97%	Total Stock Market Index	11.0%	10.6%	96%	10.9%	10.5%	96%
Materials ETF	5.7%	5.2%	93%	4.5%	4.0%	89%	Total World Stock ETF	5.8%	5.2%	90%	5.5%	4.9%	89%
Materials Index	5.7%	5.3%	93%	4.5%	4.1%	91%	Total World Stock Index	5.7%	5.2%	90%	5.4%	4.9%	90%
MegaCap ETF	11.7%	11.2%	96%	11.5%	11.0%	95%	Utilities ETF	12.1%	11.4%	94%	13.3%	12.3%	93%
MegaCap Growth ETF	13.0%	12.7%	98%	12.7%	12.3%	97%	Utilities Index	12.1%	11.4%	94%	13.3%	12.5%	94%
MegaCap Value ETF	10.6%	10.1%	95%	10.5%	9.9%	94%	Value ETF	11.2%	10.6%	94%	10.9%	10.3%	95%
MidCap ETF	10.8%	10.5%	97%	10.0%	9.7%	97%	Value Index	10.4%	9.9%	95%	10.4%	9.9%	95%
MidCap Index	10.6%	10.3%	97%	9.9%	9.6%	97%	World ex-U.S. ETF	0.6%	-0.2%	Neg.	0.4%	-0.3%	Neg.
MidCap Growth ETF	10.0%	9.8%	98%	8.9%	8.8%	98%	World ex-U.S. Index	0.6%	-0.2%	Neg.	0.4%	-0.3%	Neg.
MidCap Growth Index	9.9%	9.7%	98%	8.8%	8.7%	98%	World ex-U.S. SmallCap ETF	2.3%	1.5%	65%	1.1%	0.2%	23%
							World ex-U.S. SmallCap Index	2.5%	1.7%	69%	1.1%	0.4%	32%

Note: Data through March 2016.

past five years if, over the long haul, the active fund has handily beaten the index fund. Call it time dependency.

I conducted a simple test. I applied each fund's current five-year tax-efficiency ratings to its five-year returns over all the five-year periods since the index fund was created. The results show that, after taxes, the actively managed fund still outperformed the index fund by 0.3% per annum on average. At its worst, Health Care's five-year after-tax return trailed the index fund's return by 2.1%

per annum. But at its best, the active fund outperformed, after taxes, by 3.7%.

So would I recommend selling Health Care for the index fund or its ETF sibling? No. I'm keeping my position in Health Care in the *Model Portfolios*—as well as in my own portfolio—without hesitation. And I suggest you do, too. I have confidence that Jean Hynes and her Wellington Management team will continue to outperform on a pre-tax and post-tax basis.

And I'm also going to stick with my

open-end mutual funds over ETFs. First off, when I can find good options, I prefer active management over any of the index schemes Vanguard offers. But if I were an index investor, I'd be worried that one little slip in the price I pay to buy or sell an ETF would pretty much kill any advantage I thought I would get in using them over an open-end fund. I am certainly not going to let annualized differences in after-tax returns of 0.1% cause me to choose an iffy proposition over a sure thing. ■

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	5/31 Price	May Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.04	-0.9%	2.6%	—	—	—	—	—
Energy (51)	VGENX	\$3K	—	Hold	\$48.06	-1.4%	17.0%	-9.7%	-4.6%	-3.5%	2.2%	1.92
Precious Metals & Mining (53)	VGPXM	\$3K	—	Sell	\$9.46	-10.5%	51.6%	2.0%	-6.5%	-16.3%	1.7%	3.14
Health Care (52)	VGHGX	\$3K	—	Buy	\$206.64	2.7%	-3.9%	-5.2%	18.5%	17.2%	0.8%	1.07
REIT Index (123)	VGSIX	\$3K	—	Hold	\$27.80	2.4%	6.1%	10.5%	10.0%	10.0%	4.1%	1.35
Global ex-U.S. Real Estate Index (738)	VGXRX	\$3K	0.25%f/0.25%r	Hold	\$21.42	-2.0%	4.2%	-4.5%	2.1%	4.2%	2.7%	1.10
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$51.16	3.8%	-0.5%	-3.0%	12.1%	12.4%	0.6%	1.08
Explorer (24)	VEXPX	\$3K	—	Hold	\$81.76	1.4%	1.6%	-8.4%	7.1%	8.0%	0.3%	1.32
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$30.00	2.0%	5.4%	-1.5%	7.8%	9.7%	0.8%	1.25
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$22.24	2.2%	-0.9%	-7.8%	8.5%	9.2%	0.3%	1.15
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$34.77	2.5%	1.8%	-7.2%	6.8%	7.9%	0.9%	1.27
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$55.38	1.9%	4.7%	-4.1%	8.3%	9.3%	1.5%	1.23
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$25.29	1.4%	7.1%	-1.5%	9.6%	10.3%	2.0%	1.22
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$28.74	1.3%	1.6%	-5.5%	10.7%	11.4%	1.6%	1.08
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$29.68	1.4%	2.4%	-4.6%	9.6%	10.3%	1.1%	1.17
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$46.54	1.6%	5.2%	0.1%	10.0%	10.6%	1.4%	1.24
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$11.04	1.8%	1.1%	-15.9%	4.1%	6.1%	1.2%	1.46
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$65.03	1.8%	2.6%	-6.1%	8.0%	8.8%	1.5%	1.23
Growth Index (9)	VIGRX	\$3K	—	Buy	\$55.71	2.4%	2.0%	0.4%	11.8%	11.8%	1.1%	1.09
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$40.32	2.3%	2.9%	-4.1%	9.8%	8.8%	0.8%	1.13
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$33.88	1.9%	3.5%	-2.7%	10.2%	9.9%	1.5%	1.07
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$35.13	1.4%	4.1%	-1.5%	10.6%	10.8%	2.1%	1.03
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$24.75	2.4%	-0.7%	-0.9%	11.5%	10.5%	0.7%	1.07
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$100.36	3.1%	0.7%	-0.3%	12.7%	12.4%	1.1%	1.01
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$21.21	2.7%	1.9%	0.2%	12.1%	11.8%	1.1%	1.01
Selected Value (934)	VASVX	\$3K	—	Hold	\$26.87	-0.4%	3.9%	-4.2%	8.7%	9.9%	1.6%	1.13
Social Index (213)	VFTSX	\$3K	—	Buy	\$13.40	2.3%	1.9%	-0.9%	11.3%	12.3%	1.9%	1.05
STAR Growth (122)	VASGX	\$3K	—	Sell	\$28.03	0.6%	2.8%	-2.4%	6.5%	6.7%	2.1%	0.81
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$106.82	2.0%	3.5%	1.0%	11.1%	11.5%	2.1%	1.02
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$29.42	3.0%	-1.2%	0.4%	13.4%	12.3%	0.5%	1.05
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$194.10	1.8%	3.5%	1.6%	10.9%	11.5%	1.9%	1.00
Convertible Securities (82)	VCVXS	\$3K	—	Buy	\$12.21	1.5%	1.1%	-7.0%	3.3%	4.1%	1.8%	0.63
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$30.27	1.9%	1.4%	-3.0%	9.8%	10.5%	1.1%	1.07
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$32.72	1.0%	5.6%	3.1%	8.8%	9.9%	2.1%	0.91
Dividend Growth (57)	VDIGX	\$3K	—	Buy	\$23.23	0.6%	4.0%	5.0%	10.7%	11.7%	1.9%	0.88
Equity Income (65)	VEIPX	\$3K	—	Buy	\$31.10	1.3%	5.9%	4.0%	10.1%	11.9%	2.8%	0.93
Growth & Income (93)	VGNPX	\$3K	—	Sell	\$40.83	1.6%	3.2%	1.7%	11.3%	12.1%	1.7%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$27.93	1.5%	6.3%	4.5%	10.7%	12.3%	3.0%	0.93
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$38.79	1.8%	3.2%	0.8%	10.7%	11.2%	1.8%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$11.97	-1.8%	-1.2%	4.4%	4.1%	3.6%	0.0%	0.46
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$23.77	0.5%	3.1%	-0.8%	5.8%	6.0%	2.1%	0.61
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$52.25	1.8%	3.4%	0.0%	10.4%	11.0%	1.8%	1.02
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$16.66	1.0%	2.2%	-1.8%	9.4%	11.5%	2.1%	0.96
Value Index (6)	VIVAX	\$3K	—	Hold	\$32.99	1.1%	4.3%	1.2%	9.7%	10.6%	2.4%	0.95
Windsor (22)	VWNDX	\$3K	—	Hold	\$19.47	1.5%	1.7%	-5.8%	8.1%	10.1%	1.7%	1.17
Windsor II (73)	VWNFX	\$3K	—	Buy	\$34.84	1.2%	4.0%	-2.2%	8.0%	10.0%	2.2%	1.02
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$30.12	1.0%	3.6%	1.5%	7.4%	8.0%	1.9%	0.61
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$17.55	0.2%	3.0%	-1.3%	5.4%	5.6%	3.9%	0.57
STAR (56)	VGSTX	\$1K	—	Hold	\$23.87	0.7%	2.5%	-1.4%	6.3%	6.9%	2.0%	0.68
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$18.36	0.3%	3.3%	0.6%	5.0%	5.0%	2.1%	0.42
STAR Income (723)	VASIX	\$3K	—	Sell	\$15.02	0.3%	3.5%	2.0%	4.1%	4.1%	2.0%	0.27
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$27.53	0.9%	3.0%	3.2%	7.3%	7.9%	2.0%	0.46
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$25.66	0.6%	5.3%	4.9%	6.2%	7.4%	2.9%	0.40
Wellington (21)	VWELX	\$3K	—	Buy	\$38.10	0.8%	4.2%	1.9%	7.5%	8.5%	2.5%	0.67
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$27.91	0.6%	2.6%	-3.5%	6.8%	—	1.8%	0.91
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$31.63	0.6%	2.6%	-3.5%	6.8%	7.2%	1.9%	0.91
Target Retirement 2050 (699)	VFIIX	\$1K	—	—	\$29.23	0.6%	2.6%	-3.4%	6.8%	7.2%	2.0%	0.91
Target Retirement 2045 (306)	VTIVX	\$1K	—	—	\$18.25	0.7%	2.6%	-3.4%	6.8%	7.2%	2.1%	0.91
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$29.20	0.6%	2.6%	-3.4%	6.8%	7.2%	2.1%	0.90
Target Retirement 2035 (305)	VTHX	\$1K	—	—	\$17.30	0.6%	2.7%	-2.7%	6.7%	7.1%	2.1%	0.83
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$28.52	0.5%	2.9%	-2.1%	6.5%	6.8%	2.1%	0.75
Target Retirement 2025 (304)	VTVX	\$1K	—	—	\$16.09	0.5%	3.0%	-1.4%	6.2%	6.6%	2.1%	0.68
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$27.99	0.5%	3.1%	-0.9%	5.9%	6.3%	2.1%	0.60
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$14.66	0.3%	3.0%	-0.4%	5.3%	5.8%	1.9%	0.50
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$25.64	0.3%	3.1%	0.5%	4.6%	5.1%	1.8%	0.38
Target Retirement Income (308)	VTINX	\$1K	—	—	\$12.80	0.3%	3.2%	0.9%	4.0%	4.6%	1.7%	0.33
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$9.10	-0.4%	-0.1%	-9.1%	—	—	2.7%	2.27
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$21.31	-3.4%	2.5%	-18.5%	-4.6%	-4.9%	3.0%	1.48
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$15.91	-3.6%	4.5%	-16.9%	-5.3%	—	1.8%	1.56
European Index (79)	VEURX	\$3K	—	Hold	\$26.65	-0.6%	-0.2%	-9.8%	2.3%	1.8%	3.0%	1.11
Global Equity (129)	VHGEX	\$3K	—	Hold	\$23.93	0.8%	1.2%	-4.6%	6.4%	6.4%	1.7%	0.99
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$11.70	2.2%	3.5%	3.0%	—	—	1.7%	0.62
International Dividend Appreciation Index (2015)	VIAIX	\$3K	—	Hold	\$21.95	0.6%	—	—	—	—	—	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$16.96	1.4%	0.1%	-2.9%	7.7%	4.4%	1.5%	0.97
International Growth (81)	VWIGX	\$3K	—	Buy	\$21.06	-0.1%	-0.2%	-9.7%	2.9%	2.3%	1.4%	1.23
International High Dividend Yield Index (1530)	VIHIX	\$3K	—	Hold	\$21.81	-1.8%	—	—	—	—	—	—
International Value (46)	VTRIX	\$3K	—	Hold	\$31.17	-1.7%	0.3%	-13.5%	0.4%	1.1%	2.1%	1.17
Pacific Index (72)	VPACX	\$3K	—	Hold	\$10.71	0.5%	-0.7%	-8.9%	2.2%	2.8%	2.3%	1.13
Total International Stock Index (113)	VGTSX	\$3K	—	Hold	\$14.59	-1.0%	1.0%	-10.8%	1.0%	0.4%	2.7%	1.10
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$23.91	0.5%	2.3%	-5.3%	5.6%	5.4%	2.1%	1.01
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$17.22	-1.0%	0.8%	-11.2%	0.7%	0.2%	2.8%	1.11
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$36.50	-0.4%	3.1%	-6.3%	3.1%	1.0%	2.4%	1.07

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	5/31 Price	May Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk	
												25%	28%	36.8%*	38.8%*	43.4%*		
TAXABLE INCOME																		
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.3	\$10.00	0.1%	0.7%	0.7%	—	—	0.7%	0.88%	—	—	—	—	—	—	
Short-Term Treasury (32)	VFISX	Sell	2.2	\$10.73	-0.1%	1.1%	0.9%	0.8%	0.8%	0.7%	0.57%	—	—	—	—	—	0.36	
Short-Term Federal (49)	VSGBX	Sell	2.7	\$10.79	-0.1%	1.2%	1.1%	1.0%	1.1%	0.9%	0.95%	—	—	—	—	—	0.35	
Short-Term Inflation Index (1967)	VTIPX	Hold	2.7	\$24.52	-0.1%	1.6%	0.5%	-0.2%	—	0.0%	-0.87%	—	—	—	—	—	0.62	
Short-Term Investment-Grade (39)	VFSTX	Buy	3.3	\$10.70	-0.0%	2.2%	2.0%	1.9%	2.1%	2.0%	1.56%	—	—	—	—	—	0.44	
Short-Term Bond Index (132)	VBISX	Hold	2.8	\$10.53	-0.2%	1.5%	1.3%	1.2%	1.4%	1.3%	1.12%	—	—	—	—	—	0.47	
Inflation-Protected Sec. (119)	VIPSX	Hold	8.8	\$13.36	-0.7%	4.0%	1.3%	0.2%	2.2%	0.7%	-0.21%	—	—	—	—	—	1.47	
Intermed. Treasury (35)	VFITX	Sell	5.6	\$11.52	-0.2%	3.1%	3.1%	2.2%	3.0%	1.6%	1.19%	—	—	—	—	—	1.22	
Intermed. Investment-Grade (71)	VFICX	Buy	6.6	\$9.92	-0.2%	4.1%	3.8%	3.5%	4.4%	2.9%	2.42%	—	—	—	—	—	1.09	
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.3	\$11.62	-0.2%	4.3%	3.7%	3.1%	4.3%	2.6%	2.12%	—	—	—	—	—	1.36	
Total Bond Market (84)	VBMFX	Hold	8.0	\$10.90	0.0%	3.5%	3.0%	2.7%	3.1%	2.4%	1.97%	—	—	—	—	—	1.00	
Core Bond (1320)	VCORX	Buy	7.3	\$10.06	0.0%	—	—	—	—	—	1.76%	—	—	—	—	—	—	
GNMA (36)	VFHIX	Hold	5.9	\$10.79	0.2%	2.3%	2.6%	3.2%	2.9%	2.4%	2.18%	—	—	—	—	—	0.62	
Long-Term Treasury (83)	VUSTX	Sell	24.8	\$13.07	0.8%	8.4%	8.3%	6.8%	8.4%	2.6%	2.27%	—	—	—	—	—	3.91	
Long-Term Investment-Grade (28)	VWESX	Hold	23.2	\$10.56	0.1%	8.9%	8.2%	6.5%	8.0%	4.1%	3.65%	—	—	—	—	—	2.85	
Long-Term Bond Index (522)	VBLTX	Sell	24.3	\$14.15	0.1%	8.9%	6.5%	5.8%	7.6%	3.8%	3.53%	—	—	—	—	—	2.98	
High-Yield Corporate (29)	VWEHX	Buy	6.8	\$5.68	-0.0%	4.9%	0.2%	3.3%	5.5%	5.6%	5.56%	—	—	—	—	—	1.94	
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	10.2	\$9.68	-0.2%	6.4%	3.8%	3.2%	—	4.5%	4.45%	—	—	—	—	—	1.82	
Emerging Markets Bond (1431)	VEMBX	—	8.2	\$10.28	0.0%	—	—	—	—	—	4.74%	—	—	—	—	—	—	
Total International Bond Index (1231)	VTIBX	Hold	9.2	\$10.92	0.7%	4.0%	4.4%	4.5%	—	1.5%	0.61%	—	—	—	—	—	1.05	
MONEY MARKET																		
Treasury MM (11)	VUSXX	—	54	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.26%	—	—	—	—	—	—	
Federal MM (33)	VMFXX	—	53	\$1.00	0.0%	0.1%	0.2%	0.1%	0.0%	0.2%	0.30%	—	—	—	—	—	—	
Prime MM (30)	VMNXX	—	50	\$1.00	0.0%	0.2%	0.2%	0.1%	0.1%	0.2%	0.45%	—	—	—	—	—	—	
Tax-Exempt Money Market (45)	VMSXX	—	24	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.30%	0.4%	0.4%	0.5%	0.5%	0.5%	—	
CA Tax-Exempt MM (62)	VCTXX	—	13	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.25%	0.4%	0.4%	0.4%	0.5%	0.5%	—	
NJ Tax-Exempt MM (95)	VNJXX	—	46	\$1.00	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.26%	0.4%	0.4%	0.5%	0.5%	0.5%	—	
NY Tax-Exempt MM (163)	VYFXX	—	16	\$1.00	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.25%	0.4%	0.4%	0.4%	0.4%	0.5%	—	
OH Tax-Exempt MM (96)	VOHXX	—	39	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.29%	0.4%	0.4%	0.5%	0.5%	0.5%	—	
PA Tax-Exempt MM (63)	VPTXX	—	15	\$1.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.24%	0.3%	0.3%	0.4%	0.4%	0.4%	—	
TAX-FREE INCOME																		
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.4	\$15.81	-0.1%	0.4%	0.8%	0.6%	0.7%	0.7%	0.66%	0.9%	0.9%	1.0%	1.1%	1.2%	0.12	
Limited-Term Tax-Exempt (31)	VMLTX	Buy	2.9	\$11.04	-0.1%	0.8%	2.0%	1.4%	1.6%	1.5%	0.89%	1.2%	1.2%	1.4%	1.5%	1.6%	0.37	
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.3	\$14.43	0.1%	2.3%	5.3%	3.6%	4.4%	2.8%	1.32%	1.8%	1.8%	2.1%	2.2%	2.3%	0.68	
Tax-Exempt Bond Index (1491)***	VTEBX	Hold	5.5	\$10.36	0.3%	2.6%	—	—	—	—	1.40%	1.9%	1.9%	2.2%	2.3%	2.5%	0.74	
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.4	\$11.96	0.5%	3.3%	7.2%	4.9%	5.9%	3.5%	1.83%	2.4%	2.5%	2.9%	3.0%	3.2%	0.83	
High-Yield Tax-Exempt (44)	VWAHX	Hold	6.8	\$11.55	0.7%	3.6%	7.4%	5.0%	6.4%	3.6%	2.34%	3.1%	3.3%	3.7%	3.8%	4.1%	0.81	
STATE TAX-FREE																		
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.5	\$12.00	0.1%	2.4%	5.5%	4.1%	5.0%	2.7%	1.25%	1.9%	1.9%	2.2%	2.3%	2.5%	0.69	
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.6	\$12.43	0.4%	3.2%	7.4%	5.4%	6.5%	3.4%	1.65%	2.5%	2.6%	2.9%	3.0%	3.2%	0.85	
MA Tax-Exempt (168)	VMATX	Sell	6.1	\$11.10	0.3%	2.9%	6.7%	4.7%	5.2%	3.0%	1.60%	2.3%	2.3%	2.7%	2.8%	3.0%	0.88	
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.3	\$12.34	0.7%	3.5%	7.6%	4.4%	5.4%	3.5%	2.26%	3.3%	3.4%	3.9%	4.1%	4.4%	0.99	
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.1	\$12.11	0.3%	3.0%	6.9%	4.9%	5.5%	3.2%	1.59%	2.3%	2.4%	2.8%	2.8%	3.1%	0.79	
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.1	\$12.90	0.6%	3.4%	7.3%	5.1%	5.8%	3.2%	1.83%	2.6%	2.7%	3.1%	3.2%	3.5%	0.85	
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	5.6	\$11.89	0.5%	3.0%	6.8%	4.9%	5.6%	3.5%	1.88%	2.6%	2.7%	3.1%	3.2%	3.4%	0.79	

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1). **3-year and 5-year returns** are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	5/31 Price	May Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.0%	-0.0%	-0.1%	-0.1%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$18.88	-0.1%	2.0%	1.7%	1.6%	1.8%	0.46
Total Bond Market Annuity (67)	Hold	\$38.06	-0.0%	3.3%	2.6%	2.4%	2.9%	0.99
High-Yield Bond Annuity (146)	Buy	\$30.29	-0.0%	5.0%	-0.1%	3.0%	5.1%	1.87
Conservative Allocation Annuity (801)	Hold	\$26.60	0.4%	3.2%	0.7%	4.8%	—	0.42
Moderate Allocation Annuity (803)	Hold	\$28.64	0.6%	3.1%	-0.7%	5.6%	—	0.61
Balanced Annuity (69)	Buy	\$85.77	0.8%	4.1%	1.7%	7.3%	8.2%	0.67
Capital Growth Annuity (603)	Buy	\$40.11	3.0%	0.8%	-0.1%	12.2%	12.1%	0.98
Diversified Value Annuity (145)	Buy	\$29.35	0.8%	4.7%	-1.1%	7.6%	9.7%	0.97
Equity Income Annuity (8)	Buy	\$74.90	1.4%	5.8%	3.9%	9.9%	11.6%	0.93
Equity Index Annuity (68)	Buy	\$83.12	1.8%	3.4%	1.3%	10.6%	11.2%	1.00
Growth Annuity (10)	Hold	\$41.95	3.0%	-1.4%	-0.2%	13.1%	12.0%	1.04
MidCap Index Annuity (143)	Buy	\$47.85	1.8%	3.5%	-3.0%	9.9%	9.6%	1.07
REIT Index Annuity (147)	Hold	\$57.75	2.3%	6.0%	10.1%	9.7%	9.7%	1.35
Small Company Growth Annuity (160)	Hold	\$63.47	1.8%	0.6%	-7.9%	7.7%	8.5%	1.38
Total Stock Market Annuity (604)	Hold	\$30.13	1.8%	3.2%	-0.2%	10.0%	10.7%	1.02
International Annuity (86)	Buy	\$36.53	-0.1%	-0.5%	-10.2%	2.5%	2.0%	1.25

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	5/31 Price	May Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$64.06	-0.2%	1.4%	1.9%	12.5%	15.1%	1.7%	—	1.12
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$66.55	0.8%	5.1%	9.7%	12.5%	13.3%	2.9%	—	0.87
Energy (551)	VGELX	\$50K	—	Hold	\$90.19	-1.4%	17.1%	-9.7%	-4.5%	-3.5%	2.3%	—	1.92
Energy Index (5480)	VENAX	\$100K	—	—	\$46.50	-1.6%	12.8%	-12.9%	-4.3%	-1.6%	3.6%	—	1.87
Financials Index (5486)	VFAIX	\$100K	—	—	\$24.49	2.5%	1.1%	0.0%	8.5%	10.3%	2.1%	—	1.14
Health Care (552)	VGHAX	\$50K	—	Buy	\$87.17	2.7%	-3.9%	-5.2%	18.6%	17.2%	0.9%	—	1.07
Health Care Index (5485)	VHCIX	\$100K	—	—	\$65.07	2.4%	-1.8%	-5.5%	15.8%	16.5%	1.5%	—	1.20
Industrials Index (5482)	VINAX	\$100K	—	—	\$54.61	-0.0%	5.8%	1.8%	10.5%	10.7%	2.3%	—	1.14
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$56.36	5.4%	2.0%	1.3%	14.5%	12.4%	1.6%	—	1.31
Materials Index (5481)	VMIAX	\$100K	—	—	\$52.57	-0.2%	9.9%	-5.0%	6.7%	5.6%	2.5%	—	1.57
REIT Index (5123)	VGSLX	\$10K	—	Hold	\$118.63	2.4%	6.2%	10.6%	10.2%	10.2%	4.2%	—	1.35
Global ex-U.S. Real Estate Index (1758)	VGR LX	\$10K	0.25% ^f /0.25% ^r	Hold	\$32.45	-1.9%	4.3%	-4.3%	2.2%	4.4%	2.8%	—	1.16
Telecom Svcs. Index (5488)	VTCA X	\$100K	—	—	\$47.13	-0.0%	10.8%	9.5%	10.1%	8.7%	3.8%	—	0.89
Utilities Index (5489)	VUIAX	\$100K	—	—	\$53.76	1.6%	14.9%	14.9%	13.1%	12.0%	3.1%	—	1.22
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$118.12	3.8%	-0.4%	-2.9%	12.1%	12.4%	0.6%	—	1.10
Explorer (5024)	VEXRX	\$50K	—	Hold	\$76.04	1.5%	1.7%	-8.3%	7.3%	8.2%	0.5%	—	1.32
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$43.47	2.5%	1.9%	-7.1%	7.0%	—	1.1%	—	1.27
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$55.41	1.9%	4.7%	-4.0%	8.5%	9.4%	1.6%	—	1.23
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$45.33	1.4%	7.2%	-1.4%	9.7%	—	2.1%	—	1.22
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$65.01	1.8%	2.6%	-6.0%	8.1%	8.9%	1.6%	—	1.23
Growth Index (509)	VIGAX	\$10K	—	Buy	\$55.72	2.5%	2.0%	0.5%	12.0%	12.0%	1.3%	—	1.09
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$44.15	2.3%	3.0%	-4.0%	9.9%	—	0.9%	—	1.13
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$153.70	1.8%	3.6%	-2.6%	10.4%	10.0%	1.6%	—	1.07
MidCap Value Index	VMVAX	\$10K	—	Hold	\$46.23	1.4%	4.2%	-1.4%	10.7%	—	2.3%	—	1.03
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$76.71	2.4%	-0.6%	-0.8%	11.7%	10.7%	0.8%	—	1.06
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$103.99	3.1%	0.7%	-0.2%	12.8%	12.5%	1.1%	—	1.01
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$76.18	3.1%	-1.2%	0.6%	13.5%	12.4%	0.6%	—	1.05
500 Index (540)	VFIAX	\$10K	—	Buy	\$194.13	1.8%	3.6%	1.7%	11.0%	11.6%	2.1%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$22.20	1.0%	5.7%	3.3%	—	—	2.2%	—	0.91
Equity Income (565)	VEIRX	\$50K	—	Buy	\$65.19	1.3%	6.0%	4.1%	10.2%	12.0%	2.8%	—	0.93
Growth & Income (593)	VGIAX	\$50K	—	Sell	\$66.67	1.6%	3.3%	1.8%	11.4%	12.2%	1.8%	—	0.97
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$48.51	1.8%	3.2%	0.9%	10.8%	11.3%	1.9%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$52.27	1.8%	3.4%	0.1%	10.5%	11.1%	1.9%	—	1.02
Value Index (506)	VVIAX	\$10K	—	Hold	\$32.99	1.1%	4.4%	1.3%	9.8%	10.8%	2.6%	—	0.95
Windsor (5022)	VWNEX	\$50K	—	Hold	\$65.67	1.5%	1.7%	-5.8%	8.2%	10.2%	1.8%	—	1.16
Windsor II (573)	VWNAX	\$50K	—	Buy	\$61.84	1.2%	4.0%	-2.1%	8.1%	10.1%	2.3%	—	1.02
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$30.13	1.1%	3.6%	1.6%	7.5%	8.2%	2.0%	—	0.62
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$62.16	0.6%	5.3%	5.0%	6.3%	7.5%	2.9%	—	0.41
Wellington (521)	VWENX	\$50K	—	Buy	\$65.81	0.8%	4.2%	2.0%	7.6%	8.6%	2.6%	—	0.67
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$11.76	-0.4%	-0.1%	-9.1%	2.5%	2.3%	2.9%	—	1.06
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$27.99	-3.4%	2.6%	-18.4%	-4.4%	-4.8%	3.1%	—	1.48
European Index (579)	VEUSX	\$10K	—	Hold	\$62.08	-0.5%	-0.1%	-9.7%	2.4%	1.9%	3.2%	—	1.12
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$23.41	2.2%	3.6%	3.1%	—	—	1.8%	—	0.63
International Dividend Appreciation Index (515)	VIAAX	\$10K	—	Hold	\$26.67	0.6%	—	—	—	—	—	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$66.96	-0.1%	-0.1%	-9.6%	3.0%	2.4%	1.5%	—	1.23
International High Dividend Yield Index (530)	VIHAX	\$10K	—	Hold	\$26.40	-1.7%	—	—	—	—	—	—	—
Pacific Index (572)	VPADX	\$10K	—	Hold	\$69.50	0.4%	-0.6%	-8.8%	2.3%	3.0%	2.5%	—	1.11
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$24.41	-1.0%	1.0%	-10.7%	1.0%	0.5%	2.8%	—	1.09
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$27.13	-1.1%	0.8%	-11.1%	0.9%	—	2.9%	—	1.12
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSEX	\$50K	—	Buy	\$20.00	0.0%	0.7%	0.8%	—	—	0.8%	0.97%	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.73	-0.1%	1.1%	1.0%	0.9%	0.9%	0.8%	0.67%	0.74
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.79	-0.1%	1.2%	1.2%	1.1%	1.2%	1.0%	1.05%	0.35
Short-Term Gov't Index (1942)	VBSBX	\$10K	—	Sell	\$20.35	-0.1%	0.7%	0.6%	0.7%	0.6%	0.7%	0.76%	0.28
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.57	-0.1%	1.7%	0.6%	-0.1%	—	0.0%	-0.78%	0.63
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.70	0.0%	2.2%	2.1%	2.0%	2.2%	2.1%	1.66%	0.44
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.73	-0.1%	2.2%	2.0%	2.1%	2.5%	2.0%	1.92%	0.53
Short-Term Bond Ixd. (5132)	VBIRX	\$10K	—	Hold	\$10.53	-0.2%	1.6%	1.3%	1.3%	1.5%	1.4%	1.19%	0.47
Inflation-Protected Securities (5119)	VAIPX	\$50K	—	Hold	\$26.23	-0.7%	4.0%	1.4%	0.3%	2.3%	0.8%	-0.11%	1.44
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.52	-0.2%	3.1%	3.2%	2.3%	3.0%	1.7%	1.29%	1.21
Interm.-Term Gov't Index (1943)	VSI GX	\$10K	—	Sell	\$22.22	-0.2%	2.9%	3.0%	2.3%	3.0%	1.6%	1.33%	1.20
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$9.92	-0.1%	4.2%	3.9%	3.6%	4.5%	3.0%	2.52%	1.09
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25% ^f	Buy	\$23.46	-0.1%	5.2%	4.0%	3.9%	5.2%	3.2%	3.06%	1.37
Intermed.-Term Bond Ixd. (5314)	VBILX	\$10K	—	Hold	\$11.62	-0.2%	4.3%	3.7%	3.2%	4.4%	2.6%	2.19%	1.36
Total Bond Market (584)	VBT LX	\$10K	—	Hold	\$10.90	0.0%	3.5%	3.1%	2.8%	3.2%	2.5%	2.07%	1.01
Core Bond (1520)	VCOBX	\$50K	—	Buy	\$20.12	0.0%	—	—	—	—	—	1.86%	—
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.79	0.2%	2.3%	2.7%	3.3%	3.0%	2.5%	2.28%	0.64
Mortgage-Backed Sec. Ixd (1948)	VMBSX	\$10K	—	Hold	\$21.35	0.2%	2.1%	2.4%	3.0%	2.7%	1.7%	1.92%	0.57
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$13.07	0.8%	8.5%	8.4%	6.9%	8.5%	2.7%	2.37%	3.91
Long-Term Gov't Index (1944)	VLGSX	\$10K	—	Sell	\$26.89	0.7%	8.3%	8.3%	6.8%	8.3%	2.6%	2.45%	3.85
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$10.56	0.1%	8.9%	8.3%	6.6%	8.1%	4.2%	3.75%	2.79
Long-Term Corp. Index (1947)	VLTCX	\$10K	1.00% ^f	Hold	\$24.16	-0.2%	9.5%	5.9%	5.5%	7.3%	4.4%	4.41%	3.00
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.68	-0.0%	4.9%	0.3%	3.4%	5.6%	5.7%	5.66%	2.01
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75% ^f	Buy	\$19.36	-0.1%	6.5%	4.0%	3.4%	—	4.7%	4.61%	1.84
Emerging Markets Bond (1531)	VEGBX	—	—	—	\$20.81	0.0%	—	—	—	—	—	4.89%	—
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$21.83	0.7%	4.0%	4.5%	4.5%	—	1.5%	0.64%	1.01
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.81	-0.0%	0.4%	0.9%	0.7%	0.8%	0.8%	0.74%	0.16
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.04	-0.1%	0.8%	2.1%	1.4%	1.7%	1.6%	0.97%	0.54
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.43	0.1%	2.4%	5.3%	3.7%	4.5%	2.9%	1.40%	0.68
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25% ^f	Hold	\$20.71	0.3%	2.6%	—	—	—	—	1.48%	0.76
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$11.96	0.5%	3.3%	7.3%	5.0%	6.0%	3.6%	1.91%	0.83
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.55	0.7%	3.6%	7.5%	5.1%	6.5%	3.7%	2.42%	0.81
CA Intermed. Tax-Exempt (5100)	VCADX	\$50K	—	Buy	\$12.00	0.1%	2.4%	5.5%	4.2%	5.1%	2.7%	1.33%	0.68
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.43	0.4%	3.3%	7.5%	5.5%	6.6%	3.5%	1.73%	0.85
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.34	0.7%	3.5%	7.7%	4.5%	5.5%	3.5%	2.34%	0.99
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$12.11	0.4%	3.1%	7.0%	5.0%	5.6%	3.2%	1.66%	0.79
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$11.89	0.5%	3.1%	6.8%	5.0%	5.6%	3.6%	1.95%	0.79

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	5/31 Price	May Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$123.61	2.5%	1.9%	-7.0%	6.9%	8.0%	1.1%	—	1.26
S&P SmallCap 600 Growth	VIQG	Buy	\$109.55	2.7%	2.8%	0.1%	10.4%	10.3%	1.3%	—	1.21
Russell 2000 Growth	VTWG	Hold	\$99.62	2.4%	-2.2%	-9.6%	7.6%	8.1%	0.9%	—	1.51
SmallCap	VB	Hold	\$115.60	1.9%	4.8%	-4.0%	8.5%	9.4%	1.6%	—	1.23
S&P SmallCap 600	VIOO	Hold	\$104.74	1.6%	5.6%	0.3%	9.7%	10.7%	1.2%	—	1.24
Russell 2000	VTWO	Hold	\$92.14	2.3%	2.3%	-5.9%	6.9%	7.9%	1.4%	—	1.36
SmallCap Value	VBR	Hold	\$105.48	1.4%	7.2%	-1.4%	9.7%	10.4%	2.1%	—	1.22
S&P SmallCap 600 Value	VIOV	Hold	\$100.15	0.4%	7.0%	-0.0%	8.8%	10.7%	1.5%	—	1.29
Russell 2000 Value	VTWV	Hold	\$83.78	1.7%	5.2%	-3.5%	5.8%	7.4%	2.1%	—	1.29
Extended Market	VXF	Sell	\$85.71	1.9%	2.7%	-5.9%	8.2%	8.9%	1.6%	—	1.22
Growth	VUG	Hold	\$108.24	2.5%	2.0%	0.5%	12.0%	12.0%	1.3%	—	1.13
S&P 500 Growth	VOOG	Buy	\$105.33	2.7%	1.8%	2.4%	12.7%	12.6%	1.5%	—	1.05
Russell 1000 Growth	VONG	Hold	\$103.37	1.9%	1.7%	1.4%	12.4%	12.0%	1.5%	—	1.05
MegaCap Growth	MGK	Buy	\$84.30	2.2%	1.9%	1.0%	12.3%	12.5%	1.5%	—	1.11
MidCap Growth	VOT	Buy	\$102.58	2.3%	3.0%	-4.0%	9.9%	9.0%	0.9%	—	1.13
S&P MidCap 400 Growth	IVOG	Buy	\$104.15	3.3%	5.2%	-0.3%	9.6%	9.5%	1.0%	—	1.06
MidCap	VO	Hold	\$124.10	1.8%	3.6%	-2.6%	10.4%	10.1%	1.6%	—	1.11
S&P MidCap 400	IVOO	Buy	\$100.52	2.2%	7.4%	-0.5%	9.3%	9.9%	1.6%	—	1.10
MidCap Value	VOE	Hold	\$89.25	1.4%	4.2%	-1.4%	10.7%	11.0%	2.3%	—	1.03
S&P MidCap 400 Value	IVOV	Buy	\$96.93	1.4%	9.6%	-1.2%	9.3%	10.2%	1.5%	—	1.22
S&P 500	VOO	Buy	\$192.54	1.8%	3.6%	1.6%	11.0%	11.6%	2.1%	—	1.00
Russell 1000	VONE	Buy	\$96.27	1.7%	3.3%	0.4%	10.7%	11.3%	1.9%	—	1.02
Dividend Appreciation	VIG	Buy	\$81.75	1.0%	5.7%	3.2%	8.9%	10.0%	2.2%	—	0.92
High Dividend Yield	YYM	Hold	\$70.51	1.4%	6.4%	4.5%	10.8%	12.4%	3.1%	—	0.94
LargeCap	VV	Buy	\$96.04	1.7%	3.2%	0.8%	10.8%	11.3%	1.9%	—	1.01
MegaCap	MGC	Buy	\$71.63	1.7%	3.2%	1.6%	10.9%	11.6%	2.1%	—	1.01
Total Stock Market	VTI	Hold	\$107.34	1.7%	3.4%	0.1%	10.5%	11.1%	1.9%	—	1.03
Russell 3000	VTHR	Hold	\$95.95	1.7%	3.0%	-0.2%	10.4%	11.0%	1.9%	—	1.02
Value	VTV	Hold	\$84.53	1.1%	4.4%	1.2%	10.4%	11.1%	2.6%	—	0.95
S&P 500 Value	VOOV	Hold	\$89.23	0.9%	5.3%	0.3%	8.9%	10.4%	2.3%	—	0.99
Russell 1000 Value	VONV	Hold	\$89.59	1.6%	5.2%	-0.5%	9.1%	10.6%	2.4%	—	1.00
MegaCap Value	MGV	Hold	\$61.19	1.2%	4.3%	2.2%	9.8%	10.8%	2.6%	—	0.94
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$33.80	-3.2%	3.5%	-17.8%	-4.0%	-4.7%	3.1%	—	1.47
Developed Markets	VEA	Sell	\$36.60	-0.3%	0.1%	-9.0%	2.5%	2.2%	2.9%	—	1.06
European	VGK	Hold	\$49.61	-0.5%	0.0%	-9.8%	2.4%	1.8%	3.2%	—	1.11
Int'l Dividend Appreciation	VIGI	Hold	\$55.10	0.7%	—	—	—	—	—	—	—
Int'l High Dividend Yield	YYMI	Hold	\$54.89	-1.3%	—	—	—	—	—	—	—
Pacific	VPL	Hold	\$56.12	1.1%	-0.8%	-8.8%	2.3%	2.9%	2.5%	—	1.14
Total International Stock	VXUS	Hold	\$45.44	-1.0%	1.1%	-10.8%	0.8%	0.4%	2.8%	—	1.12
Total World Stock	VT	Hold	\$58.65	0.7%	2.2%	-5.3%	5.6%	5.4%	2.3%	—	1.04
World ex-U.S.	VEU	Sell	\$43.71	-0.8%	1.0%	-11.0%	0.9%	0.3%	2.9%	—	1.12
World ex-U.S. SmallCap	VSS	Hold	\$95.85	-0.4%	3.2%	-6.4%	3.2%	1.0%	2.5%	—	1.09
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$123.74	-0.2%	1.4%	1.8%	12.4%	15.1%	1.7%	—	1.14
Consumer Staples	VDC	—	\$135.00	0.8%	5.1%	9.7%	12.5%	13.3%	2.9%	—	0.87
Energy	VDE	—	\$93.03	-1.7%	12.8%	-12.9%	-4.4%	-1.6%	3.6%	—	1.87
Financials	VFH	—	\$48.89	2.5%	1.2%	-0.0%	8.6%	10.3%	2.1%	—	1.12
Health Care	VHT	—	\$130.08	2.4%	-1.8%	-5.4%	15.8%	16.5%	1.5%	—	1.19
Industrials	VIS	—	\$106.42	0.1%	5.8%	1.9%	10.6%	10.7%	2.3%	—	1.13
Information Tech.	VGIT	—	\$109.99	5.3%	2.0%	1.2%	14.4%	12.4%	1.6%	—	1.33
Materials	VAV	—	\$103.17	-0.3%	10.0%	-4.9%	6.7%	5.6%	2.5%	—	1.56
REIT	VNQ	Hold	\$83.67	2.2%	6.1%	10.6%	10.2%	10.2%	4.2%	—	1.36
Global ex-U.S. Real Estate	VNQI	Hold	\$53.70	-1.7%	5.2%	-4.3%	2.0%	4.3%	2.8%	—	1.13
Telecom Services	VOX	—	\$92.39	-0.2%	10.7%	9.5%	10.0%	8.6%	3.8%	—	0.90
Utilities	VPU	—	\$107.15	1.6%	14.8%	14.8%	13.1%	12.0%	3.1%	—	1.25
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.05	-0.1%	0.7%	0.6%	0.7%	0.6%	0.7%	0.77%	0.28
Short-Term Inflation Bond	VTIP	Hold	\$49.01	-0.1%	1.4%	0.5%	-0.1%	—	0.0%	-0.77%	0.72
Short-Term Corporate	VCSH	Buy	\$80.00	-0.1%	1.9%	2.0%	2.1%	2.5%	2.0%	1.92%	1.09
Short-Term Bond	BSV	Hold	\$80.35	-0.2%	1.5%	1.4%	1.3%	1.4%	1.3%	1.19%	0.61
Int.-Term Government Bond	VGIT	Sell	\$65.91	-0.2%	2.8%	2.9%	2.3%	3.0%	1.6%	1.33%	1.15
Int.-Term Corporate	VCIT	Buy	\$87.37	0.0%	5.0%	4.3%	4.0%	5.2%	3.2%	3.06%	1.36
Int.-Term Bond	BIV	Hold	\$85.99	-0.2%	4.4%	3.9%	3.3%	4.4%	2.6%	2.19%	1.29
Total Bond Market	BND	Hold	\$82.80	-0.0%	3.4%	3.1%	2.8%	3.2%	2.4%	2.07%	1.00
Mortgage-Backed Securities	VMBS	Hold	\$53.45	0.0%	2.0%	2.5%	3.0%	2.7%	1.7%	1.91%	0.61
Long-Term Government	VGIT	Sell	\$80.35	0.7%	8.5%	8.7%	6.9%	8.4%	2.5%	2.45%	3.80
Long-Term Corporate	VCLT	Hold	\$90.59	-0.3%	9.2%	6.6%	5.6%	7.1%	4.3%	4.42%	3.24
Long-Term Bond	BLV	Sell	\$93.55	0.1%	9.1%	7.1%	6.0%	7.6%	3.8%	3.60%	3.11
Ext. Duration Treasury	EDV	Sell	\$126.67	1.0%	12.5%	11.8%	10.2%	13.6%	2.7%	2.65%	6.37
Emerging Mkts. Gov't Bond	VWOB	Buy	\$77.38	-0.4%	6.2%	3.5%	3.5%	—	4.7%	4.61%	1.97
Total International Bond	BNDX	Hold	\$54.69	0.7%	3.8%	4.5%	4.6%	—	1.5%	0.64%	0.99
Tax-Exempt Bond	VTEB	Hold	\$51.88	0.2%	2.3%	—	—	—	1.48%	0.86	

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

DISTRIBUTIONS

Fund	Dist.
MAY REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.01
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.02
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.02
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.02
Total Bond Market Index	\$0.02
Core Bond	\$0.01
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.04
High-Yield Corporate	\$0.03
Emerging Markets Gov't Bond	\$0.04
Emerging Markets Bond	\$0.05
Total International Bond	\$0.01
Admiral Treasury MM	\$0.00021
Federal MM	\$0.00024
Prime MM	\$0.00038
Tax-Exempt MM	\$0.00025
CA Tax-Exempt MM	\$0.00020
NJ Tax-Exempt MM	\$0.00021
NY Tax-Exempt MM	\$0.00021
OH Tax-Exempt MM	\$0.00024
PA Tax-Exempt MM	\$0.00019
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.01
Long-Term Tax-Exempt	\$0.04
High-Yield Tax-Exempt	\$0.04
CA Int.-Term Tax-Exempt	\$0.03
CA Long-Term Tax-Exempt	\$0.03
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.04
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.03
PA Long-Term Tax-Exempt	\$0.03
ETF DISTRIBUTIONS	
Short-Term Government Bond	\$0.04
Short-Term Corporate Bond	\$0.14
Short-Term Bond	\$0.09
Intermed.-Term Government Bond	\$0.09
Intermed.-Term Corporate Bond	\$0.23
Intermediate-Term Bond	\$0.18
Total Bond Market	\$0.16
Mortgage-Backed Securities Bond	\$0.08
Long-Term Government Bond	\$0.17
Long-Term Corporate Bond	\$0.32
Long-Term Bond	\$0.29
Emerging Markets Gov't Bond	\$0.30
Total International Bond	\$0.06
Tax-Exempt Bond	\$0.07

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

Vanguard Makes the Case (Poorly)

ARE MORE HEADS really better than one when it comes to portfolio management?

Well, Vanguard certainly thinks so, and in a recent web posting, they attempt to make the case for multimanager, though rather poorly in my estimation. But you have to parse the language to see what's being said.

The opening gambit is fairly strong: "(P)utting more heads together has its own advantage when it comes to beating the market long-term."

On its face, I totally agree with that. Diversification of thinking and strategies is a good thing. I've lived and invested by that belief for decades. If you look at the *Model Portfolios* on page 2, you'll see quite a few heads combined in single portfolios, which over the long-term have well exceeded the returns of the stock and bond markets.

However, Vanguard's not talking about a manager-diversified *portfolio*. No sir. They're making the case for manager-diversified *funds*, those multimanager amalgams like **Explorer**, **Morgan Growth** or even **Diversified Equity**, which have done poorly, though not in Vanguard's eyes.

Making the argument that there's simply no evidence that multimanagered funds suffer from too many cooks in the kitchen because multimanagered funds don't hold as many stocks as the massive index portfolios they're measured against, Vanguard cites **International Growth's** quarter-end portfolio of 169 stocks versus its benchmark's 1,848 stocks as proof. Of course, Daniel Wallick, the missive's author, doesn't mention that Explorer's portfolio of 718 stocks is more than the 700 or so stocks in **SmallCap Growth Index** (you can't invest in the 1,480 stocks in Explorer's Russell 2500 Growth Index benchmark at Vanguard) or that, at 949 stocks, **Growth & Income** has almost double the number of holdings in its S&P 500 index benchmark. But so what? It's not the number of stocks or the "ingredients" in the portfolios, but the cooks adding those ingredients. And too many cooks *do* spoil the meal.

However, here's the evidence that Vanguard says proves their multimanagerment approach works: "All 12 of our equity funds that have been multimanagered over the 10 years ended March 31, 2016, have outpaced the average annual return of their peer groups." Well, that's no surprise. As I've written before, Vanguard's expense ratios are so much lower (0.87%, or 87 basis points, on average across all active funds) than their peers that it's almost a given that even index-like performance will outperform the bulk of a mutual fund peer group.

But contrast that 100% peer-beating performance with Vanguard's admission that only 58%, or seven of the 12 funds, outperformed their benchmarks, and you'll see that where the rubber meets the road—beating an index—the multimanager argument falls flat.

The multimanager format has a shot at working when there are a limited number of managers fishing in a really big pond. Take International Growth, a multimanagered fund that has long been a part of my *Model Portfolios*, and outpaced **Total International Stock** over the decade ending in March, 40.2% to 20.5%. As Wallick correctly points out, International Growth's portfolio is fairly concentrated despite three different sub-advisers having a hand in the portfolio.

But also keep in mind that those managers have the freedom to pick stocks from all foreign markets—which make up nearly half of the global stock market. If there is room for more than one manager picking U.S. stocks in my portfolio, there can be room for more than one manager picking foreign stocks, too. Where the multimanager fund runs into real trouble is when you cram seven firms into the kitchen and confine them to picking among, say, small-cap growth stocks—think Explorer.

For my money and yours, I'd rather stick with single-manager funds like **Dividend Growth** and the PRIMECAP funds, and will venture into funds like International Growth when it appears the multiple managers aren't loading up the portfolio with too many stocks. But let's not make the mistake of thinking Explorer, Morgan Growth or even the once-great **Windsor II** is ever going to break out and win "Top Chef." It just ain't gonna happen.

rate is greater than its average over the past decade and has been for a year.

Yes, consumer debt is at some of its highest levels as a percentage of GDP that we've seen in recent years, nearing levels found just before the onset of the financial crisis. But remember that financing costs are low—really low—and the quality of today's debt is high. While the absolute amount of debt may be approaching 2008 levels, the slice of disposable personal income necessary to pay that debt is at near-record lows.

The country is awash in wallets and purses bursting at the seams, waiting to be unleashed upon retail and e-tail. A statistic I've talked about before is money at zero maturity, or MZM, which is a measure of money in very short-term accounts like money markets, savings accounts and the like. At about \$14 trillion currently, MZM is 77% the size of our \$18.2 trillion economy—the highest relative to our overall economy ever, and much higher than the average 48% over the past 60 years.

It isn't only consumers who need bucking up. Investors lack confidence, too. Less than 18% of respondents to a recent American Association of Individual Investors survey were bullish on stocks for the coming six months. That's the lowest bullish response in over a decade; even lower than during the depth of the credit crisis. Plus, nearly 53% of the survey respondents were "neutral"—a 25-year record high.

Given the slow-growth economy, questions about the Fed and a divisive presidential election, I can't fault them for saying, "I don't know." But when bulls are massively outnumbered, investors have often been rewarded for taking a contrarian view. As Warren Buffet quipped, "Be fearful when others are greedy and greedy when others are fearful."

All that said, the bulls outvoted the bears during May, with funds like **Information Technology ETF**, **Capital Opportunity** and **S&P MidCap 400 Growth ETF** up 5.3%, 3.8% and 3.3%, respectively. Clearly, the 10.5% decline for **Precious Metals & Mining** was a

signal that the optimists had taken back momentum, though the fund remains up 51.6% on the year, the best showing among all of Vanguard's offerings by a long shot. **Energy**, up 17.0%, is the year's next-best performer.

Foreign holdings lagged during the month, with **Total International Stock** losing 1.0% compared to **Total Stock Market**'s 1.8% gain.

Long-term bonds have been surprisingly strong in 2016, with all of Vanguard's long-term funds and ETFs up over 8%. And after a rough start to the year, **High-Yield Corporate**, up 4.9%, is well ahead of **Total Bond Market**'s 3.5% gain.

Finally, you may recall my warnings over the past several months to keep a close eye as Vanguard consolidates fund and brokerage accounts into one. I've heard plenty of horror stories, and I'm expecting more. Why? Because now Vanguard is consolidating accounts for investors like me, who didn't voluntarily do so. Under the pretext of complying with federal rules governing "prime" money market accounts, Vanguard is converting all settlement accounts to **Federal Money Market** and, at the same time, working to finish up the consolidation project.

I expect a mess. So, a few recommendations. First, keep a close eye on

your accounts to make sure that nothing goes awry in the consolidation process. Second, watch that any automated transactions related to your money market accounts are tied to your new Federal Money Market account, or develop a process for moving money from that account to your primary money fund like, say, **California Tax-Exempt Money Market**. Third, check that reinvestment instructions, RMD instructions and the like are carried over when the process appears completed. Finally, let me know if you run into any problems by emailing me at service@adviseronline.com. And good luck. ■

REBALANCING

Taking Risk to Zero?

VANGUARD IS AT it again, pushing rebalancing as "a way to minimize risk rather than maximize returns." Minimize risk? Really?

The whole premise here is false, since the only way to minimize risk would be to, say, put your money into a short-term Treasury bond or cash account. Reduce risk? Maybe. Minimize it? Not a chance.

The push for rebalancing comes in the *Chairman's Letter* leading off a series of semiannual reports released mid-May. Automatic rebalancing is one of the main features promoted by robo advisers including Vanguard's own quasi-robo, Personal Advisor Services. But its value is in the marketing, not in the investing. (I should note, by the way, that in this latest round of reports, Vanguard varies the language occasionally, writing about "managing" risk rather than minimizing it.)

Still, the push is on, and Vanguard Chairman Bill McNabb makes the case for rebalancing by focusing on the 2013 markets, when stocks soared and bonds produced minimal returns, to illustrate how a portfolio allocated 60/40 between stocks and bonds would have moved to a 67/33 split by the end of that year.

But here's the rub. McNabb doesn't tell investors just what the impact of rebalancing would have been from that point forward. Plus, in using 2013 in his example, McNabb uses a year where the divergence between stocks (the S&P 500) and bonds (the Barclays U.S. Aggregate) is the second-largest over the past 40 years. Only 2008, when bonds outperformed stocks by 42.2 percentage points, saw a bigger divergence. Take 2008 and 2013 out of the equation, and the average calendar-year difference between stock and bond returns is just 12.3 percentage points.

But let's use McNabb's time-dependent period to see how he's minimizing

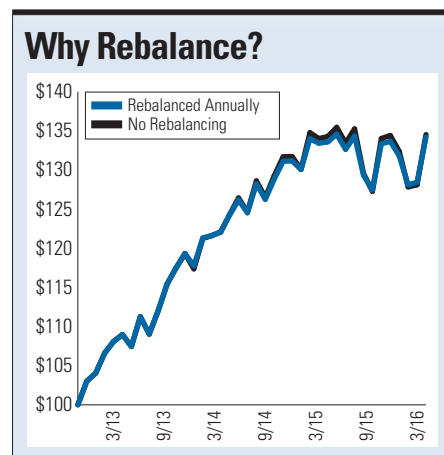
risk. I took a look at the 60/40 portfolio in McNabb's example and extended its performance out to the end of March 2016, the period covered by the most recent fund reports. I also took the same portfolio and rebalanced it at the end of 2013, 2014 and 2015, as McNabb suggests. The differences are hardly worth talking about.

At the end of the period, the non-rebalanced portfolio generated a 34.5% total return. The rebalanced portfolio gained 34.2%. Okay, so far McNabb is correct: Rebalancing doesn't maximize returns.

Now, how about the risk side of the equation? Well, first off, I think the chart to the left pretty much tells the story—there's almost no difference in the path of the two portfolios.

So I dug deeper. Would rebalancing somehow make the investor sleep better at night?

Well, at its best, the rebalanced portfolio saved 59 basis points worth of worry, or 0.59%, during January 2016, as its 2.8% drop was less than the no-rebalance portfolio's 3.4% decline. On the other hand, the rebalanced portfolio lagged the simpler strategy by 68 basis points, or 0.68%, three months earlier, in October 2015. ▶

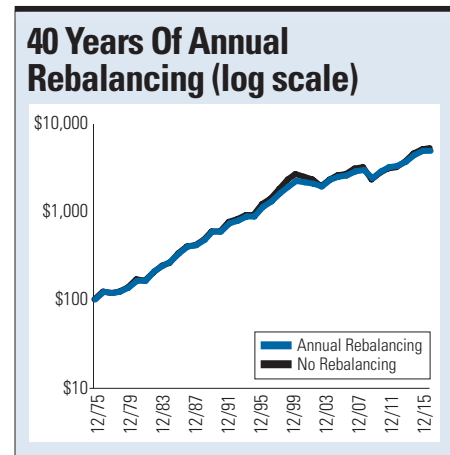


> Far from “minimizing” risk, the rebalancing strategy simply reduced monthly volatility by a smidge while reducing the long-term return by a touch. But it also required several transactions, which most likely created taxable events, since the investor was selling the better-performing fund. And, let’s not forget that Vanguard chose one of the most divergent years over the past 40 to make its rebalancing point.

Now, to give Vanguard another opportunity to prove its point, I looked at the past 40 years and applied the annual rebalancing strategy. In the chart

to the right, I’ve plotted the performance of the two portfolios on a logarithmic scale, which is better at showing percentage changes rather than absolute changes in values. This is important over long periods, because a 5% move when a portfolio is worth \$200 (worth just \$10) isn’t going to register the way a 5% move (worth \$100) will on a \$2,000 portfolio if both are plotted on a simple, graduated scale. And yet both 5% moves reduced the portfolio’s value by the same percentage amount at different times.

Even over 40 years, you can see only one period—the years leading up



to and the aftermath of the tech bubble—when the differences between the two portfolios really diverged. And, believe it or not, after three years, when the non-rebalanced portfolio underperformed the rebalanced portfolio, by the end of 2002, the two were of almost equal value, diverging by less than 1% of their starting values, or less than \$1 on an initial stake of \$100.

By the way, if you thought rebalancing could somehow turn red ink into black, there was not a single year when the no-rebalancing portfolio lost money that the rebalanced portfolio didn’t also lose money. However, in 1994, when the no-rebalancing portfolio gained just 0.2%, the rebalanced portfolio lost 0.4%.

Jeff and I have done lots of work on rebalancing to show that for all the white papers and research notes and articles written about its purported benefits, there are only a handful of times when rebalancing can materially impact your portfolio, and those times are only known in hindsight. Plus, the best times to rebalance are when the markets truly become disconnected, and it’s a good bet that an investor facing a massive dislocation in stocks is going to have a tough time holding his nose and buying when the rest of Wall Street is madly selling.

For my money, I’ll let my personal portfolio as well as the *Model Portfolios* in this newsletter ride, and make subtle changes as the times, the fund managers or my investment temperament dictate.

DISTRIBUTIONS TO COME

Semiannual Dividend Payouts

JUNE IS UPON US, and that means a big distribution month, as funds and ETFs that pay out semi-annually or quarterly will take interest and dividends earned in the first half of the year and, after expenses, distribute them to shareholders. With so many funds distributing, you’ll need to watch the calendar and listen to the *Hotline* as Vanguard begins releasing actual distribution dates.

Remember that for tax reasons, you don’t want to “buy a distribution,” so if you’re planning an investment in a taxable account, please hold off until after the “record date,” which is the date ownership is determined for distribution purposes. (If you’re investing in a tax-deferred account, you don’t need to worry about this.)

The funds or ETFs that are scheduled to distribute are listed below. Note that even though **Short-Term Inflation-Protected Securities Index** is supposed to be a quarterly payer, it hasn’t paid out a quarterly dividend since its inception, storing up what little it’s earned for a year-end dividend. With inflation subdued, short-term Treasury yields still extremely low, and the fund’s yield a reported -0.87%, there’s probably not much for the fund to actually pass on to shareholders. So don’t hold your breath. The same goes for big brother **Inflation-Protected Securities**, which paid a fractional distribution last March but otherwise has skipped several recent quarterly payouts.

The funds and ETFs that will pay out in June include the following and, unless otherwise noted, both fund and ETF shares will both pay distributions during the month:

500 Index, Balanced Index, Consumer Discretionary Index, Consumer Staples Index, Convertible Securities, Developed Markets Index, Dividend Appreciation Index, Dividend Growth, Emerging Markets Stock Index, Energy Index, Equity Income, European Stock Index, Extended Duration Treasury ETF, Extended Market Index, Financials Index, Global ex-U.S. Real Estate Index, Growth & Income, Growth Index, Health Care Index, High Dividend Yield Index, Industrials Index, Inflation-Protected Securities, Information Technology Index, International Dividend Appreciation Index, International High Dividend Yield Index, LargeCap Index, Materials Index, MegaCap Growth ETF, MegaCap ETF, MegaCap Value ETF, MidCap Growth Index, MidCap Index, MidCap Value Index, Pacific Stock Index, REIT Index, all seven Russell ETFs, S&P 500 Growth and Value ETFs, S&P MidCap 400 ETF, S&P SmallCap 600 Growth and Value ETFs, Short-Term Inflation-Protected Securities Index, SmallCap Growth Index, SmallCap Index, SmallCap Value Index, Social Index, STAR, STAR *LifeStrategy* funds, Target Retirement Income, Tax-Managed Balanced, Tax-Managed Capital Appreciation, Tax-Managed SmallCap, Telecommunication Services Index, Total International Stock Index, Total Stock Market Index, Total World Stock Index, Utilities Index, Value Index, Wellesley Income, Wellington, Windsor, Windsor II, World ex-U.S. Index, World ex-U.S. SmallCap Index.

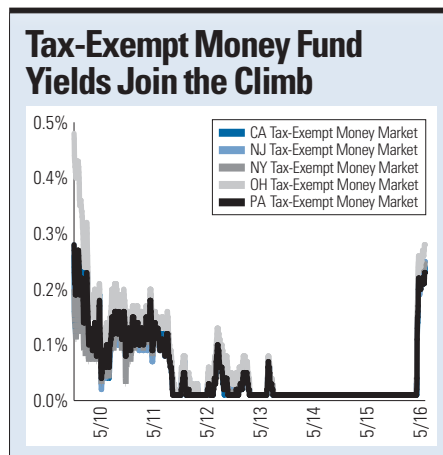
Will They or Won't They?

WILL JANET YELLEN and her colleagues at the Federal Reserve raise the fed funds rates on June 15?

If you're an investor, rather than a trader, it doesn't really matter. A fed funds rate of 0.50% (currently) or 0.75% or even 1.00% remains extremely low, allowing companies and consumers to borrow cheaply and spend freely. So rather than speculate whether the Fed will raise rates or not, let's talk about how it impacts investors.

One place where a higher fed funds rate would benefit investors is money market funds. You don't need me to remind you, but for nearly two years, money market yields were stuck at 0.01%. But starting in June 2015, **Prime Money Market's** yield finally moved higher. As you can see in the chart below, the yields on **Federal Money Market** and **Treasury Money Market** followed suit over the next several months. At May's end, yields ranged from 0.26%, to 0.45%, which, while nothing to get excited about, is a whole lot better than where they stood a year ago. And as the fed funds rate moves higher (whenever that is), I'd expect yields on money market funds to increase as well.

I'm sure you noticed that money market fund yields started to rise ahead of the Fed's first rate increase in December. Do the recently falling yields on **Federal Money Market** and **Treasury Money Market** suggest that money fund investors



tors doubt the Fed will act in June? No. Those yields are in the hands of the markets for ultra-short commercial paper. I wouldn't worry over it.

Yields on Vanguard's tax-exempt money market funds have, as you might have expected, lagged their taxable siblings, but in mid-March, tax-sensitive investors started to see some yield on their money fund holdings. As yields on both taxable and tax-exempt money funds are now on the move, you need to once again pay attention to tax-equivalent yields. At first glance, **Tax-Exempt Money Market's** 0.30% yield looks paltry next to Prime Money Market's 0.45%. But remember Tax-Exempt Money Market's income is sheltered from taxes, so that 0.30% tax-free yield, is equivalent to a 0.46% taxable yield if you are in the 35% tax bracket. Calculations of tax-equivalent yields can be found on page 9 of every monthly newsletter issue.

It's pretty clear, then, that money fund investors should welcome a higher fed funds rate. But should stock investors be worried that the Fed is putting on the brakes? Not yet.

Take a look at the chart to the right, which plots the fed funds rate against the S&P 500 index. Note that when the Fed started raising rates in early 1994, this didn't prevent stocks from rising, nor did cutting the fed funds rate in 2001 stem the S&P's decline. Also look at the steady increase in the fed funds rate beginning

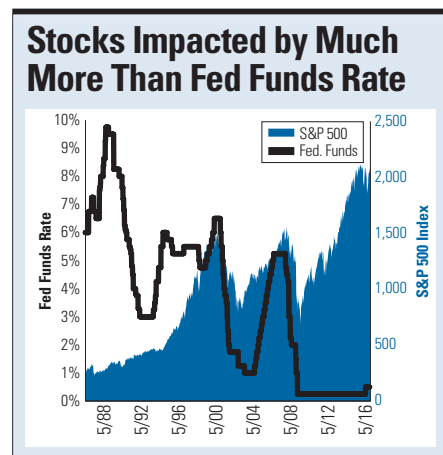
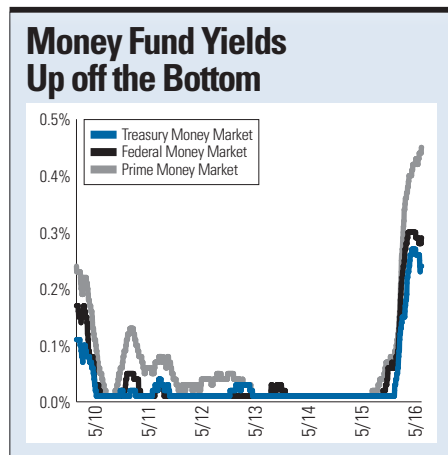
in 2004. The stock market rose for years before the credit crisis hit. By the end of the Great Recession, the Fed had cut rates down to the quick, where they've lingered since. It is not a foregone conclusion that small hikes in the fed funds rate will cause the stock market to tumble.

Yes, there's that old line so popular on Wall Street that you shouldn't "fight the Fed." But the Fed isn't really putting up much of a fight itself.

Investing entirely on any one factor—whether it's the fed funds rate, PE-ratios, GDP growth, unemployment, or, well, you name it—is not a sound strategy.

I would take the weakness in the markets, or sectors of the markets, as just another long-term buying opportunity. Health Care is still well off its highs. If you don't have a full position in the fund (5% or so is good), I'd be a buyer. Don't own any funds run by the PRIMECAP team, or only have a small position there? Back up the truck and do some buying.

If you're looking to make a quick hit, I can't be of help. I don't know where we go from here in the short term. But longer term, worries about the Fed, about whether higher rates help or hurt or any of the other myriad concerns trotted out daily by the media will be left in the dust and this will look like just another time when you could have bought lower while others were worried about near-term events outside of their control.



Upgrade Now



When I started this newsletter in 1991, I had to thumb through paper SEC filings and copy fund data by hand. But now, thanks to advances in technology and the efforts of our team at InvestorPlace, Jeff and I are able to bring you an unprecedented research tool for Vanguard investors: **The Independent Vanguard Fund Analyzer**.

The Fund Analyzer takes everything you know from our monthly newsletter and annual guidebook to a whole new level. Like our guidebook, it contains comprehensive data on every Vanguard fund we track. And like our newsletter, it's updated every month. (Some data is even updated daily.)

But unlike either, it gives you direct access to a suite of online, interactive charts, tables, and other analytical tools created directly from our in-house database—and it's designed to work with any computer or mobile device you own. It's like being right there in our office with us, as your own independent fund analyst on our research team, with our proprietary risk and return statistics like rolling returns, relative returns, Maximum Cumulative Loss (MCL), and many more at your fingertips.

And the best part is, you can get the Fund Analyzer for only \$199 a year. For details on how you can try it risk-free for 60 days, visit www.thefundanalyzer.com/JoinNow or call 800/211-7641 and mention code **MT9207**.

PERFORMANCE

Buy the Manager

IT'S MY MANTRA: Buy the manager, not the fund. And it works.

But you wouldn't know that reading the latest semiannual report on **Capital Opportunity**, the rocket-ship fund run by the PRIMECAP management team in Pasadena. In his *Chairman's Letter*, Bill McNabb notes the fund's "nearly 12%" return since its 1995 inception compared to the stock market's 8% return and the Russell MidCap Growth index's "close to" 9% return over the same period.

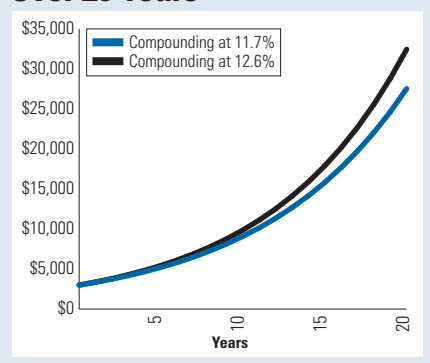
The issue is that the fund did horribly in its first years. And PRIMECAP wasn't managing it then. They only took over once the former manager was found to have "embellished" his record and horribly misfired on the fund itself.

Why do I mention this? Because it makes a difference. While Capital Opportunity returned an annualized 11.7% from inception through the end of March 2016 (the period McNabb writes about), under PRIMECAP's watch, shareholders earned almost a full percentage point more: 12.6%. Does that matter? Yes, by about 18%.

Consider that a \$3,000 investment in the fund at inception would have turned into \$27,525 if you'd earned that 11.7% return for the full period through March. But PRIMECAP's 12.6% would have yielded an account 17.9% larger, worth \$32,440.

Vanguard likes to all but ignore the fact that the choice of manager makes a difference. But it does, and on Capital Opportunity the difference is writ large. ■

1% Makes a Difference Over 20 Years



DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ Does **S&P 500 ETF** earn more after taxes than **500 Index**? How about other ETFs? The proof's in the numbers, so don't count traditional funds out if you're going passive. (See page 6)
- ✓ Build diversification into your portfolio, but don't do it with multimanager funds like **Morgan Growth** or **Explorer**, which take things too far. (See pages 4 & 12)
- ✓ Will the Fed raise rates in June? A better question to ask yourself is if it even matters. (See page 15)



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Jeffrey D. DeMaso, Editor/Director of Research, works directly with Dan Wiener researching and writing the multiple-award winning *Independent Adviser for Vanguard Investors* newsletter. He also leads the analyst team for Adviser Investments, LLC. Jeff gradu-

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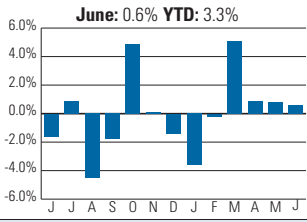
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for Vanguard Investors

JULY 2016

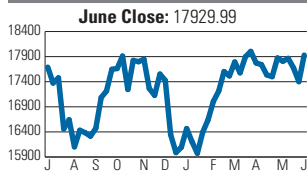
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AVERAGE VANGUARD INVESTOR*

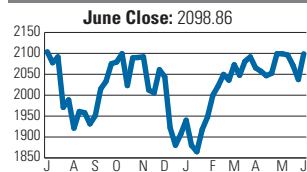


*See the footnotes on page 2.

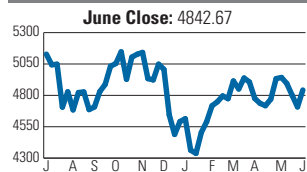
DOW JONES INDUSTRIALS



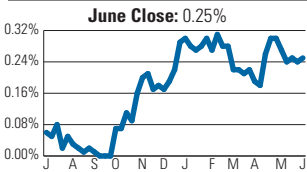
STANDARD & POOR'S 500



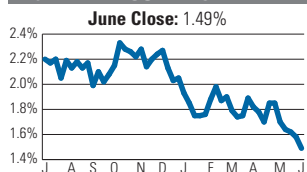
NASDAQ COMPOSITE



3-MO. TREASURY BILL YIELD



10-YR. TREASURY NOTE YIELD



U.K. to E.U.: Pee-Yew!

*“The pessimist sees difficulty in every opportunity.
The optimist sees opportunity in every difficulty.”*

—Winston Churchill

INVEST FOR TOMORROW, invest for the next year, or invest for the next decade? I think a lot of investors were pondering those questions during the final week of June as stock markets first crumbled under the weight of the result of the Brexit vote on June 23 and then staged rebounds. Ultimately, as negative as the initial reporting was, by the end of June, London’s FTSE 100 index was up 4.4% for the month and actually 2.6% higher than where it stood prior to the Brexit vote.

Jeff talks quite a lot about the foreign markets in the first of our two-part focus on Vanguard’s global offerings, beginning just below, but suffice to say that the result of the Brexit vote was that one very specific unknown has been replaced by a host of unknowns. And while the former had an end date of June 23, the latter are going to be spread across the next couple of years at a minimum, which will certainly keep investors on their toes and markets volatile.

Competing with the Brexit story and its global implications for stocks was what might be an even larger story around the bond market. Specifically, the continuing low, low level of interest rates. The yield on the 10-year Treasury bond fell to 1.49% at month’s end from an already low 1.83% at the end of May, and was not far from the 1.42% low the day after the U.K. vote. Bonds may have value as a comfort when you are anxious about markets, but at today’s rates, their long-term financial payoff is low,

SEE **U.K.** PAGE 3 >

OVERSEAS

Keep Calm and Carry On

THE UNITED KINGDOM’S JUNE 23 DECISION to leave the European Union—the Brexit—sent shockwaves through financial markets around the globe. The U.K.’s benchmark FTSE index fell 5.6%, and the British pound fell 11.1% against the dollar over two days, while Europe’s STOXX 600 dropped 10.9% over the same period. In the U.S., the S&P 500 index fell a relatively lighter 5.3%.

The declines had many investors questioning whether they should even bother investing overseas at all. Dan and I sympathize with their anxiety on this issue, but I am going to make the case that investing as least a portion of your money outside of the U.S. is smart portfolio management. Depending on what lens you peer through, the Brexit is a great example of why investors should diversify their holdings beyond their home country.

SEE **OVERSEAS** PAGE 12 >

GROWTH MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
Dividend Growth	VDIGX	7,632	\$23.41	\$178,676	22%	1.6%
Capital Opportunity	VHCOX	3,193	\$49.06	\$156,666	19%	-4.1%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$104.49	\$150,967	19%	0.3%
S&P MidCap 400 Value ETF	IVOV	1,521	\$97.36	\$148,130	18%	0.4%
International Growth	VWIGX	4,504	\$20.77	\$93,541	11%	-1.4%
Health Care	VGHCX	302	\$206.57	\$62,306	8%	-0.0%
Short-Term Inv.-Grade	VFSTX	2,389	\$10.77	\$25,725	3%	0.8%

TOTAL **\$816,011**

CURRENT PERFORMANCE	June	YTD	1-yr	3-yr	5-yr
	-0.5%	1.9%	-0.5%	10.3%	10.4%
Risk last 24 months	0.95		Risk since inception	0.97	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

CONSERVATIVE GROWTH MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
Dividend Growth	VDIGX	5,727	\$23.41	\$134,065	24%	1.6%
Capital Opportunity	VHCOX	2,421	\$49.06	\$118,793	21%	-4.1%
S&P MidCap 400 Value ETF	IVOV	764	\$97.36	\$74,349	13%	0.4%
S&P MidCap 400 ETF	IVOO	689	\$100.31	\$69,144	12%	0.0%
International Growth	VWIGX	2,291	\$20.77	\$47,578	8%	-1.4%
Health Care	VGHCX	216	\$206.57	\$44,534	8%	-0.0%
High-Yield Corporate	VWEHX	7,693	\$5.70	\$43,848	8%	0.8%
Short-Term Inv.-Grade	VFSTX	2,996	\$10.77	\$32,265	6%	0.8%

TOTAL **\$564,576**

CURRENT PERFORMANCE	June	YTD	1-yr	3-yr	5-yr
	-0.5%	2.0%	0.0%	9.6%	10.0%
Risk last 24 months	0.87		Risk since inception	0.82	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
Dividend Growth	VDIGX	4,562	\$23.41	\$106,807	26%	1.6%
PRIMECAP Core	VPCCX	4,355	\$20.76	\$90,403	22%	-2.1%
Int-Term Investment-Grade	VFICX	7,760	\$10.08	\$78,219	19%	1.8%
High-Yield Corporate	VWEHX	7,186	\$5.70	\$40,963	10%	0.8%
Short-Term Inv.-Grade	VFSTX	2,799	\$10.77	\$30,143	7%	0.8%
Health Care	VGHCX	142	\$206.57	\$29,334	7%	-0.0%
International Growth	VWIGX	1,154	\$20.77	\$23,969	6%	-1.4%
MidCap Index	VIMSX	346	\$33.73	\$11,674	3%	-0.1%

TOTAL **\$411,512**

CURRENT PERFORMANCE	June	YTD	1-yr	3-yr	5-yr
	0.3%	3.0%	3.3%	8.8%	8.9%
Risk last 24 months	0.64		Risk since inception	0.60	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
S&P MidCap 400 Growth ETF	IVOG	772	\$104.49	\$80,659	24%	0.3%
Dividend Appreciation ETF	VIG	839	\$83.24	\$69,803	20%	2.4%
S&P MidCap 400 Value ETF	IVOV	679	\$97.36	\$66,098	19%	0.4%
S&P 500 Growth ETF	VOOG	507	\$104.70	\$53,057	16%	-0.3%
Total International Stock ETF	VXUS	816	\$44.48	\$36,305	11%	-0.9%
Health Care ETF	VHT	197	\$130.49	\$25,685	7%	0.7%
Short-Term Corporate ETF	VCSH	141	\$80.84	\$11,406	3%	1.2%

TOTAL **\$343,013**

CURRENT PERFORMANCE	June	YTD	1-yr	3-yr	5-yr
	0.6%	5.1%	1.3%	10.4%	10.0%
Risk last 24 months	0.96		Risk since inception	1.06	

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	6/30 Price	June Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$39.05	-1.4%	-2.3%	-5.4%	8.9%	9.0%	Capital Opp.
Artisan MidCap Value	ARTQX	\$20.56	-0.7%	9.7%	-1.4%	5.1%	7.9%	Selected Value
Polaris Global Value	PGVFX	\$20.61	-4.2%	-2.6%	-6.7%	7.1%	8.1%	Global Equity
Fidelity International SmallCap	FISMX	\$22.74	-1.6%	2.8%	-1.6%	7.9%	5.9%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$14.49	-3.9%	-2.9%	-4.5%	7.3%	7.2%	International Expl.
T. Rowe International Discovery	PRIDX	\$52.31	-3.5%	-3.0%	-3.6%	7.7%	6.4%	International Expl.
Hartford Healthcare	HGHAX	\$32.82	0.5%	-6.4%	-8.4%	17.9%	16.8%	Health Care
ICON Healthcare	ICHCX	\$14.67	-1.4%	-1.7%	-10.4%	15.4%	15.6%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$25.81	-3.1%	-5.5%	-4.0%	9.6%	11.1%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$31.23	-1.7%	-3.6%	-5.3%	12.8%	15.0%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$23.46	-2.2%	-0.6%	-1.1%	10.2%	11.2%	PRIMECAP Core
Fidelity High Income	SPHIX	\$8.32	0.3%	7.7%	-0.4%	3.1%	4.7%	High-Yield Corporate

THIS MONTH'S CHANGES

None.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to index exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. **3-year** and **5-year** returns are compound, annualized returns. **Risk** is *Model Portfolio* volatility against the S&P 500 index. Flagship investors may open new accounts in all closed funds in the model portfolios, though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. With **Capital Opportunity** (and **PRIMECAP Odyssey Aggressive Growth**) closed I recommend investors consider **PRIMECAP Odyssey Growth** (POGRX) as a replacement. **PRIMECAP Odyssey Stock** (POSKX) is the preferred replacement for **PRIMECAP Core**. Both can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

and prices are high. Low, low yields (some negative) overseas are a sign of continuing economic malaise. Here in the U.S., they are a sign of persistent worry, compounded by what I already said was a host of new unknowns on the global stage. I remain a big fan of Vanguard's corporate-heavy bond funds, like **Short-Term Investment-Grade**, up 3.0% this year, and **Intermediate-Term Investment-Grade**, up 6.1%, for their high quality and low expenses. The comparable tax-exempt funds are also standouts. Remember, a fund like **Total Bond Market Index** allocates over 40% of its portfolio to Treasury and Agency bonds, and at **Intermediate-Term Bond Index** that number is over 50%. When Treasuries begin their inevitable slide as yields rise and prices fall, this will be a headwind.

By the way, exactly when that will happen is up in the air. Vanguard's fixed-income team thinks that the Fed will raise rates one or two times later this year. I asked if that prediction, made before the Brexit, had changed, and Vanguard didn't respond.

Semiannual Review

It's been a long, hard six months, and on the equity side, the managers that I have put my money on have been lagging. The PRIMECAP team, in particular, has suffered from declines in their health care holdings along with a host of other losers in, for instance, the airline industry. **Capital Opportunity** is off 4.6% this year, and **PRIMECAP Core** is down 0.3%. **500 Index** is up 3.8%, and growth-oriented index funds

are showing positive returns as well. The team at **Health Care** has fallen behind **Health Care Index**, down 3.9%, while the index fund is off 1.2%. And Don Kilbride's **Dividend Growth** has had an uncharacteristic period, underperforming **Dividend Appreciation Index**, up 5.6% to the index fund's 8.1% gain. **International Growth's** teams, likewise, are lagging a bit, off 1.6% compared to **Total International Stock Index's** flat 0.0% return. As a consequence, the *Model Portfolios'* year-to-date returns, ranging from 1.9% to 5.1%, are nothing to write home about.

What's winning? Well, **Precious Metals & Mining** is up 77.4% for the year. Should you buy it? You know my opinion, but let's hear from Vanguard founder Jack Bogle. When asked about gold this past month, his answer was, and I quote, "No, no, no, no, no." Yes, the gold bugs are buzzing, for the moment. Once the metal turns down, that annoyance will end.

Needless to say, I'm a competitive guy, and I don't like to underperform. But that's exactly what happens in a year when gold is on a tear and leading innovators in the health and tech industries are in the dumps. Yet, I know that our broad portfolio allocations are strong, as evidenced by the *Growth Index Model Portfolio's* terrific returns. Yes, the index funds are outperforming this year, but I also know that the managers I've just mentioned haven't suddenly lost their chops. All are index-beaters and are very competitive individuals who will not let this underperformance get in the way of continuing to follow their long-term, market-beating strategies. Rest assured,

our money is just fine in all of their capable hands.

Consolidation

I wasn't suffering alone with the issues consolidating my brokerage and fund accounts I mentioned in my June 9 *Hotline*, which included the loss of running balances and the confusion of having two money markets, not to mention bounced checks. Vanguard says these complaints are few and far between, but what would you expect them to say? Here's a tip: Apparently, Kenneth Agostinelli works in "Resolution Services," and he's supposed to be very good at fixing problems. He's at (800) 896-7309 ext. 16527. Maybe he can help.

And on a last note, I don't know if we're witnessing the first baby steps toward greater disclosure from a firm that is all about minimizing it, but in both the **Windsor** and **Windsor II** semiannual reports, three portfolio managers out of a total of seven specifically note that their particular portfolios underperformed their benchmarks. Now, this doesn't tell us how much they underperformed, nor does it tell us how the other four managers did, but having read literally thousands of annual reports, I can say affirmatively this is a new move. Vanguard remains very tight-lipped about how their individual portfolio managers perform—something that a firm that is owned by its shareholders and which makes a lot of hay over multimanagerment ought to be more forthcoming about. But if this is a start, rather than a mistake, I'm all for it. The window has been cracked open oh so slightly. Let's see if the winds of reform continue to blow through. ■

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Nibbling at Their Cooking

“Being the managers rather of other people’s money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which (they) watch over their own.”

—Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 1776

“Mutual fund directors are either not being paid nearly enough for what they should be doing—or far too much for what they actually do.”

—Jack Bogle, *SmartMoney*, July 2012

WHEN I ANALYZE mutual funds, or for that matter public companies, hedge funds, or even investment advisers and their firms, one of the first questions I ask is whether the manager is “eating his (or her) own cooking.” Does the manager put their money where their mouth is, investing in the strategies that they are responsible for? Are we in the boat together, or am I just making an assumption that they are going to look out for my best interests?

Well, I also ask that question of Vanguard’s board of directors—consisting of 10 individuals, including Vanguard Chairman Bill McNabb—who are tasked with watching over some \$3.3 trillion dollars (or \$330 billion each) of your and my money. In other words, are Vanguard’s directors eating their own cooking—or, even more to the point, are they even paying attention to how the meal is being prepared?

You probably aren’t going to like the answer. Vanguard certainly doesn’t like it. Incredibly, Vanguard is on record as having said that a requirement that directors own shares in the funds they oversee would not change behavior, and would be merely “window dressing.” How, then, to make sure directors are doing their job? Vanguard has said it’s the responsibility of shareholders.

But, of course, shareholders have no say, nor any knowledge of what directors are doing, since disclosure runs from minimal to none.

The single, solitary way to see if directors have at least a passing interest in the performance—the “number one” metric, according to one former board member—of Vanguard’s various funds and the managers who run them is by collecting data on directors’ holdings, or lack thereof, in those funds. As Nell Minow, an expert in the field of corporate accountability, has said about directors that don’t own shares in the companies which they oversee, “You can’t count on directors paying a lot of attention if they don’t have a financial stake.”

Don’t want to listen to an industry scold? How about Warren Buffett, who wrote, “For the most part, a monkey will type out a Shakespeare play before an ‘independent’ mutual-fund director will suggest his fund look at other managers, even if the incumbent manager has persistently delivered substandard performance.”

Nothing motivates like money—particularly, having your own money on the line. And in this case, very few of Vanguard’s directors are motivated to really make sure the bulk of Vanguard’s funds are up to snuff. Yes, they are motivated to come to meetings and give some thought (we shareholders

I care less about the internal policies of the company that is Vanguard, and a whole lot more about the product—the funds that you and I invest in. And, like I said, nothing motivates a director to pay attention to a fund like having an ownership stake in it. Unfortunately, most don’t.

It’s funny, but each year, as the months wind on, I hear repeated questions from FFSA members, and not a few journalists as well, about just how Vanguard’s directors invest. One would think that in a company that hopes to educate its clientele, there’d be plenty of disclosure on the subject and explanations from the top brass about not only how they invest, but why they invest the way they do.

Unfortunately, their silence is deafening.

Compiling the data on Vanguard directors’ investments is difficult, as it is only disclosed in bits and pieces over the year. But based on the available information, through the end of 2015, Vanguard’s individual board members have minimum holdings ranging from as little as \$110,004 to \$2.61 million in Vanguard funds.

Why do I say those are minimum numbers? First off, let me explain how imprecise the required disclosures are. Board members’ ownership is reported in just five categories: \$0, \$1–\$10,000,

Nothing motivates a director to pay attention to a fund like having an ownership stake in it. Unfortunately, most don’t.

hope) to the decision-making process at the Vanguard Group. But don’t forget, they’re being paid to do so—to the tune of between \$223,000 and \$260,000 each in 2015 alone. Vanguard’s longest-tenured director, JoAnn Heffernan Heisen, has been paid over \$2.7 million since joining the board in 1998, and over \$1.9 million during the last decade.

\$10,001–\$50,000, \$50,001–\$100,000, and over \$100,000. And Vanguard is only required to report these amounts annually, when they review and renew their fund prospectuses. The legal team at Vanguard doesn’t always update this data with the same zeal as other information in the fund prospectuses, and I have, on several occasions in the past, had to remind Vanguard that it

Consensus Breaks Down Quickly

HELD BY 9 BOARD MEMBERS: Prime Money Market, Total Stock Market Index

HELD BY 6 BOARD MEMBERS: Emerging Markets Stock Index, Total International Stock Index

HELD BY 5 BOARD MEMBERS: 500 Index, Intermediate-Term Tax-Exempt, SmallCap Index

HELD BY 4 BOARD MEMBERS: Health Care, High Dividend Yield Index, PRIMECAP Core, Wellington

HELD BY 3 BOARD MEMBERS: Capital Opportunity, Developed Markets Index, Dividend Appreciation Index, Extended Market Index, High-Yield Tax-Exempt, International Growth, Limited-Term Tax-Exempt, PRIMECAP, Short-Term Investment-Grade, SmallCap Growth Index

HELD BY 2 BOARD MEMBERS: Dividend Growth, Explorer, Global Equity, Growth Index, Int.-T Inv.-Grade, International Explorer, LargeCap Index, MidCap Growth, Selected Value, Short-Term Tax-Exempt, T-M Capital Appreciation, Total Bond Market, Total International Bond Index, U.S. Growth, Windsor II, World ex-U.S. Index, World ex-U.S. SmallCap Index

HELD BY 1 BOARD MEMBER: Capital Value, Convertible Securities, Diversified Equity, Emerging Markets Select Stock, Energy, Financials Index, High Yield Corp., Int.-T Bond Index, International Value, Long-Term Tax-Exempt, MidCap Growth Index, MidCap Index, Morgan Growth, PA Long-Term Tax-Ex., Pacific Index, REIT Index, Short-T Bond Index, SmallCap Value Index, Strategic Equity, Target 2050, T-M SmallCap, Treasury Money Market, Total World Stock Index, Value Index, Wellesley Income, Windsor

was not fulfilling its regulatory obligations. The fixes usually come after I've flagged the omissions. In calculating those "minimums," I assumed that each director was at the low end of the stated range for every one of their holdings. For those with between \$50,001 and \$100,000 I assumed \$50,001 as a minimum. For holdings "over \$100,000" invested I assumed \$100,001.

Because of the varied timing of Vanguard's disclosures, a few of the numbers I'm working with deal with ownership levels at the end of 2014, not 2015, and probably won't be updated until December. I can't help that; it's just the way Vanguard works.

Spreading the Wealth?

So, what do the numbers tell us about how Vanguard's directors invested their Vanguard money in 2015? First off, it's probably not a big surprise that the directors have focused their own money on index funds—not active funds. Oh, yes, certain board members own certain active funds, but there's little consensus. That means lots of Vanguard shareholders who own Vanguard's active funds do so without any director actually sitting at the table with us, eating that active cooking.

Overall, just 64 funds count one or more board members as shareholder-

ers, leaving some 100 funds without any board representation among shareholders. The bulk of the directors' money is concentrated in just a few funds. Nine of the 10 board members reporting for 2015 own shares in **Total Stock Market** and **Prime Money Market**, and six own shares in **Total International Stock Index** and **Emerging Markets Stock Index**. Five are invested in **500 Index**, **Intermediate-Term Tax-Exempt** and **SmallCap Index**. I should note that because these board members are wealthy, they prefer to invest in tax-exempt funds. Just two own shares in **Total Bond Market Index**. The only actively managed equity funds to find even four board members as investors are **Health Care** and **PRIMECAP Core**. The active, balanced **Wellington** is also owned by four board members.

Notable changes over the past year include one director's sale of **REIT Index**, leaving that fund with just one director shareholder. Ditto for **Wellesley Income** and **Emerging Markets Select Stock**. On the plus side, **Extended Market Index** picked up two new director shareholders.

So, how are Vanguard's directors' portfolios stacking up? Well, if you view this from 30,000 feet up, you might say that a board with invest-

Directors' Direct Holdings

Peter F. Volanakis

Minimum invested	\$2.6 million
No. of funds owned	29
Fees paid	\$1.5 million

F. William McNabb III

Minimum invested	\$2.2 million
No. of funds owned	26
Fees paid	N.A.

JoAnn Heffernan Heisen

Minimum invested	\$1.6 million
No. of funds owned	19
Fees paid	\$2.7 million

Mark Loughridge

Minimum invested	\$1.4 million
No. of funds owned	14
Fees paid	\$867,000

Amy Gutmann

Minimum invested	\$1.4 million
No. of funds owned	16
Fees paid	\$1.9 million

F. Joseph Loughrey

Minimum invested	\$1.1 million
No. of funds owned	11
Fees paid	\$1.4 million

Rajiv L. Gupta

Minimum invested	\$1.0 million
No. of funds owned	10
Fees paid	\$2.4 million

Emerson U. Fullwood

Minimum invested	\$930,000
No. of funds owned	13
Fees paid	\$1.7 million


Scott C. Malpass

Minimum invested	\$700,000
No. of funds owned	9
Fees paid	\$836,000

André F. Perold

Minimum invested	\$110,000
No. of funds owned	4
Fees paid	\$2.1 million

ments in more than 60 funds isn't making too terrible a showing. But consider that we really don't know how big a commitment the directors have made, since the required disclosures are so minimal.

I'll give the directors as a group credit for owning more active equity funds than they don't. But ownership is scattered about, and the commitment to the multimanager strategy, which I'm a critic of, is marginal at best. If it weren't for Chairman Bill McNabb, Vanguard's multimanager equity funds would have a pretty slim roster of director shareholders. 

➤ As far as I'm concerned, the director with the best record of the bunch is Peter Volanakis, former president and CEO of Corning. He owns a lot of Vanguard funds, meaning his fortunes, to a greater or lesser extent, ride alongside those of fellow shareholders. Volanakis holds positions of \$100,000 or more in 25 different funds, and also owns four other funds on top of that. Even Chairman McNabb isn't keeping pace—he has “over \$100,000” positions in 22 funds.

On the other end of the scale is André Perold, who, despite having been paid more than \$2.1 million in fees since joining Vanguard's board in 2004, has only invested in four Vanguard funds, with over \$100,000 in 500 Index, \$10,001–\$50,000 in **Convertible Securities**, and then two tiny positions of \$10,000 or less in **Treasury Money Market** and **Prime Money Market**—a truly terrible showing and, in my view, an embarrassment.

Show Us the Money

Why the focus on directors and their holdings? According to some at Vanguard, this kind of deep dive into how the directors invest is the stuff of tabloid journalism. It's no one's business but the board members', they'd say. But is it, really? In a *SmartMoney* interview, former SEC chairman Arthur Levitt said, “Being on a mutual fund board is the most comfortable position in corporate America.” Maybe a little discomfort and disclosure is what Vanguard's board—and all boards—need. If all of Vanguard's funds were producing tip-top returns, I'd back off. But they aren't. Multimanaged funds are a mixed bag, at their best. And who's in charge of all that? The directors.

As I have argued many times, Vanguard's directors need to do a better job of eating their own cooking if we're to believe they have shareholders' best interests at the top of their minds. How is it, for instance, that the directors took so long to finally boot AllianceBernstein from **U.S. Growth**, or Turner Investments from **Growth Equity**, two woeful dogs of

Directors' Commitment to Vanguard Funds

	Total Funds Owned	Over \$100,000	\$50,001–100,000	\$10,001–50,000	\$1–10,000
Volanakis	29	25	2	1	1
McNabb*	26	22	0	3	1
Heisen	19	16	0	2	1
Gutmann	16	13	1	2	0
Rankin	12	11	1	0	0
Malpass	9	6	2	0	1
Gupta	10	10	0	0	0
Loughrey	11	10	1	0	0
Fullwood	13	9	0	3	1
Loughridge	14	14	0	0	0
Perold	4	1	0	1	2

*Vanguard Chairman.

Note: Indicates all funds reportedly owned at the end of 2015. There has been no disclosure of 2015 holdings for three taxable money market funds, Explorer Value, International Growth, U.S. Growth and Social Index.

funds that had virtually zero representation in the board's personal portfolios? Would greater ownership in **Windsor II** have led to a revamping of the managers there sooner? Why is Chairman McNabb the only director shareholder of **Morgan Growth**, and why is his stake of between \$10,001 and \$50,000 one he purchased only after the fund's final director shareholder sold out? Or how about those woeful **Managed Payout** funds? Not a single director owned shares there, and none owns a share of the remaining fund, either. Would the directors have acted sooner to recast the funds if personal money had been at stake?

Did the directors take their eyes off the ball? Not being privy to board minutes, I can't say. But had their own fortunes at least been subject to some of the long periods of underperformance or horrendous losses these funds produced, maybe they wouldn't have taken so long to make changes.

While we're on the subject, it's also time that Vanguard take a leadership position in its industry and pay directors in shares of the funds they oversee, rather than in cash—something I've advocated forever, but which gets no traction in a fund industry that would rather hide behind the banner of personal privacy than fly the flag of full disclosure. Public companies do it. In fact, they often pay directors and executives more in their own shares than they do in cold, hard cash. Is it too much to ask that directors' financial interests

(and I'm not talking about just their annual fees) be aligned with those of investors in the funds they purport to keep watch over?

Again, Peter Volanakis is the kind of director all fund boards should be seeking, as his investments in Vanguard funds far exceed the amount he's been paid in fees—the only one of two directors to have done so, based on my calculations.

Ask yourself, are Vanguard's directors eating their own cooking, or simply dining on a few funds while serving up a broad menu of which they've never taken a taste?

Former Vanguard chairman Jack Brennan, while writing of ways to improve corporate boards of directors, wrote, “Paying directors predominantly in equity aligns the interests of the board to those of the permanent shareholders. I would suggest that every director of a public company should be required to hold a minimum of, say, five years' worth of his board pay in the form of company stock from the first day he joins the board and hold those shares until he or she leaves the board. An alternative would be for all compensation to be paid in stock (no cash) and required to be held until a director reaches the target ownership level.”

Of course, Brennan made these comments after leaving Vanguard and didn't apply these kinds of rules when he led the company. Funny how opinions and perspective changes when you are no longer held accountable. ■

Steady As She Goes on Partnership Dividends

IT'S "STEADY AS SHE GOES" at Vanguard's *Partnership Plan*, where executives will see a 12.0% increase in their dividend, to \$185.44 from \$165.57 for 2015.

Asset growth over the trailing three years fell a bit, from 73% to 56%, about on par with the trailing three-year growth rate that generated a similar 12.0% rise in the Partnership Plan's dividend two years ago. Vanguard's board uses a three-year trend to help them determine just how big the annual *Partnership Plan* payout will be.

Unlike last year, Vanguard didn't pay out a special "40th Anniversary" dividend, so there may be some grumbling on the Vanguard campus if expectations exceeded reality.

Vanguard long ago stopped disclosing the data that allowed me to calculate the annual compensation then paid to founder Jack Bogle and Vanguard's second chairman, Jack Brennan. But assuming that both men were both still in the mix, and assuming that neither one was awarded a single additional share in the *Partnership Plan* after the period when disclosures ended, and applying a haircut to keep my numbers on the low side, I estimate Bogle's *Partnership Plan* payout for 2015 would have totaled about \$18.8 million and Brennan's around \$10.8 million.

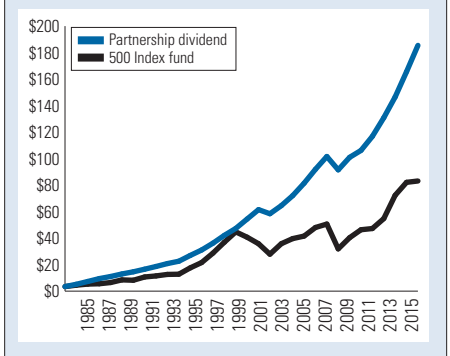
Of course, neither Bogle nor Brennan works at Vanguard any longer, and they

were required to give up their shares in the *Partnership Program* when they left. But the numbers give at least some insight into how well the top dogs (like current chairman Bill McNabb) are probably being compensated. It may not be hedge fund money, but it isn't seaman's wages, either.

The *Partnership Plan* is Vanguard's internal profit-sharing mechanism, designed to reward all employees, from top management to phone operators, with a piece of the profits the low-cost fund provider generates each year. Based in large measure on assets under management, rather than fund performance, and factoring in the "cost savings" that accrues by comparing Vanguard's average operating expense ratio to industry averages, the *Partnership Plan* pays out millions of dollars a year to Vanguard's top dogs, while limiting most employees to a bonus that is calculated using a tricky set of variables related to their job "grade" and tenure to determine the ultimate payout.

The calculations that determine the *Partnership Plan* dividend are done in secret, and Vanguard doesn't normally provide many details about their *Partnership Plan*, which was established by Jack Bogle in 1984 but has since been rejiggered to limit payouts to the "crew" while keeping payouts high for the "captains." Since its first year, the *Partnership Plan's* divi-

Partnership Distributions Have Outpaced 500 Index



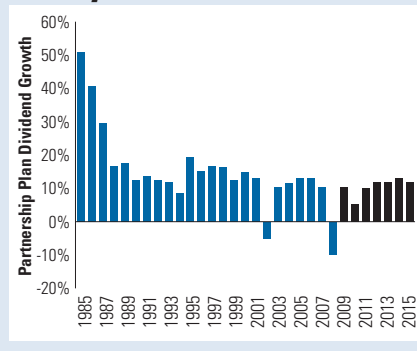
dend has risen from \$3.43 to the current \$185.44, growing more than 54 times. The value of one share of **500 Index** has, with all distributions reinvested, grown 24 times over the same period.

Vanguard is exceedingly profitable, and has the ability to pay its captains millions of dollars every year.

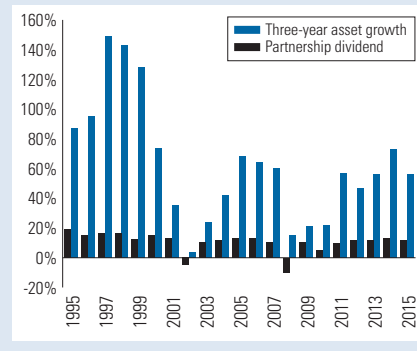
The takeaway for a Vanguard investor is pretty clear. Vanguard is not, and has never been, a non-profit, though much of the language around "operating at cost" does, at times, make it sound as though they are. The company is exceedingly profitable, and hence has the ability to pay its captains millions of dollars every year. (90% of the top executives' compensation comes in the form of dividends from the *Partnership Plan*.) As Jeff has pointed out in the past, just one fund like **Total Stock Market Index** generates hundreds of millions of dollars in fees each year.

Indexing may have made some investors wealthy over the three decades the *Partnership Plan* has been around, but the successful marketing and running of index funds is contributing even more to the bank accounts of Vanguard's executive team. ■

Dividend Growth Holds Steady Under McNabb



With Rising Assets, Dividends Should Grow



VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	6/30 Price	June Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.63	2.8%	5.5%	—	—	—	—	—
Energy (51)	VGENX	\$3K	—	Hold	\$49.76	3.5%	21.2%	-2.4%	-2.3%	-2.4%	2.2%	1.92
Precious Metals & Mining (53)	VGPMM	\$3K	—	Sell	\$11.07	17.0%	77.4%	30.7%	3.4%	-12.4%	1.5%	3.28
Health Care (52)	VGHGX	\$3K	—	Buy	\$206.57	-0.0%	-3.9%	-4.9%	18.4%	17.3%	0.8%	1.06
REIT Index (123)	VGSIX	\$3K	—	Hold	\$29.46	6.9%	13.4%	23.8%	13.3%	12.3%	3.9%	1.40
Global ex-U.S. Real Estate Index (738)	VGXR	\$3K	0.25%f/0.25%r	Hold	\$21.57	1.5%	5.8%	0.2%	3.9%	4.9%	2.8%	1.10
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$49.06	-4.1%	-4.6%	-5.3%	11.1%	12.2%	0.6%	1.11
Explorer (24)	VEXPX	\$3K	—	Hold	\$81.57	-0.2%	1.4%	-8.8%	7.2%	8.4%	0.3%	1.29
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$29.72	-0.9%	4.4%	-2.4%	7.9%	9.9%	0.8%	1.23
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$21.56	-3.1%	-4.0%	-9.7%	7.8%	8.5%	0.3%	1.16
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$34.84	0.5%	2.3%	-6.5%	7.3%	8.4%	1.2%	1.23
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$55.39	0.3%	5.0%	-3.0%	8.8%	9.7%	1.7%	1.20
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$25.24	0.1%	7.2%	0.0%	10.0%	10.7%	2.3%	1.20
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$28.55	-0.7%	0.9%	-4.3%	11.0%	11.5%	1.6%	1.07
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$29.48	-0.7%	1.7%	-4.8%	9.7%	10.4%	1.1%	1.14
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$46.71	0.6%	5.8%	-0.3%	10.2%	11.2%	1.7%	1.21
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$10.80	-2.2%	-1.1%	-14.8%	3.5%	6.6%	1.2%	1.44
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$64.80	-0.1%	2.4%	-5.5%	8.3%	9.3%	1.7%	1.21
Growth Index (9)	VIGRX	\$3K	—	Buy	\$55.19	-0.7%	1.3%	1.3%	12.3%	12.0%	1.2%	1.09
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$40.08	-0.5%	2.5%	-3.3%	10.0%	9.1%	0.9%	1.12
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$33.73	-0.1%	3.4%	-1.0%	10.6%	10.4%	1.8%	1.07
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$35.06	0.3%	4.4%	1.1%	11.1%	11.6%	2.6%	1.03
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$24.50	-1.0%	-1.7%	-1.0%	11.8%	10.5%	0.7%	1.07
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$98.00	-2.4%	-1.7%	0.1%	12.4%	12.4%	1.1%	1.02
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$20.76	-2.1%	-0.3%	1.0%	11.8%	11.8%	1.1%	1.02
Selected Value (934)	VASVX	\$3K	—	Hold	\$26.16	-2.6%	1.2%	-5.0%	7.7%	9.8%	1.6%	1.12
Social Index (213)	VFTSX	\$3K	—	Buy	\$13.20	-1.1%	0.7%	-0.3%	11.3%	12.6%	2.3%	1.05
STAR Growth (122)	VASGX	\$3K	—	Sell	\$27.79	0.2%	3.0%	-0.5%	7.3%	7.1%	2.1%	0.80
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$106.31	-0.1%	3.4%	2.7%	11.6%	11.9%	2.5%	1.02
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$28.82	-2.0%	-3.3%	-1.0%	13.2%	12.0%	0.5%	1.06
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$193.67	0.2%	3.8%	3.8%	11.5%	11.9%	2.0%	1.00
Convertible Securities (82)	VCVXS	\$3K	—	Buy	\$12.05	-1.2%	-0.1%	-6.7%	3.4%	4.4%	1.7%	0.62
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$29.93	-1.1%	0.3%	-2.7%	9.8%	10.6%	1.1%	1.07
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$33.31	2.3%	8.1%	8.3%	10.2%	10.5%	2.0%	0.92
Dividend Growth (57)	VDIGX	\$3K	—	Buy	\$23.41	1.6%	5.6%	9.1%	11.4%	12.2%	1.7%	0.89
Equity Income (65)	VEIPX	\$3K	—	Buy	\$31.39	1.6%	7.7%	9.0%	10.9%	12.6%	2.7%	0.93
Growth & Income (93)	VGNPX	\$3K	—	Sell	\$40.64	0.5%	3.8%	4.2%	12.0%	12.5%	1.8%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$28.30	2.1%	8.6%	9.6%	11.5%	13.0%	3.0%	0.94
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$38.72	0.2%	3.4%	3.0%	11.2%	11.6%	1.8%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$11.82	-1.3%	-2.5%	4.0%	3.6%	2.9%	0.0%	0.45
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$23.68	0.6%	3.7%	1.5%	6.7%	6.4%	2.1%	0.61
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$52.15	0.2%	3.6%	2.0%	11.0%	11.5%	1.8%	1.01
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$16.67	0.1%	2.3%	-0.1%	9.8%	11.9%	2.1%	0.96
Value Index (6)	VIVAX	\$3K	—	Hold	\$33.16	1.1%	5.4%	4.5%	10.4%	11.3%	2.4%	0.95
Windsor (22)	VWNDX	\$3K	—	Hold	\$18.88	-2.3%	-0.6%	-6.4%	7.6%	10.2%	1.6%	1.17
Windsor II (73)	VWNFX	\$3K	—	Buy	\$34.15	-0.9%	3.1%	-1.1%	8.1%	10.2%	2.2%	1.02
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$30.26	0.9%	4.5%	3.9%	8.2%	8.5%	1.9%	0.61
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$17.72	1.3%	4.4%	1.4%	6.6%	6.2%	3.8%	0.57
STAR (56)	VGSTX	\$1K	—	Hold	\$23.68	-0.1%	2.4%	0.2%	7.1%	7.2%	1.9%	0.68
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$18.45	1.1%	4.4%	3.3%	6.0%	5.4%	2.1%	0.42
STAR Income (723)	VASIX	\$3K	—	Sell	\$15.16	1.5%	5.0%	4.9%	5.1%	4.5%	2.0%	0.28
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$27.62	0.8%	3.9%	5.0%	8.3%	8.2%	2.0%	0.46
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$26.03	2.2%	7.6%	9.5%	7.5%	8.1%	2.8%	0.42
Wellington (21)	VWELX	\$3K	—	Buy	\$38.14	0.8%	5.0%	4.8%	8.3%	9.0%	2.6%	0.67
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$27.91	0.0%	2.6%	-1.6%	7.5%	—	1.8%	0.91
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$31.63	0.0%	2.6%	-1.6%	7.5%	7.6%	1.9%	0.90
Target Retirement 2050 (699)	VFFIX	\$1K	—	—	\$29.23	0.0%	2.6%	-1.5%	7.5%	7.6%	2.0%	0.91
Target Retirement 2045 (306)	VTIVX	\$1K	—	—	\$18.24	-0.1%	2.6%	-1.5%	7.5%	7.6%	2.1%	0.90
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$29.21	0.0%	2.7%	-1.4%	7.5%	7.6%	2.1%	0.90
Target Retirement 2035 (305)	VTHX	\$1K	—	—	\$17.33	0.2%	2.9%	-0.7%	7.5%	7.4%	2.1%	0.83
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$28.62	0.4%	3.2%	0.1%	7.3%	7.2%	2.1%	0.75
Target Retirement 2025 (304)	VTVX	\$1K	—	—	\$16.17	0.5%	3.5%	0.8%	7.0%	6.9%	2.1%	0.68
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$28.17	0.6%	3.8%	1.4%	6.8%	6.7%	2.1%	0.60
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$14.78	0.8%	3.9%	2.0%	6.2%	6.2%	1.9%	0.50
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$25.92	1.1%	4.2%	2.9%	5.5%	5.6%	1.8%	0.38
Target Retirement Income (308)	VTINX	\$1K	—	—	\$12.88	1.1%	4.3%	3.3%	4.9%	5.0%	1.7%	0.34
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$8.78	-2.2%	-2.3%	-8.7%	—	—	2.8%	1.08
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$22.25	5.0%	7.7%	-12.3%	-0.9%	-3.7%	2.4%	1.51
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$16.60	4.3%	9.1%	-10.6%	-1.5%	-3.1%	1.7%	1.58
European Index (79)	VEURX	\$3K	—	Hold	\$24.99	-4.4%	-4.6%	-10.9%	2.2%	1.3%	3.3%	1.14
Global Equity (129)	VHGEX	\$3K	—	Hold	\$23.70	-1.0%	0.3%	-3.5%	6.9%	6.4%	1.7%	0.99
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$12.03	2.8%	6.5%	7.5%	—	—	1.7%	0.64
International Dividend Appreciation Index (2015)	VIAIX	\$3K	—	Hold	\$22.27	1.8%	—	—	—	—	—	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$16.02	-5.5%	-5.5%	-7.3%	6.5%	3.8%	1.6%	1.03
International Growth (81)	VWIGX	\$3K	—	Buy	\$20.77	-1.4%	-1.6%	-8.3%	4.0%	2.3%	1.4%	1.23
International High Dividend Yield Index (1530)	VIHIX	\$3K	—	Hold	\$21.25	-1.6%	—	—	—	—	—	—
International Value (46)	VTRIX	\$3K	—	Hold	\$30.97	-0.6%	-0.4%	-11.6%	1.3%	1.2%	2.1%	1.17
Pacific Index (72)	VPACX	\$3K	—	Hold	\$10.64	0.1%	-0.5%	-6.8%	2.5%	2.7%	2.3%	1.12
Total International Stock Index (113)	VGTSX	\$3K	—	Hold	\$14.28	-0.9%	0.0%	-9.2%	1.9%	0.5%	2.8%	1.10
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$23.64	-0.4%	2.0%	-3.5%	6.4%	5.6%	2.2%	1.01
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$16.88	-0.8%	0.0%	-9.5%	1.7%	0.3%	2.8%	1.10
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$35.43	-2.1%	0.9%	-6.2%	4.0%	1.1%	2.6%	1.07

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	6/30 Price	June Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk										
												25%	28%	36.8*	38.8*	43.4*											
TAXABLE INCOME																											
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.3	\$10.02	0.3%	1.0%	1.0%	—	—	0.8%	0.86%	—	—	—	—	—	—	—	—	—	—	—	—	—			
Short-Term Treasury (32)	VFISX	Sell	2.3	\$10.80	0.7%	1.9%	1.7%	1.1%	1.0%	0.8%	0.50%	—	—	—	—	—	—	—	—	—	—	—	—	0.37			
Short-Term Federal (49)	VSGBX	Sell	3.0	\$10.86	0.7%	1.9%	2.1%	1.4%	1.3%	1.0%	0.84%	—	—	—	—	—	—	—	—	—	—	—	—	—	0.35		
Short-Term Inflation Index (1967)	VTIPX	Hold	2.6	\$24.77	1.0%	2.6%	1.6%	0.5%	—	0.0%	-0.78%	—	—	—	—	—	—	—	—	—	—	—	—	—	0.62		
Short-Term Investment-Grade (39)	VFSTX	Buy	3.4	\$10.77	0.8%	3.0%	3.2%	2.5%	2.3%	2.1%	1.64%	—	—	—	—	—	—	—	—	—	—	—	—	—	0.44		
Short-Term Bond Index (132)	VBISX	Hold	2.8	\$10.62	1.0%	2.5%	2.4%	1.7%	1.6%	1.3%	1.04%	—	—	—	—	—	—	—	—	—	—	—	—	—	0.48		
Inflation-Protected Sec. (119)	VIPSX	Hold	8.7	\$13.66	2.3%	6.4%	4.5%	2.3%	2.6%	0.7%	-0.19%	—	—	—	—	—	—	—	—	—	—	—	—	—	1.44		
Intermed. Treasury (35)	VFITX	Sell	5.8	\$11.74	2.0%	5.2%	6.0%	3.5%	3.4%	1.6%	1.05%	—	—	—	—	—	—	—	—	—	—	—	—	—	1.19		
Intermed. Investment-Grade (71)	VFICX	Buy	6.6	\$10.08	1.8%	6.1%	7.0%	5.0%	5.0%	2.9%	2.39%	—	—	—	—	—	—	—	—	—	—	—	—	—	1.06		
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.3	\$11.88	2.4%	6.8%	7.7%	5.0%	4.9%	2.5%	1.99%	—	—	—	—	—	—	—	—	—	—	—	—	—	1.35		
Total Bond Market (84)	VBMFX	Hold	8.0	\$11.09	1.9%	5.5%	6.0%	3.9%	3.6%	2.3%	1.90%	—	—	—	—	—	—	—	—	—	—	—	—	—	1.00		
Core Bond (1320)	VCORX	Buy	8.2	\$10.24	2.0%	—	—	—	—	—	1.78%	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
GNMA (36)	VFHIX	Hold	5.2	\$10.85	0.7%	3.0%	4.2%	3.8%	3.0%	2.4%	1.98%	—	—	—	—	—	—	—	—	—	—	—	—	—	0.58		
Long-Term Treasury (83)	VUSTX	Sell	25.1	\$13.89	6.6%	15.5%	19.8%	10.3%	10.2%	2.4%	2.05%	—	—	—	—	—	—	—	—	—	—	—	—	—	3.84		
Long-Term Investment-Grade (28)	VWESX	Hold	23.5	\$10.95	4.0%	13.2%	16.3%	9.7%	9.3%	4.0%	3.51%	—	—	—	—	—	—	—	—	—	—	—	—	—	2.74		
Long-Term Bond Index (522)	VBLTX	Sell	24.1	\$14.83	5.1%	14.5%	16.0%	9.2%	9.1%	3.6%	3.32%	—	—	—	—	—	—	—	—	—	—	—	—	—	2.94		
High-Yield Corporate (29)	VWEHX	Buy	6.8	\$5.70	0.8%	5.7%	2.4%	4.6%	5.9%	5.6%	5.50%	—	—	—	—	—	—	—	—	—	—	—	—	—	1.79		
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	10.0	\$9.95	3.2%	9.8%	8.8%	6.0%	—	4.5%	1.31%	—	—	—	—	—	—	—	—	—	—	—	—	—	1.81		
Emerging Markets Bond (1431)	VEMBX	—	9.7	\$10.58	3.3%	—	—	—	—	—	4.57%	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Total International Bond Index (1231)	VTIBX	Hold	9.2	\$11.11	1.8%	5.9%	7.9%	5.6%	—	1.5%	0.57%	—	—	—	—	—	—	—	—	—	—	—	—	—	1.02		
MONEY MARKET																											
Treasury MM (11)	VUSXX	—	57	\$1.00	0.0%	0.1%	0.1%	0.1%	0.0%	0.1%	0.24%	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Federal MM (33)	VMFXX	—	52	\$1.00	0.0%	0.1%	0.2%	0.1%	0.0%	0.2%	0.32%	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Prime MM (30)	VMMXX	—	53	\$1.00	0.0%	0.2%	0.2%	0.1%	0.1%	0.2%	0.45%	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Tax-Exempt Money Market (45)	VMSXX	—	28	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.33%	0.4%	0.5%	0.5%	0.5%	0.6%	—	—	—	—	—	—	—	—	—		
CA Tax-Exempt MM (62)	VCTXX	—	25	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.28%	0.4%	0.4%	0.5%	0.5%	0.6%	—	—	—	—	—	—	—	—	—		
NJ Tax-Exempt MM (95)	VNJXX	—	45	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.29%	0.4%	0.4%	0.5%	0.5%	0.6%	—	—	—	—	—	—	—	—	—		
NY Tax-Exempt MM (163)	VYFXX	—	19	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.29%	0.4%	0.4%	0.5%	0.5%	0.6%	—	—	—	—	—	—	—	—	—		
OH Tax-Exempt MM (96)	VOHXX	—	38	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.32%	0.5%	0.5%	0.5%	0.6%	0.6%	—	—	—	—	—	—	—	—	—		
PA Tax-Exempt MM (63)	VPTXX	—	20	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.29%	0.4%	0.4%	0.5%	0.5%	0.5%	—	—	—	—	—	—	—	—	—		
TAX-FREE INCOME																											
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.5	\$15.85	0.3%	0.7%	1.1%	0.8%	0.8%	0.7%	0.67%	0.9%	0.9%	1.1%	1.1%	1.2%	0.13	—	—	—	—	—	—	—	—	—	
Limited-Term Tax-Exempt (31)	VMLTX	Buy	2.9	\$11.10	0.7%	1.5%	2.6%	1.9%	1.7%	1.5%	0.90%	1.2%	1.3%	1.4%	1.5%	1.6%	0.36	—	—	—	—	—	—	—	—	—	
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.4	\$14.60	1.4%	3.8%	6.9%	5.0%	4.7%	2.7%	1.29%	1.7%	1.8%	2.0%	2.1%	2.3%	0.66	—	—	—	—	—	—	—	—		
Tax-Exempt Bond Index (1491)***	VTEBX	Hold	5.6	\$10.51	1.6%	4.2%	—	—	—	—	1.32%	1.8%	1.8%	2.1%	2.2%	2.3%	0.73	—	—	—	—	—	—	—	—		
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.4	\$12.16	2.0%	5.3%	9.5%	6.8%	6.2%	3.5%	1.72%	2.3%	2.4%	2.7%	2.8%	3.0%	0.83	—	—	—	—	—	—	—	—		
High-Yield Tax-Exempt (44)	VWAHX	Hold	6.6	\$11.76	2.1%	5.8%	10.0%	7.0%	6.7%	3.6%	2.22%	3.0%	3.1%	3.5%	3.6%	3.9%	0.83	—	—	—	—	—	—	—	—		
STATE TAX-FREE																											
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.5	\$12.15	1.5%	3.9%	7.1%	5.5%	5.3%	2.6%	1.18%	1.8%	1.8%	2.1%	2.1%	2.3%	0.68	—	—	—	—	—	—	—	—	—	
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.8	\$12.66	2.1%	5.4%	9.9%	7.4%	6.8%	3.3%	1.56%	2.3%	2.4%	2.8%	2.8%	3.1%	0.86	—	—	—	—	—	—	—	—		
MA Tax-Exempt (168)	VMATX	Sell	6.3	\$11.28	1.9%	4.8%	8.9%	6.5%	5.6%	2.9%	1.51%	2.1%	2.2%	2.5%	2.6%	2.8%	0.86	—	—	—	—	—	—	—	—		
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.3	\$12.56	2.1%	5.6%	9.9%	6.3%	5.8%	3.4%	2.13%	3.1%	3.2%	3.7%	3.8%	4.1%	0.98	—	—	—	—	—	—	—	—		
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.2	\$12.31	1.9%	5.0%	9.1%	6.8%	5.8%	3.1%	1.47%	2.1%	2.2%	2.6%	2.6%	2.8%	0.80	—	—	—	—	—	—	—	—		
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.2	\$13.12	2.0%	5.4%	9.6%	7.1%	6.1%	3.2%	1.69%	2.4%	2.5%	2.9%	3.0%	3.2%	0.85	—	—	—	—	—	—	—	—		
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	6.0	\$12.07	1.8%	4.9%	8.8%	6.7%	5.9%	3.5%	1.75%	2.4%	2.5%	2.9%	3.0%	3.2%	0.78	—	—	—	—	—	—	—	—		

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1). **3-year and 5-year returns** are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	6/30 Price	June Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.1%	0.0%	-0.1%	-0.1%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$19.06	0.9%	3.0%	3.0%	2.2%	2.1%	0.46
Total Bond Market Annuity (67)	Hold	\$38.79	1.9%	5.3%	5.8%	3.6%	3.3%	0.99
High-Yield Bond Annuity (146)	Buy	\$30.49	0.6%	5.6%	1.8%	4.2%	5.5%	1.72
Conservative Allocation Annuity (801)	Hold	\$26.89	1.1%	4.3%	3.4%	5.8%	—	0.43
Moderate Allocation Annuity (803)	Hold	\$28.85	0.7%	3.8%	1.8%	6.6%	—	0.61
Balanced Annuity (69)	Buy	\$86.38	0.7%	4.8%	4.4%	8.0%	8.6%	0.67
Capital Growth Annuity (603)	Buy	\$39.21	-2.2%	-1.5%	0.4%	11.9%	12.0%	0.99
Diversified Value Annuity (145)	Buy	\$29.25	-0.3%	4.3%	0.8%	7.8%	10.0%	0.97
Equity Income Annuity (8)	Buy	\$76.09	1.6%	7.5%	8.7%	10.6%	12.3%	0.94
Equity Index Annuity (68)	Buy	\$83.30	0.2%	3.6%	3.6%	11.2%	11.6%	1.00
Growth Annuity (10)	Hold	\$41.13	-2.0%	-3.3%	-1.4%	12.9%	11.8%	1.05
MidCap Index Annuity (143)	Buy	\$47.79	-0.1%	3.3%	-1.3%	10.3%	10.1%	

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	6/30 Price	June Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$63.11	-1.2%	0.2%	0.2%	11.8%	14.9%	2.0%	—	1.13
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$69.60	5.2%	10.5%	17.2%	14.4%	15.0%	3.3%	—	0.90
Energy (551)	VGELX	\$50K	—	Hold	\$93.39	3.5%	21.2%	-2.3%	-2.2%	-2.4%	2.2%	—	1.92
Energy Index (5480)	VENAX	\$100K	—	—	\$47.53	2.8%	16.0%	-7.0%	-2.8%	-0.7%	4.1%	—	1.85
Financials Index (5486)	VFAIX	\$100K	—	—	\$23.74	-2.5%	-1.4%	-2.4%	8.1%	10.4%	2.3%	—	1.15
Health Care (552)	VGHAX	\$50K	—	Buy	\$87.15	-0.0%	-3.9%	-4.8%	18.4%	17.3%	0.9%	—	1.07
Health Care Index (5485)	VHCIX	\$100K	—	—	\$65.24	0.6%	-1.2%	-5.0%	16.3%	17.0%	1.9%	—	1.20
Industrials Index (5482)	VINAX	\$100K	—	—	\$54.62	0.5%	6.3%	4.6%	11.3%	11.0%	2.8%	—	1.14
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$54.81	-2.4%	-0.4%	2.9%	14.7%	12.5%	2.0%	—	1.32
Materials Index (5481)	VMIAA	\$100K	—	—	\$52.18	-0.3%	9.6%	-1.7%	8.2%	5.8%	2.9%	—	1.57
REIT Index (5123)	VGSIX	\$10K	—	Hold	\$125.68	6.9%	13.5%	23.9%	13.4%	12.4%	4.0%	—	1.40
Global ex-U.S. Real Estate Index (1758)	VGRUX	\$10K	0.25%/0.25%r	Hold	\$32.66	1.6%	5.9%	0.4%	4.1%	5.1%	3.0%	—	1.17
Telecom Svcs. Index (5488)	VTRAX	\$100K	—	—	\$50.12	7.1%	18.5%	18.8%	11.8%	10.6%	4.1%	—	0.98
Utilities Index (5489)	VUIAX	\$100K	—	—	\$57.43	7.6%	23.6%	31.7%	15.6%	13.7%	2.9%	—	1.27
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$113.29	-4.1%	-4.5%	-5.3%	11.2%	12.3%	0.7%	—	1.13
Explorer (5024)	VEXRX	\$50K	—	Hold	\$75.87	-0.2%	1.5%	-8.7%	7.4%	8.6%	0.5%	—	1.30
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$43.56	0.5%	2.4%	-6.4%	7.4%	—	1.3%	—	1.23
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$55.41	0.3%	5.0%	-2.9%	8.9%	9.9%	1.9%	—	1.20
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$45.24	0.1%	7.3%	0.2%	10.2%	—	2.4%	—	1.20
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$64.77	-0.1%	2.5%	-5.4%	8.5%	9.4%	1.9%	—	1.21
Growth Index (509)	VIGAX	\$10K	—	Buy	\$55.18	-0.7%	1.4%	1.5%	12.5%	12.1%	1.3%	—	1.09
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$43.87	-0.5%	2.5%	-3.2%	10.2%	—	1.1%	—	1.12
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$153.01	-0.1%	3.5%	-0.9%	10.8%	10.6%	2.0%	—	1.06
MidCap Value Index	VMVAX	\$10K	—	Hold	\$46.13	0.3%	4.5%	1.3%	11.3%	—	2.8%	—	1.02
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$75.94	-1.0%	-1.6%	-0.9%	12.0%	10.7%	0.8%	—	1.07
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$101.55	-2.3%	-1.7%	0.2%	12.5%	12.5%	1.2%	—	1.02
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$74.62	-2.0%	-3.2%	-0.9%	13.3%	12.2%	0.6%	—	1.06
500 Index (540)	VFIAX	\$10K	—	Buy	\$193.66	0.3%	3.8%	4.0%	11.6%	12.1%	2.1%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$22.59	2.3%	8.1%	8.3%	—	—	2.1%	—	0.92
Equity Income (565)	VEIRX	\$50K	—	Buy	\$65.78	1.6%	7.7%	9.1%	11.0%	12.7%	2.8%	—	0.93
Growth & Income (593)	VGIAX	\$50K	—	Sell	\$66.34	0.6%	3.8%	4.4%	12.1%	12.6%	1.9%	—	0.97
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$48.41	0.2%	3.5%	3.1%	11.4%	11.8%	1.9%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$52.17	0.2%	3.7%	-2.1%	11.1%	11.6%	1.9%	—	1.01
Value Index (506)	VVIAX	\$10K	—	Hold	\$33.16	1.1%	5.5%	4.7%	10.5%	11.5%	2.5%	—	0.95
Windsor (5022)	VWNEX	\$50K	—	Hold	\$63.68	-2.2%	-0.5%	-6.3%	7.7%	10.4%	1.7%	—	1.16
Windsor II (573)	VWNAX	\$50K	—	Buy	\$60.60	-0.8%	3.2%	-1.0%	8.2%	10.3%	2.2%	—	1.02
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$30.26	0.9%	4.6%	4.0%	8.4%	8.6%	2.1%	—	0.62
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$63.05	2.2%	7.6%	9.5%	7.6%	8.2%	2.9%	—	0.43
Wellington (521)	VWENX	\$50K	—	Buy	\$65.87	0.8%	5.1%	4.8%	8.4%	9.1%	2.6%	—	0.67
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$11.34	-2.2%	-2.3%	-8.6%	2.7%	2.1%	2.9%	—	1.07
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$29.22	5.1%	7.8%	-12.1%	-0.7%	-3.5%	2.5%	—	1.51
European Index (579)	VEUSX	\$10K	—	Hold	\$58.19	-4.4%	-4.5%	-10.8%	2.4%	1.4%	3.5%	—	1.14
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$24.07	2.8%	6.5%	7.6%	—	—	1.8%	—	0.64
International Dividend Appreciation Index (515)	VIAAX	\$10K	—	Hold	\$27.06	1.8%	—	—	—	—	—	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$66.05	-1.4%	-1.5%	-8.2%	4.1%	2.4%	1.6%	—	1.24
International High Dividend Yield Index (530)	VIHAX	\$10K	—	Hold	\$25.72	-1.5%	—	—	—	—	—	—	—
Pacific Index (572)	VPADX	\$10K	—	Hold	\$69.07	0.2%	-0.4%	-6.6%	2.6%	2.9%	2.5%	—	1.10
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$23.89	-0.9%	0.1%	-9.1%	2.0%	0.6%	2.8%	—	1.09
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$26.58	-0.8%	-0.0%	-9.4%	1.8%	—	2.9%	—	1.11
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSEX	\$50K	—	Buy	\$20.04	0.3%	1.0%	1.1%	—	—	0.8%	0.98%	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.80	0.8%	1.9%	1.8%	1.2%	1.1%	0.9%	0.60%	0.71
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.86	0.8%	2.0%	2.2%	1.5%	1.4%	1.1%	0.94%	0.35
Short-Term Gov't Index (1942)	VBSBX	\$10K	—	Sell	\$20.46	0.6%	1.4%	1.2%	0.9%	0.7%	0.7%	0.71%	0.28
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.82	1.0%	2.7%	1.6%	0.6%	—	0.0%	-0.69%	0.62
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.77	0.8%	3.1%	3.3%	2.6%	2.4%	2.1%	1.74%	0.44
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.89	0.9%	3.1%	3.3%	2.7%	2.8%	2.0%	1.84%	0.51
Short-Term Bond Idx. (5132)	VBIRX	\$10K	—	Hold	\$10.62	1.0%	2.5%	2.5%	1.8%	1.7%	1.4%	1.13%	0.48
Inflation-Protected Securities (5119)	VAIPX	\$50K	—	Hold	\$26.82	2.3%	6.4%	4.6%	2.4%	2.7%	0.8%	-0.09%	1.43
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.74	2.1%	5.2%	6.1%	3.6%	3.5%	1.7%	1.15%	1.19
Interm.-Term Gov't Index (1943)	VSIGX	\$10K	—	Sell	\$22.65	2.1%	5.1%	5.9%	3.5%	3.4%	1.6%	1.21%	1.17
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$10.08	1.9%	6.1%	7.1%	5.1%	5.1%	3.0%	2.49%	1.06
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25%f	Buy	\$23.92	2.2%	7.5%	8.0%	5.9%	5.9%	3.2%	2.95%	1.34
Intermed.-Term Bond Idx. (5314)	VBILX	\$10K	—	Hold	\$11.88	2.5%	6.9%	7.7%	5.1%	5.0%	2.6%	2.08%	1.34
Total Bond Market (584)	VBTIX	\$10K	—	Hold	\$11.09	1.9%	5.5%	6.1%	4.0%	3.7%	2.4%	1.99%	1.00
Core Bond (1520)	VCOBX	\$50K	—	Buy	\$20.48	2.0%	—	—	—	—	—	1.88%	—
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.85	0.7%	3.1%	4.3%	3.9%	3.1%	2.5%	2.08%	0.60
Mortgage-Backed Sec. Idx (1948)	VMBSX	\$10K	—	Hold	\$21.49	0.8%	2.9%	4.1%	3.6%	2.9%	1.8%	1.75%	0.54
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$13.89	6.6%	15.5%	19.9%	10.4%	10.3%	2.5%	2.15%	3.85
Long-Term Gov't Index (1944)	VLGSX	\$10K	—	Sell	\$28.57	6.5%	15.3%	19.7%	10.3%	10.1%	2.4%	2.24%	3.78
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$10.95	4.0%	13.3%	16.4%	9.8%	9.4%	4.1%	3.61%	2.69
Long-Term Corp. Index (1947)	VLTCX	\$10K	1.00%f	Hold	\$25.08	4.2%	14.1%	14.2%	8.8%	8.7%	4.2%	4.22%	2.89
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.70	0.8%	5.8%	2.5%	4.7%	6.0%	5.7%	5.61%	1.85
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75%f	Buy	\$19.90	3.2%	9.8%	9.0%	6.2%	—	4.7%	4.48%	1.83
Emerging Markets Bond (1531)	VEGBX	—	—	—	\$21.52	3.4%	—	—	—	—	—	4.72%	—
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$22.21	1.8%	5.9%	7.9%	5.7%	—	1.5%	0.60%	0.99
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.85	0.3%	0.8%	1.2%	0.9%	0.9%	0.8%	0.78%	0.16
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.10	0.7%	1.5%	2.7%	2.0%	1.8%	1.6%	1.02%	0.50
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.60	1.4%	3.8%	6.9%	5.0%	4.7%	2.8%	1.41%	0.67
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25%f	Hold	\$21.02	1.6%	4.2%	—	—	—	—	1.43%	0.75
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$12.16	2.0%	5.4%	9.5%	6.9%	6.3%	3.6%	1.84%	0.83
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.76	2.1%	5.8%	10.1%	7.1%	6.8%	3.6%	2.34%	0.82
CA Intermed. Tax-Exempt (5100)	VCADX	\$50K	—	Buy	\$12.15	1.5%	3.9%	7.2%	5.6%	5.3%	2.7%	1.30%	0.67
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.66	2.1%	5.5%	10.0%	7.5%	6.9%	3.4%	1.68%	0.86
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.56	2.1%	5.7%	10.0%	6.4%	5.8%	3.5%	2.25%	0.98
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$12.31	1.9%	5.0%	9.2%	6.9%	5.9%	3.2%	1.59%	0.79
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$12.07	1.8%	4.9%	8.9%	6.7%	5.9%	3.5%	1.87%	0.78

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	6/30 Price	June Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$123.90	0.5%	2.5%	-6.4%	7.5%	8.6%	1.3%	—	1.22
S&P SmallCap 600 Growth	VIQG	Buy	\$109.46	0.1%	2.9%	-1.3%	10.5%	10.7%	1.5%	—	1.17
Russell 2000 Growth	VTWG	Hold	\$98.86	-0.6%	-2.8%	-11.2%	7.6%	8.3%	1.1%	—	1.47
SmallCap	VB	Hold	\$115.68	0.3%	5.1%	-2.9%	9.0%	9.9%	1.9%	—	1.20
S&P SmallCap 600	VIOO	Hold	\$105.22	0.5%	6.1%	-0.4%	10.0%	11.0%	1.2%	—	1.22
Russell 2000	VTWO	Hold	\$91.83	0.0%	2.3%	-6.7%	7.1%	8.4%	1.7%	—	1.33
SmallCap Value	VBR	Hold	\$105.31	0.1%	7.3%	0.2%	10.2%	10.9%	2.4%	—	1.20
S&P SmallCap 600 Value	VIOV	Hold	\$100.45	0.6%	7.6%	0.3%	9.1%	11.3%	1.8%	—	1.28
Russell 2000 Value	VTWV	Hold	\$83.54	0.1%	5.4%	-3.1%	6.0%	7.9%	2.5%	—	1.27
Extended Market	VXF	Sell	\$85.42	-0.1%	2.6%	-5.3%	8.5%	9.4%	1.9%	—	1.20
Growth	VUG	Hold	\$107.20	-0.7%	1.4%	1.5%	12.6%	12.1%	1.3%	—	1.13
S&P 500 Growth	VOOG	Buy	\$104.70	-0.3%	1.6%	4.1%	13.1%	12.8%	1.4%	—	1.06
Russell 1000 Growth	VONG	Hold	\$102.37	-0.6%	1.1%	2.7%	12.9%	12.2%	1.5%	—	1.06
MegaCap Growth	MGK	Buy	\$83.46	-0.6%	1.2%	2.1%	13.0%	12.7%	1.5%	—	1.11
MidCap Growth	VOT	Buy	\$101.89	-0.5%	2.5%	-3.3%	10.2%	9.2%	1.1%	—	1.12
S&P MidCap 400 Growth	IVOG	Buy	\$104.49	0.3%	5.6%	1.0%	10.6%	9.9%	1.0%	—	1.04
MidCap	VO	Hold	\$123.63	-0.0%	3.6%	-0.9%	10.8%	10.6%	2.0%	—	1.11
S&P MidCap 400	IVOO	Buy	\$100.31	0.0%	7.4%	0.8%	10.3%	10.3%	1.8%	—	1.08
MidCap Value	VOE	Hold	\$89.08	0.3%	4.5%	1.3%	11.3%	11.8%	2.8%	—	1.02
S&P MidCap 400 Value	IVOV	Buy	\$97.36	0.4%	10.1%	1.1%	9.7%	10.7%	1.5%	—	1.19
S&P 500	VOO	Buy	\$192.20	0.3%	3.9%	4.0%	11.7%	12.1%	2.1%	—	1.00
Russell 1000	VONE	Buy	\$96.08	0.3%	3.6%	2.8%	11.3%	11.7%	1.9%	—	1.02
Dividend Appreciation	VIG	Buy	\$83.24	2.4%	8.2%	8.4%	10.3%	10.7%	2.1%	—	0.93
High Dividend Yield	HYM	Hold	\$71.46	2.2%	8.7%	9.7%	11.6%	13.1%	3.1%	—	0.94
LargeCap	VV	Buy	\$95.85	0.2%	3.5%	3.1%	11.4%	11.8%	1.9%	—	1.01
MegaCap	MGC	Buy	\$71.51	0.4%	3.6%	4.0%	11.6%	12.1%	2.1%	—	1.01
Total Stock Market	VTI	Hold	\$107.16	0.3%	3.7%	2.1%	11.1%	11.6%	1.9%	—	1.02
Russell 3000	VTHR	Hold	\$95.40	-0.1%	2.8%	1.5%	10.8%	11.4%	1.8%	—	1.02
Value	VTV	Hold	\$84.99	1.1%	5.5%	4.7%	11.2%	11.9%	2.5%	—	0.95
S&P 500 Value	VOOV	Hold	\$89.47	0.8%	6.2%	3.3%	9.3%	11.0%	2.3%	—	0.99
Russell 1000 Value	VONV	Hold	\$89.82	0.8%	6.1%	2.7%	9.7%	11.2%	2.4%	—	0.99
MegaCap Value	MGV	Hold	\$61.56	1.3%	5.7%	5.6%	10.6%	11.6%	2.6%	—	0.94
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$35.23	4.9%	8.6%	-11.5%	-0.6%	-3.6%	2.5%	—	1.50
Developed Markets	VEA	Sell	\$35.36	-2.1%	-2.0%	-8.3%	2.8%	2.0%	2.9%	—	1.07
European	VGK	Hold	\$46.66	-4.2%	-4.1%	-10.7%	2.5%	1.4%	3.5%	—	1.14
Int'l Dividend Appreciation	VIGI	Hold	\$55.84	1.7%	—	—	—	—	—	—	—
Int'l High Dividend Yield	VYMI	Hold	\$53.30	-1.9%	—	—	—	—	—	—	—
Pacific	VPL	Hold	\$55.73	0.1%	-0.6%	-6.4%	2.5%	2.8%	2.5%	—	1.13
Total International Stock	VXUS	Hold	\$44.48	-0.9%	0.1%	-9.1%	2.0%	0.4%	2.8%	—	1.11
Total World Stock	VT	Hold	\$58.07	-0.2%	2.0%	-3.4%	6.5%	5.6%	2.3%	—	1.04
World ex-U.S.	VEU	Sell	\$42.85	-0.8%	0.3%	-9.2%	1.9%	0.3%	2.9%	—	1.12
World ex-U.S. SmallCap	VSS	Hold	\$93.09	-2.1%	1.1%	-6.2%	4.1%	1.0%	2.7%	—	1.09
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$121.98	-1.1%	0.3%	0.3%	11.7%	14.9%	2.0%	—	1.15
Consumer Staples	VDC	—	\$141.21	5.2%	10.5%	17.3%	14.4%	15.0%	3.3%	—	0.91
Energy	VDE	—	\$95.12	2.9%	16.0%	-6.9%	-2.8%	-0.7%	4.1%	—	1.86
Financials	VFH	—	\$47.36	-2.5%	-1.4%	-2.5%	8.0%	10.3%	2.3%	—	1.14
Health Care	VHT	—	\$130.49	0.7%	-1.1%	-4.9%	16.3%	17.0%	1.9%	—	1.19
Industrials	VIS	—	\$106.27	0.3%	6.2%	4.6%	11.3%	11.0%	2.8%	—	1.14
Information Tech.	VGIT	—	\$107.09	-2.3%	-0.4%	2.9%	14.7%	12.5%	2.0%	—	1.34
Materials	VAW	—	\$102.43	-0.3%	9.6%	-1.7%	8.2%	5.8%	2.9%	—	1.56
REIT	VNQ	Hold	\$88.67	6.9%	13.5%	24.0%	13.4%	12.4%	4.0%	—	1.41
Global ex-U.S. Real Estate	VNQI	Hold	\$54.06	1.6%	6.9%	0.5%	4.1%	4.9%	3.0%	—	1.14
Telecom Services	VOX	—	\$98.40	7.2%	18.7%	18.8%	11.8%	10.6%	4.1%	—	0.99
Utilities	VPU	—	\$114.50	7.7%	23.7%	31.6%	15.6%	13.7%	2.9%	—	1.30
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.44	0.7%	1.4%	1.3%	0.9%	0.7%	0.7%	0.72%	0.30
Short-Term Inflation Bond	VTIP	Hold	\$49.48	1.0%	2.3%	1.6%	0.6%	—	0.0%	-0.66%	0.70
Short-Term Corporate	VCSH	Buy	\$80.84	1.2%	3.2%	3.8%	2.9%	2.8%	2.0%	1.84%	1.02
Short-Term Bond	BSV	Hold	\$81.06	1.0%	2.5%	2.5%	1.8%	1.6%	1.3%	1.13%	0.59
Int.-Term Government Bond	VGIT	Sell	\$67.19	2.1%	4.9%	5.9%	3.5%	3.4%	1.6%	1.21%	1.13
Int.-Term Corporate	VCIT	Buy	\$89.41	2.6%	7.7%	8.3%	6.1%	5.9%	3.2%	2.95%	1.36
Int.-Term Bond	BIV	Hold	\$88.07	2.6%	7.2%	8.1%	5.2%	5.0%	2.5%	2.08%	1.31
Total Bond Market	BND	Hold	\$84.30	2.0%	5.5%	6.4%	4.1%	3.7%	2.4%	1.99%	1.01
Mortgage-Backed Securities	VMBS	Hold	\$53.85	0.9%	2.9%	4.2%	3.7%	2.8%	1.7%	1.75%	0.58
Long-Term Government	VGLT	Sell	\$85.13	6.2%	15.2%	19.6%	10.4%	10.1%	2.4%	2.25%	3.71
Long-Term Corporate	VCLT	Hold	\$94.54	4.7%	14.3%	15.9%	9.2%	8.5%	4.2%	4.23%	3.14
Long-Term Bond	BLV	Sell	\$98.05	5.1%	14.7%	16.6%	9.3%	9.2%	3.6%	3.41%	3.05
Ext. Duration Treasury	EDV	Sell	\$138.12	9.7%	23.4%	30.5%	15.5%	16.7%	2.4%	2.40%	6.18
Emerging Mkts. Gov't Bond	VWOB	Buy	\$80.29	4.2%	10.7%	9.5%	6.6%	—	4.5%	4.49%	2.03
Total International Bond	BNDX	Hold	\$55.70	1.9%	5.9%	8.0%	5.8%	—	1.5%	0.60%	0.98
Tax-Exempt Bond	VTEB	Hold	\$52.70	1.7%	4.0%	—	—	—	—	1.44%	0.83

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

DISTRIBUTIONS

Fund	Dist.
JUNE REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.01
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.02
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.02
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.02
Total Bond Market Index	\$0.02
Core Bond	\$0.02
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.04
High-Yield Corporate	\$0.03
Emerging Markets Gov't Bond	\$0.04
Emerging Markets Bond	\$0.04
Total International Bond	\$0.01
Admiral Treasury MM	\$0.00021
Federal MM	\$0.00024
Prime MM	\$0.00038
Tax-Exempt MM	\$0.00025
CA Tax-Exempt MM	\$0.00020
NJ Tax-Exempt MM	\$0.00021
NY Tax-Exempt MM	\$0.00021
OH Tax-Exempt MM	\$0.00024
PA Tax-Exempt MM	\$0.00019
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.01
Long-Term Tax-Exempt	\$0.04
High-Yield Tax-Exempt	\$0.04
CA Int.-Term Tax-Exempt	\$0.03
CA Long-Term Tax-Exempt	\$0.03
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.04
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.03
PA Long-Term Tax-Exempt	\$0.03
ETF DISTRIBUTIONS	
Short-Term Government Bond	\$0.04
Short-Term Corporate Bond	\$0.14
Short-Term Bond	\$0.10
Intermed.-Term Government Bond	\$0.08
Intermed.-Term Corporate Bond	\$0.24
Intermediate-Term Bond	\$0.18
Total Bond Market	\$0.17
Mortgage-Backed Securities Bond	\$0.08
Long-Term Government Bond	\$0.16
Long-Term Corporate Bond	\$0.33
Long-Term Bond	\$0.29
Emerging Markets Gov't Bond	\$0.33
Total International Bond	\$0.06
Tax-Exempt Bond	\$0.05

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

Look, there is a lot to unpack regarding Brexit, so before crossing that pond, let's take a step back and consider the fundamental arguments for allowing foreign investments to remain in your portfolio and the arguments for giving them the heave-ho.

Here are some basics. The first distinction most U.S. investors make when considering to remain or leave is between companies that are based inside of the U.S. versus those based outside our borders. So, foreign, international or global funds invest in companies based outside of the U.S., like Honda (Japan), Nestlé (Switzerland), Bayer (Germany), Nokia (Finland), Akbank

(Turkey) and Samsung (Korea). Global funds, of course, also invest in U.S. companies. And you might actually find a handful of foreign stocks in your domestic stock funds too.

Foreign countries and markets are then usually divided into two buckets: Developed and emerging. Developed countries and markets tend to be mature economies with high levels of gross national income and have historically been considered less risky than their emerging markets counterparts. Examples of developed foreign markets include Germany, the United Kingdom, France, Japan and Australia.

Emerging markets, as their name implies, are in the earlier stages of economic development. That can mean

they have newer capitalist economic systems and more fragile markets that are susceptible to missteps and instability—factors that can add to volatility and risk for investors. Examples of emerging economies include China, many countries in Southeast Asia and Eastern Europe, as well as countries in Latin America. Recently, emerging markets have been further subdivided into two groups: The more established emerging economies, such as China and India, and a group of “frontier” markets, such as Vietnam, Kenya and Ukraine, that are in even earlier stages of free-market and investment-market development.

Why Bother?

From an investor's perspective, it's an awfully big world out there. But there are some investors who would tell you that you don't need to bother with most of it.

The argument for investing strictly in the U.S. is a favorite of former Vanguard Chairman Jack Bogle and his acolytes, who maintain that there's little diversification benefit in owning stock in non-U.S. companies because U.S. companies already derive a large share of sales and earnings from business conducted overseas. Coca-Cola, the quintessential U.S. company, has a presence in virtually every foreign market you can think of. Coca-Cola may be based in Atlanta, but it is a global franchise earning profits in Egypt, Japan, Singapore and the U.K. Why bother buying a European soda maker when you can own Coke?

Further, those who argue against investing overseas will warn that you add a new and unique risk to your portfolio—currency risk—when you invest in stocks that are not denominated in dollars; hence, you shouldn't do it.

Match the Market?

Oddly enough, sitting on the opposite end of the spectrum from Jack Bogle (the father of the consumer index fund) are the efficient-market adherents.

Using **Total World Stock Index** as a proxy, for instance, the U.S. makes up 53% of the value of the world's stock markets. That would suggest that just over half of your stock portfolio should

JUNE SPECIAL DISTRIBUTIONS

500 Index	\$0.908	Inflation-Protected Securities	\$0.002	SmallCap Growth Index	\$0.091
500 Index Adm.	\$0.959	Information Technology ETF	\$0.350	SmallCap Growth Index Adm.	\$0.125
Balanced Index	\$0.139	Information Tech. Index Adm.	\$0.179	SmallCap Index	\$0.128
Balanced Index Adm.	\$0.149	Int'l Dividend Appreciation ETF	\$0.199	SmallCap Index Adm.	\$0.145
Consumer Discretionary ETF	\$0.405	Int'l Dividend Appr. Index	\$0.075	SmallCap Value ETF	\$0.320
Consumer Disc. Index Adm.	\$0.209	Int'l Dividend Appr. Index Adm.	\$0.096	SmallCap Value Index	\$0.069
Consumer Staples ETF	\$0.763	Int'l High Dividend Yield ETF	\$0.559	SmallCap Value Index Adm.	\$0.138
Consumer Staples Index Adm.	\$0.377	Int'l High Dividend Yield Index	\$0.219	Social Index	\$0.051
Convertible Securities	\$0.018	Int'l High Dividend Yld. Idx. Adm.	\$0.272	STAR	\$0.170
Developed Markets ETF	\$0.482	LargeCap ETF	\$0.426	STAR Cons. Gro.	\$0.107
Developed Markets Index	\$0.118	LargeCap Index	\$0.160	STAR Growth	\$0.294
Developed Markets Index Adm.	\$0.155	LargeCap Index Adm.	\$0.215	STAR Income	\$0.080
Dividend Appreciation ETF	\$0.446	Materials ETF	\$0.431	STAR Mod. Growth	\$0.241
Dividend Appreciation Index	\$0.171	Materials Index Adm.	\$0.220	Target Retirement Income	\$0.061
Dividend Appr. Index Adm.	\$0.121	MegaCap ETF	\$0.368	Telecom Services ETF	\$0.593
Dividend Growth	\$0.179	MegaCap Growth ETF	\$0.304	Telecom Svcs. Index Adm.	\$0.302
Emerging Markets Stock Adm.	\$0.186	MegaCap Value ETF	\$0.386	T-M Balanced Adm.	\$0.138
Emerging Markets Stock ETF	\$0.223	MidCap ETF	\$0.469	T-M Capital Appreciation Adm.	\$0.416
Emerging Markets Stock Index	\$0.129	MidCap Growth ETF	\$0.151	T-M SmallCap Adm.	\$0.107
Energy ETF	\$0.544	MidCap Growth Index	\$0.046	Total Int'l Stock ETF	\$0.537
Energy Index Adm.	\$0.271	MidCap Growth Index Adm.	\$0.065	Total Int'l Stock Index	\$0.170
Equity Income	\$0.214	MidCap Index	\$0.117	Total Int'l Stock Index Adm.	\$0.288
Equity Income Adm.	\$0.464	MidCap Index Adm.	\$0.580	Total Stock Index Adm.	\$0.228
Europe ETF	\$0.924	MidCap Value ETF	\$0.447	Total Stock Market ETF	\$0.469
European Index	\$0.483	MidCap Value Index	\$0.165	Total Stock Market Index	\$0.216
European Index Adm.	\$1.158	MidCap Value Index Adm.	\$0.230	Total World Stock ETF	\$0.466
Extended Duration Treasury ETF	\$0.822	Pacific ETF	\$0.457	Total World Stock Index	\$0.182
Extended Market ETF	\$0.219	Pacific Index	\$0.082	Utilities ETF	\$0.834
Extended Market Index	\$0.145	Pacific Index Adm.	\$0.565	Utilities Index Adm.	\$0.419
Extended Mkt. Index Adm.	\$0.166	REIT ETF	\$0.764	Value ETF	\$0.484
Financials ETF	\$0.283	REIT Index	\$0.243	Value Index	\$0.178
Financials Index Adm.	\$0.142	REIT Index Adm.	\$1.082	Value Index Adm.	\$0.188
Global ex-U.S. Real Estate ETF	\$0.481	Russell 1000 ETF	\$0.438	Wellesley Income	\$0.187
Global ex-U.S. Real Est. Idx.	\$0.178	Russell 1000 Growth ETF	\$0.355	Wellesley Income Adm.	\$0.465
Global ex-U.S. Real Est. Idx. Adm.	\$0.291	Russell 1000 Value ETF	\$0.496	Wellington	\$0.253
Growth & Income	\$0.402	Russell 2000 ETF	\$0.313	Wellington Adm.	\$0.454
Growth & Income Adm.	\$0.696	Russell 2000 Growth ETF	\$0.174	Windsor	\$0.152
Growth ETF	\$0.323	Russell 2000 Value ETF	\$0.344	Windsor Adm.	\$0.543
Growth Index	\$0.148	Russell 3000 ETF	\$0.409	Windsor II	\$0.387
Growth Index Adm.	\$0.166	S&P 500 ETF	\$0.953	Windsor II Adm.	\$0.712
Health Care ETF	\$0.429	S&P 500 Growth ETF	\$0.339	World ex-U.S. ETF	\$0.530
Health Care Index Adm.	\$0.214	S&P 500 Value ETF	\$0.484	World ex-U.S. Index	\$0.203
High Dividend Yield ETF	\$0.578	S&P MidCap 400 ETF	\$0.235	World ex-U.S. Index Adm.	\$0.330
High Dividend Yield Index	\$0.224	S&P SmallCap 600 Growth ETF	\$0.232	World ex-U.S. SmallCap ETF	\$0.796
Industrials ETF	\$0.484	S&P SmallCap 600 Value ETF	\$0.266	World ex-U.S. SmallCap Index	\$0.289
Industrials Index Adm.	\$0.249	SmallCap ETF	\$0.304		
Inflation-Protected Sec. Adm.	\$0.005	SmallCap Growth ETF	\$0.359		

be in U.S. stocks, and the other 47% should be in foreign stocks. And that's exactly what you'll get if you invest in the fund. For those who are indexing purists, this is gospel.

Vanguard appears to be moving towards the efficient market thesis of matching the global markets with your own portfolio. They currently claim that a 40% allocation to non-U.S. stocks is optimal, but that's just the latest iteration of the company's advice, which has steadily increased recommended allocations from 10% to 20% to 30% in the past.

Should I Stay or Should I Go?

So what's the answer? Do the big U.S. multinational firms owned by domestic stock fund managers provide enough of a foreign flavor for your portfolio given their global reach, as Jack Bogle would have you believe? Alternatively, should we instead allocate 50% of our portfolios to non-U.S. companies? Or is it sufficient for a U.S. investor to take the middle ground and allocate just 10% or 20% of their stock portfolio to foreign shares?

Unfortunately, there is no answer that will satisfy every investor. For my money, I absolutely want some exposure to overseas stocks, but I don't go as far as Vanguard's 40%. Using the *Model Portfolios* as a guide, our foreign stock exposure ranges from 11% to 17% when I tally up the allocations of all the funds in those *Models*. So why do I want foreign stocks?

First, it is a great big world out there. Yes, there are over 3,600 companies in **Total Stock Market Index's** portfolio. But even if I own every single company in the U.S., there are over 6,000 companies in **Total International Stock Index's** portfolio that I wouldn't have any exposure to. Companies based in foreign lands with local, feet-on-the-ground expertise and experience in their own markets often have a distinct advantage over multinationals, particularly when it comes to more localized businesses.

Yes, an oil company or a major drug producer may be able to sell its wares as easily overseas as it does in the U.S.,



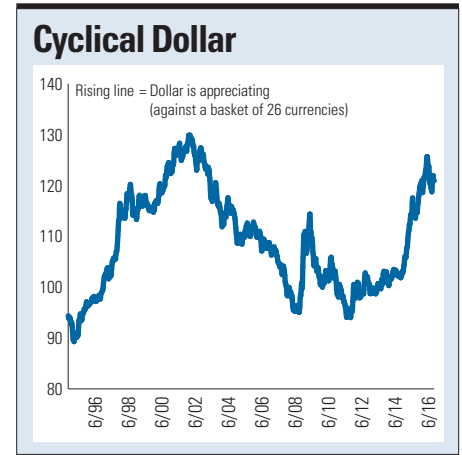
but local cement makers, retailers and service providers probably have a good leg up on their foreign competitors. Do you like Google? Google doesn't have anywhere near the reach in China of Baidu, which happens to be the third-largest holding in **International Growth's** portfolio.

Owning foreign stocks also provides exposure to different economic and market cycles, which helps to diversify your portfolio. While there are times when correlations between markets have been high, meaning the diversification benefit was low, that hasn't always been the case.

Correlation is a measure of how synchronized two markets are. If the U.S. market and international markets were in complete synchronicity, they would have a correlation of 1.00, which implies they move 100% in lockstep. Over the past decade, the correlation between U.S. and foreign markets have moved closer to 100% as the global economy has become more intertwined. Yet, as you can see in the first graph above, they've never been perfectly correlated, and the recent trend has seen their synchronicity lower than in years past.

I would be remiss if I didn't discuss two additional areas of risk that must be weighed—currency and political risk.

Unlike owning U.S. funds or ETFs, when you buy a fund or ETF investing in overseas markets, you own stocks that are valued in their local currency, be it the Japanese yen, the euro, or the Brazilian real. The movement of the U.S. dollar against these currencies can enhance or detract from your



returns in foreign markets. A falling dollar makes shares in foreign currencies worth more; a rising dollar makes them worth less.

The second graph above shows the performance of the U.S. dollar against a blend of currencies from 26 of our trading partners. As you can see, there are stretches like the late 1990s and the past five years when the dollar has appreciated greatly against many other currencies. But there have also been periods when the dollar has fallen, and this has ultimately boosted the returns of foreign holdings.

Correctly predicting the swings of in the currency markets is just as difficult as predicting the stock or bond markets—it's not a game I want to play. Consider that famed investor George Soros, who made \$1 billion in a trade against the British pound in 1992, was long the pound going into the Brexit vote, a losing bet. Oops! The pound fell 11.1% to a 30-year low against the dollar in the two days following the vote to leave the E.U.

That's currency risk for you. Now, what about political risk? When investing in a foreign stock fund, you are not only making a wager on the prospects of a set of companies, you are also making an investment in the political and economic stability of the countries and markets those stocks are traded in. Until recently, this risk was the domain of emerging market economies. Unsustainable levels of debt, threats of default and currency devaluation, rising interest rates, bank runs, failed elections—these were supposed to ➤

> relate to developing countries struggling to find their place in a global economy, not the longstanding, developed European economies of Greece, Portugal or Spain. The Brexit vote is only the latest demonstration that there is plenty of political risk to be found in Europe, along with croissants and espressos.

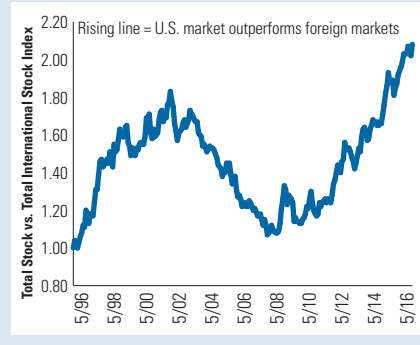
Proponents of a U.S.-only stock approach, like Jack Bogle, would argue that you don't need to introduce these risks to your portfolio by investing overseas. However, the flip side of that coin is that if you don't diversify your investments, all of your currency and political risk is tied up in a single country—the U.S.

I mentioned at the start that the Brexit vote was an example of why one should diversify their portfolio beyond their home borders. Well, imagine for a moment that you were a U.K. investor who only owned U.K. stocks. You just got a double dose of political and currency risk. Not only did your stock portfolio decline 5.6% in two days, but your purchasing power fell 10% or so. Had you diversified beyond the U.K., your foreign holdings would've at least benefited from the fall in the pound.

So given the need to weigh all these potential risks and rewards, how should you and I incorporate foreign stocks into our portfolios?

As discussed above, I don't agree with either the no-foreign-fund camp or the indexing apostles who suggest that

Domestic vs. Foreign Stock Leadership

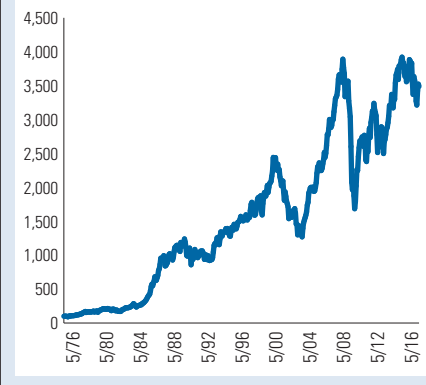


having roughly 50% of our portfolio in foreign stocks is the scientifically proven route to take. You have to look beyond the raw data to find the best strategy for you. I think the *Model Portfolios* are the best place to find an allocation that suits your needs. Only investors with conservative goals combining growth and income should consider a commitment of 10% or less to foreign equities.

Cyclical Noise

Regardless of what you decide is the right level of foreign exposure for your portfolio; allow me to offer a word of caution. The difference in performance between U.S. and foreign stocks has been cyclical, and this means that sometimes owning foreign stocks will look very smart, and other times it will look less so. Unfortunately, I've noticed that the arguments for and against investing in foreign funds tend

MSCI EAFE Over 40 Years



to follow performance. Don't let your allocation follow the swinging pendulum—have a plan and stick to it.

Take a look at the left chart above, which shows the relative performance of Total Stock Market Index and Total International Stock Index since the foreign index fund's inception, and you'll see why most investors have remained shy of the foreign markets. When the line is rising, U.S. stocks are outperforming foreign stocks (all based on U.S. dollar returns, of course). When the line is falling, foreign stocks are leading. As the chart shows, there was a long stretch from the mid-'90s to early 2002 when U.S. stocks led, followed by a long period of foreign stock dominance until the middle of 2008. Since then, U.S. stocks have outperformed.

Not too surprisingly, those arguing against the need for foreign funds were loudest in the late '90s. Those arguing for increased allocations to international stocks dominated the dialogue beginning in the early years of this past decade, then lost the megaphone again after the Great Recession as U.S. stocks powered ahead once more. Social psychologists refer to this tendency to extrapolate our most recent experience into the future as "recency bias." And it exerts a powerful pull on investors.

Finally, some will argue there are times to be heavily invested overseas, and times when you should keep your money at home. Thanks. That's like saying you should invest heavily in stocks when they're going up, but not when they're going down. Market timing is tough already, and trying to decide

U.K. and Europe Not Always on the Same Page

1957: Treaty of Rome is signed by France, West Germany, Italy, Belgium, Luxembourg and the Netherlands, creating the European Economic Community (EEC), the precursor to the European Union. The U.K. withdraws from early talks.

1963: France vetoes the U.K. joining EEC.

1973: The U.K. joins the EEC.

1979: The European Exchange Rate Mechanism (ERM), which was set up to ready European countries for the creation of the euro currency, is established. The U.K. abstains.

1990: The U.K. joins the ERM.

1992: The U.K. is forced to withdraw from the ERM.

1997: The U.K. decides not to adopt the euro.

2011: David Cameron promises an In/Out referendum on E.U. membership if he wins the 2015 general election.

2016: Cameron wins and a date for the referendum, June 23, is announced in February.

June 23, 2016: The U.K. votes to exit the E.U.

whether to focus here versus there is not as easy as the sound-biters would have you believe. Just look at the past eight or so years on the aforementioned relative performance chart. U.S. stocks have the edge in performance over the full time period—though in another six or seven years that might change completely. Yet it was anything but an easy victory. If you can time those swings, you are far smarter than I am.

Brexit in Focus

How does the Brexit fit into all of this? First off, the fundamental and philosophical reasons for having an allocation to foreign stocks have absolutely nothing to do with whether the U.K. is part of the E.U. or not. Maybe the Brexit vote has converted you to Bogle's way of thinking and you are committing to own all U.S., all the time. Okay. But if you own foreign stocks today and are thinking of selling them because of the Brexit vote, recognize that you are making a market call—that foreign stocks are not worth owning at this time. And you're making that decision after, not before, they've taken a turn to the downside. As I said above, I think market timing is very tough. Not only do you have to be right that this is the time to get out of foreign stocks, but you also have to figure out when to buy foreign stocks in the future, because I know you'll want to do so when they start outperforming U.S. stocks.

Make no mistake, global commerce will continue. What exactly a new agreement between the U.K. and the E.U. will look like is unknown. Plus, the U.K. will also have to renegotiate treaties with other countries like the U.S., China, India, etc. The U.K. is the fifth-largest economy in the world, and at 6.7% of Total World Stock Market Index, is the third-largest stock market after the U.S. and Japan. The U.K. is Germany's third-largest export market, and the fifth-largest for Italy and France. So its decision to leave the E.U. is absolutely disruptive to the global economy and markets.

This was reflected in the market's immediate reaction to the Brexit

vote: In the two days after the vote, **European Index** fell 13.6%, and the pound sterling tumbled 11.1%, Total Stock Market Index dropped 5.6%, and the yield on the 10-year Treasury went from 1.74% to 1.46%.

As you can see in the timeline on page 14, the U.K. and the E.U. haven't always been on the same page. While the June 23 vote led to some dramatic changes in currencies, prices and expectations, it doesn't actually change >

MULTIMANAGERS

Another Team Bites the Dust

VANGUARD HAS BECOME the cheerleader for the "If one advisory team is good then two must be better" philosophy underpinning its multimanager funds. In fact, the company's recent web posting trying to argue for multimangers is something I took to task in the June 2016 issue of the *Independent Adviser for Vanguard Investors*.

So, how to explain the June 6 announcement that one-third of **Explorer Value's** three-adviser portfolio team is being pink-slipped with no replacement named? Has Vanguard decided that, indeed, two management teams might be better than three? As you may recall, it was only in January that Vanguard reduced the adviser counts on **Explorer** and **Morgan Growth** by one team each—though both remain, in my view, a multimanager mess.

I asked Vanguard, which offered no rationale for this change in its terse announcement, why Sterling Capital Management was being let go, and its responsibilities (assets) being re-distributed to the remaining two management teams at Frontier Capital Management and Cardinal Capital Management.

They didn't really give me an answer other than to say that the fund's trustees—none of whom owned a single share in Explorer Value at last report, by the way—had determined the change would be in the best interests of shareholders. Gobbledygook. Wasn't the original decision to put three management teams on the fund, made when the fund was launched a bit over six years ago in March 2010, in the best interests of shareholders?

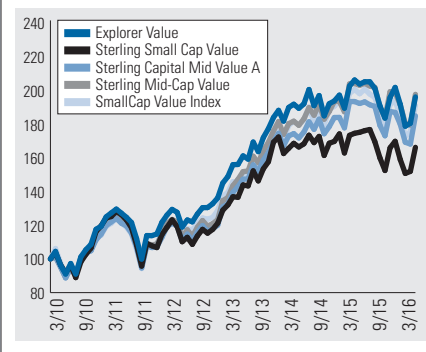
So, the question remains: Was it something about Sterling's investment staff, its investment process or its performance? Vanguard won't say, though they offered that all three were factors it evaluates.

Jeff did some digging and couldn't find any evidence that the company has been roiled by personnel problems, and it's unlikely that their process somehow changed all of a sudden. But it could be that Sterling was the weak hand among the three management teams on the performance front. Sterling's portion of Explorer Value was measured, for performance bonus purposes, against the Russell 2500 Value index of about 1,670 small-cap/mid-cap stocks. That means Sterling's combined mid-cap and small-cap stock picks were their grist for Explorer Value's portfolio, though the emphasis was probably upon the smaller stocks it chose.

Analyzing the performance of separate portfolios run by Sterling's team members, Jeff found that while performance of their mid-cap value strategies was fairly close to that of Explorer Value's overall, their small-cap value strategies were pretty poor, posting results that lagged Explorer Value's by 3.0% per annum and lagged **SmallCap Value Index** by 2.6% per annum.

Did Vanguard fire Sterling Capital Management for performance problems? They'll never tell, but as I said at the outset, the fact that they've trimmed Explorer Value's management teams by one-third puts a big question mark over Vanguard's claim that more is better when it comes to portfolio management teams. And it may be a sign of better things to come for Explorer Value.

Sterling's Small Value Picks Lagged



Upgrade Now



When I started this newsletter in 1991, I had to thumb through paper SEC filings and copy fund data by hand. But now, thanks to advances in technology and the efforts of our team at InvestorPlace, Jeff and I are able to bring you an unprecedented research tool for Vanguard investors: **The Independent Vanguard Fund Analyzer**.

The Fund Analyzer takes everything you know from our monthly newsletter and annual guidebook to a whole new level. Like our guidebook, it contains comprehensive data on every Vanguard fund we track. And like our newsletter, it's updated every month. (Some data is even updated daily.)

But unlike either, it gives you direct access to a suite of online, interactive charts, tables, and other analytical tools created directly from our in-house database—and it's designed to work with any computer or mobile device you own. It's like being right there in our office with us, as your own independent fund analyst on our research team, with our proprietary risk and return statistics like rolling returns, relative returns, Maximum Cumulative Loss (MCL), and many more at your fingertips.

And the best part is, you can get the Fund Analyzer for only \$199 a year. For details on how you can try it risk-free for 60 days, visit www.thefundanalyzer.com/JoinNow or call 800/211-7641 and mention code **MT9207**.

> how global trade and commerce function today or tomorrow, as the U.K. is still part of the E.U.—its withdrawal will take time. Once the U.K. elects a new prime minister (current PM David Cameron has said he will resign) in late 2016, they will need to invoke Article 50 of the Lisbon Treaty, which gives the country two years to negotiate a new agreement with the E.U.

That said, for U.S. investors and our economy, the immediate impact should be negligible. U.S. exports to the U.K. only represent 0.7% of U.S. GDP, and just 3% of revenues for all 500 companies in the S&P index comes from the U.K. The largest unknown is what this means for the long-term viability of the E.U. The populist and nationalist sentiment behind the vote to leave the E.U. is in no way a U.K.-only phenomenon. Those undercurrents can be seen across Europe, and even at home here in the U.S. How this plays out over the coming years will be something to watch.

One thing we do know today is that for U.S. investors, the stocks in European Index are 7.1% cheaper than they were a week ago. And the “sale” sign hasn't only been hung out in Europe. Over the past week, **Pacific Index** has declined

1.8%; **World ex-U.S. SmallCap Index** is off 4.2%; and Total Stock Market Index is down 0.8%. As with any environment, there will be winners and losers, but the disparity between the two may grow as this drama continues to unravel. This is the type of environment where highly skilled managers, like those running International Growth, can find good companies that have been indiscriminately sold by investors rushing for the exits.

Finally, take a step away from the headlines and consider the big picture, shown in the chart on page 14: If you've been an investor for the past two decades, the MSCI EAFE index has more than doubled during your investment career. Over the past 30 years, the EAFE has gone up sixfold. It is up 35 times its starting value over the past 40 years. Now, consider all of the shocks, surprises, scares and uncertainties that have occurred in your life. I've said it before, and I'll say it again: It is time in the markets that builds wealth, not market timing.

Next month, we'll have a conversation about Vanguard's array of foreign funds. In the meantime, stick with me and with the managers at International Growth, and we'll be just fine. ■

DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ The turmoil in foreign markets is creating opportunities. If you don't have a position in foreign stocks, **International Growth** is the fund to buy. (See page 1)
- ✓ When you read that Vanguard returns all its profits to fund shareholders, remember that millions of dollars are actually going to its senior executives. (See page 7)
- ✓ One-third of **Explorer Value's** three-adviser portfolio team was shown the exit. I still wouldn't rush to buy the fund, though. (See page 15)



Daniel P. Wiener is America's leading expert on the Vanguard family of funds. He is founder of the Fund Family Shareholder Association and chairman and chief executive officer of Adviser Investments, LLC, a Newton, Massachusetts, investment advisory firm (800-492-6868). As

editor of *The Independent Adviser for Vanguard Investors*, he is a five-time recipient of the *Newsletter Publishers Foundation's* Editorial Excellence Award. He also edits the annual *Independent Guide to the Vanguard Funds*. Mr. Wiener is often quoted in the nation's leading financial publications.



Jeffrey D. DeMaso, Editor/Director of Research, works directly with Dan Wiener researching and writing the multiple-award winning *Independent Adviser for Vanguard Investors* newsletter. He also leads the analyst team for Adviser Investments, LLC. Jeff gradu-

ated magna cum laude from Tufts University with a B.A. in economics, holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the Boston Security Analysts Society.

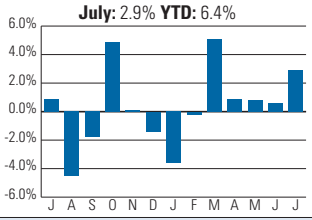
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AUGUST 2016

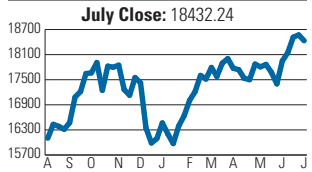
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AVERAGE VANGUARD INVESTOR*

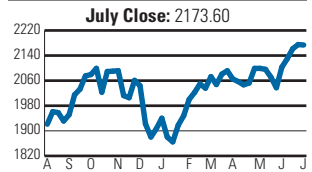


*See the footnotes on page 2.

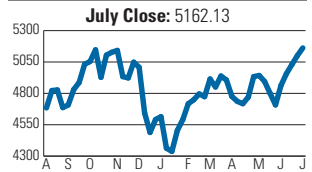
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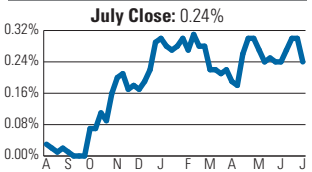
STANDARD & POOR'S 500



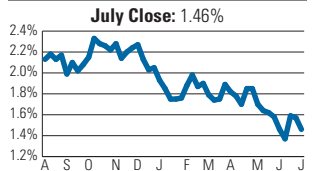
NASDAQ COMPOSITE



3-MO. TREASURY BILL YIELD



10-YR. TREASURY NOTE YIELD



No Dividend Growth

WITH JUST TWO DAYS LEFT in the month, Vanguard slammed the doors shut on **Dividend Growth**, a fund that you and I have owned since December 2007, when I recommended putting it into all three of the original *Model Portfolios*. The decision to give Don Kilbride some of our money (and more, as we added to it down the road) was a good one, as he earned us a 97.5% return from the time we bought in through the day Vanguard closed the fund. That was 8.5% better than its index cousin, **Dividend Appreciation Index** (which I now recommend as an alternative), and 11.9% better than the return from **500 Index**.

I'm disappointed that new investors won't have access to Don's excellence, but I'm also glad that Vanguard didn't assign additional managers to sop up the recent flood of cash pouring in. I'm hopeful this is yet another sign, along with the firing of several managers from multimanager funds over the past few months (see page 4), that Vanguard has finally lost some of its infatuation with the multimanager strategy that has crippled funds like **Explorer**, **Morgan Growth** and **Windsor II**, to name a few.

Despite a coup in Turkey, terror attacks overseas and at home, and two contentious political conventions, July was a stellar month for U.S. stocks, as the Dow, S&P 500, S&P MidCap 400 and S&P SmallCap 600 indexes all hit record highs. As the month closed, these various indices had generated returns of 2.8% to 5.0% and were at or less than 1% below their records. Almost two dozen of Vanguard's equity funds hit record highs during July and almost a dozen, including **Growth Index** and **PRIMECAP**, stood at highs as the month ended.

SEE **DIVIDEND** PAGE 3 >

FUNDS FOCUS > FOREIGN/GLOBAL

Casting a Wary Eye Overseas

HOW QUICKLY THINGS CAN CHANGE in just 31 days. When Dan and I wrote to you last month, traders and investors were grappling with the implications of the Brexit vote, and markets were on a stomach-churning rollercoaster ride.

In the past month, I can't say we have gained all that much clarity on the long-run implications of the pending U.K. exit from the E.U., but as the world didn't immediately fall apart following the vote, markets around the globe found stable ground: **Total Stock Market** gained 4.0% in July, while **European Index** returned 3.8%, **Pacific Index** gained 5.4% and **Emerging Markets Stock Index** advanced 4.7%.

Still, many investors remain concerned about their foreign stock holdings. I understand their reservations; although, as I wrote last month, I believe that holding some overseas

SEE **FOCUS** PAGE 12 >

GROWTH MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
Dividend Growth	VDIGX	7,632	\$23.83	\$181,881	21%	1.8%
Capital Opportunity	VHCOX	3,193	\$53.34	\$170,333	20%	8.7%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$109.15	\$157,700	18%	4.5%
S&P MidCap 400 Value ETF	IVOV	1,521	\$101.36	\$154,216	18%	4.1%
International Growth	VWIGX	4,504	\$21.93	\$98,765	12%	5.6%
Health Care	VGHCX	302	\$217.28	\$65,537	8%	5.2%
Short-Term Inv.-Grade	VFSTX	2,393	\$10.80	\$25,840	3%	0.4%

TOTAL **\$854,273**

CURRENT PERFORMANCE	July	YTD	1-yr	3-yr	5-yr
	4.7%	6.6%	2.9%	10.0%	12.1%
Risk last 24 months	0.96		Risk since inception	0.97	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

THIS MONTH'S CHANGES

None.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to index exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. Flagship investors may be able to open new accounts in closed funds in the *Model Portfolios* though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. For **Dividend Growth**, use **Dividend Appreciation Index**. With **Capital Opportunity** (and **PRIMECAP Aggressive Growth**) closed I recommend investors consider **PRIMECAP Odyssey Growth** (POGRX) as a replacement. **PRIMECAP Odyssey Stock** (POSKX) is the preferred replacement for **PRIMECAP Core**. Both Odyssey funds can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

CONSERVATIVE GROWTH MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
Dividend Growth	VDIGX	5,727	\$23.83	\$136,470	23%	1.8%
Capital Opportunity	VHCOX	2,421	\$53.34	\$129,157	22%	8.7%
S&P MidCap 400 Value ETF	IVOV	764	\$101.36	\$77,404	13%	4.1%
S&P MidCap 400 ETF	IVOO	689	\$105.00	\$72,377	12%	4.7%
International Growth	VWIGX	2,291	\$21.93	\$50,235	9%	5.6%
Health Care	VGHCX	216	\$217.28	\$46,843	8%	5.2%
High-Yield Corporate	VVHEX	7,727	\$5.79	\$44,740	8%	2.0%
Short-Term Inv.-Grade	VFSTX	3,001	\$10.80	\$32,409	5%	0.4%

TOTAL **\$589,634**

CURRENT PERFORMANCE	July	YTD	1-yr	3-yr	5-yr
	4.4%	6.5%	3.4%	9.5%	11.6%
Risk last 24 months	0.88		Risk since inception	0.83	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
Dividend Growth	VDIGX	4,562	\$23.83	\$108,723	26%	1.8%
PRIMECAP Core	VPCCX	4,355	\$22.06	\$96,064	23%	6.3%
Int-Term Investment-Grade	VFICX	7,778	\$10.14	\$78,874	18%	0.8%
High-Yield Corporate	VVHEX	7,219	\$5.79	\$41,797	10%	2.0%
Health Care	VGHCX	142	\$217.28	\$30,854	7%	5.2%
Short-Term Inv.-Grade	VFSTX	2,803	\$10.80	\$30,277	7%	0.4%
International Growth	VWIGX	1,154	\$21.93	\$25,308	6%	5.6%
MidCap Index	VIMSX	346	\$35.29	\$12,214	3%	4.6%

TOTAL **\$424,111**

CURRENT PERFORMANCE	July	YTD	1-yr	3-yr	5-yr
	3.1%	6.1%	4.8%	8.7%	9.8%
Risk last 24 months	0.65		Risk since inception	0.61	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
S&P MidCap 400 Growth ETF	IVOG	772	\$109.15	\$84,257	24%	4.5%
Dividend Appreciation ETF	VIG	839	\$85.15	\$71,405	20%	2.3%
S&P MidCap 400 Value ETF	IVOV	679	\$101.36	\$68,813	19%	4.1%
S&P 500 Growth ETF	VOOG	507	\$109.50	\$55,489	15%	4.6%
Total International Stock ETF	VXUS	816	\$46.49	\$37,946	11%	4.5%
Health Care ETF	VHT	197	\$137.56	\$27,077	8%	5.4%
Short-Term Corporate ETF	VCSH	141	\$80.93	\$11,440	3%	0.3%

TOTAL **\$356,425**

CURRENT PERFORMANCE	July	YTD	1-yr	3-yr	5-yr
	3.9%	9.2%	3.9%	9.8%	11.4%
Risk last 24 months	0.95		Risk since inception	1.05	

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	6/30 Price	July Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$41.18	5.5%	3.0%	-2.4%	7.9%	10.8%	Capital Opp.
Artisan MidCap Value	ARTQX	\$21.26	3.4%	13.4%	3.9%	4.2%	9.4%	Selected Value
Polaris Global Value	PGVFX	\$21.66	5.1%	2.4%	-1.8%	6.9%	9.9%	Global Equity
Fidelity International SmallCap	FISMX	\$23.79	4.6%	7.5%	2.7%	7.6%	6.7%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$15.17	4.7%	1.7%	-1.1%	7.3%	8.4%	International Expl.
T. Rowe International Discovery	PRIDX	\$55.19	5.5%	2.4%	1.9%	8.2%	7.6%	International Expl.
Hartford Healthcare	HGHAX	\$34.75	5.9%	-0.9%	-6.1%	17.2%	19.4%	Health Care
ICON Healthcare	ICHCX	\$15.84	8.0%	6.2%	-6.1%	15.7%	18.3%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$28.03	8.6%	2.6%	2.1%	10.6%	13.7%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$34.24	9.6%	5.7%	3.2%	13.7%	17.8%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$24.99	6.5%	5.8%	3.8%	10.9%	13.3%	PRIMECAP Core
Fidelity High Income	SPHIX	\$8.48	2.4%	10.3%	2.3%	3.2%	4.9%	High-Yield Corporate

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

And it wasn't just stock indexes hitting new records; the yield on the 10-year Treasury bond hit a 240-year low of 1.321% in July, putting prices sky-high (remember, when yields go down, bond prices go up).

As I've said time and again, when markets (and portfolios) hit highs, there are really only two future outcomes—you either go on to another all-time high, or you drop below it. Don't let a short-term decline, which we could easily see in the coming months, fill you with regret that you somehow didn't sell at the top and lock in those highs. That's a foolish way to invest, since it's simply an attempt at short-term market-timing that just won't work. Over the more than 25 years that I've been writing to you, we've had countless opportunities to sell "at the top." But had we done so, where would we be now? Personally, my holdings in funds like Dividend Growth and several of the PRIMECAP-run funds like **Capital Opportunity** have never been larger. I love compounding even small gains on top of ever-larger amounts of money.

If you want another example of the futility of trying to time the market, consider the last trading day of July. The morning's initial report (there'll be two revisions in the weeks ahead) on second-quarter GDP indicated the U.S. economy grew at a 1.2% annualized pace, which was well short of expectations. How do you think traders responded to this disappointing read on our economy? Well, after initial selling, buyers stepped in, and the S&P 500 index finished the day with gains. Go figure.

Looking ahead, with the conventions behind us, the real heat in the presidential contest will begin as Donald Trump and Hillary Clinton slug it out on the campaign trail. This will be a very hard-fought contest, and while history says that the outcome should have little impact on investment markets long-term, the uncertainty around escalating rhetoric could cause volatility, which has come down lately, to spike again. Stay tuned—but also, stay calm.

Taking Money to the Bank

Closer to home and our pocket-books, those fee waivers Vanguard has been applying to its tax-exempt money market funds have been cut way back. Based on the recent crop of semiannual reports, expenses for five tax-exempt money funds have risen anywhere from 50% to 83%. Yes, I know the expenses remain low, but on a percentage basis (the way Vanguard likes to present changes), the differences are huge. I still don't understand why, if Vanguard could run the funds for as little as 0.05% to 0.08%, they couldn't keep doing so. They clearly had enough other cash flow to make up for the waivers, and still do.

I'm pretty sure Vanguard continues to shave costs in the technology area. It appears their computers are still making hash of many people's consolidated brokerage and fund accounts. Besides the complications arising from holding two money market funds, like bounced checks, apparently Vanguard isn't reporting correct prices on reinvested distributions. And so far, according to those of you who've written me, they have no explanation for the problems.

Many of you have said you're tired

Money Market Expense Ratios

	Prior	Current	Change	%-age
California	0.06%	0.10%	4 bps	67%
New Jersey	0.08%	0.12%	4 bps	50%
New York	0.06%	0.11%	5 bps	83%
Ohio	0.08%	0.12%	4 bps	50%
Pennsylvania	0.05%	0.09%	4 bps	80%

of the snafus and the lousy customer service and are moving your money to Fidelity. I won't try to dissuade you. I have accounts at Fidelity, and their technology is lightyears ahead of Vanguard's. It's said that you get what you pay for, but it's also true that you don't get what you don't pay for. Vanguard isn't the "low-cost provider" for nothing.

And on a final note, *The New York Times* reported that several senior business leaders, including Vanguard chairman Bill McNabb, have been meeting to try and put together what would essentially be a set of governance rules (recommendations, really) for public companies that include things like executive compensation and earnings guidance. But one issue stuck out to me: The group apparently thinks that companies should compensate board members in stock, not cash, something I've said Vanguard should be doing with its own fund board for years, and which I repeated recently in last month's issue. It's called eating your own cooking, and the fact that McNabb is part of a group recommending it to companies, but isn't doing so at his own company, Vanguard, is just disingenuous. I own more Vanguard funds than McNabb does, and you'll never be able to accuse me of "Do as I say, not as I do." I definitely eat my own cooking. ■

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Maybe Two Heads Aren't Better Than One

WILL 2016 BE REMEMBERED as the year that Vanguard tacitly admitted that its multimanager strategy doesn't work?

Just days after posting yet another defense of its multimanager strategy on its website, Vanguard announced it was trimming managers at **Capital Value** and **International Growth**.

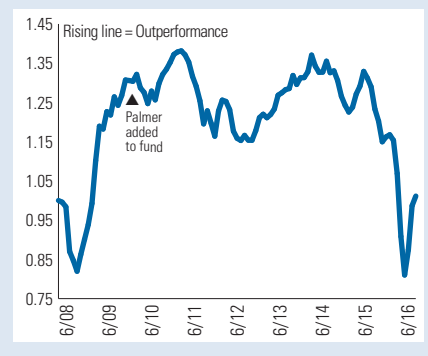
Capital Value, which has been run by a succession of Wellington Management portfolio managers as a solo fund and was converted to a two-manager fund at the end of 2009, is going back to its roots with David Palmer, a senior managing director at Wellington, as its sole manager.

In a somewhat candid admission, Vanguard told *Pensions & Investments* that “upon a thoughtful deliberation, [it] determined that a single manager structure with David Palmer provides the investment approach, experience and expertise that will best serve shareholders going forward.”

It was a little more than six years ago when Vanguard said that adding Palmer to the fund, which at the time was run solo by Peter Higgins, would “moderate the fund’s volatility.” I took a quick look at the fund’s volatility when Higgins ran it solo, as well as when he and Palmer were running it together, and I found that whether the co-management situation actually reduced volatility is a matter of interpretation. I couldn’t find compelling evidence that, over the six-and-a-half-year period the two worked in tandem, Capital Value was any less “volatile” than it was under just Higgins.

Take a look at the chart above, in which I’ve traced Capital Value’s relative performance against its Russell 3000 Value index benchmark. The graph begins with Higgins’ appointment to the fund, and shows when Palmer joined him. To my eyes, the wicked outperformance at the beginning of the period is matched by the wicked underperformance towards the

Capital Value vs. Russell 3000 Value



end of the period. I don’t think I’ve ever seen a relative performance chart that is this extreme.

One reason for the extremes is that performance has been so highly uncorrelated with the benchmark. During Higgins’ solo period, Capital Value gained an annualized 9.8% while the Russell 3000 Value index lost an annualized 8.2%. Under the dual manager setup, Capital Value compounded at a 7.6% annual rate, while the index compounded at 11.9%. Big disparities in performance during both periods.

I can’t tell you how Capital Value will fare under David Palmer’s solo stewardship. Jeff and I are going to reassess our three-year trading strategy for Capital Value given the potential for lower volatility, if that’s what truly happens. Stay tuned on that one.

A Real Improvement

International Growth, dating to 1981, is one of Vanguard’s oldest funds, and its absolute oldest foreign stock fund. Vanguard calls it a restructuring, but in essence, they’ve fired M&G Investment Management, reducing the fund’s management roster from three to two. This leaves Schroder Investment Management and Baillie Gifford as the remaining management teams on the fund—in my estimation, a smart and welcome change. (The same change

is being made at its **International Annuity** clone.) M&G maintains its manager duties on **Precious Metals & Mining** and **Emerging Markets Select Stock**.

International Growth has been outperforming **Total International Stock Index** consistently for much of the last decade and has been a component of my *Model Portfolios* for many, many years as one of Vanguard’s best foreign stock funds.

I think this is a great change, as I have a ton of respect for the folks at Baillie Gifford as well as the Schroder group. But what’s amusing about this change is that International Growth is the one multimanagered fund that Vanguard regularly uses as evidence for the benefits of many “cooks in the kitchen.” Oops.

Vanguard’s press release on both the Capital Value and International Growth changes was about the tersest I’ve seen in many years. As always, they don’t say much about why they make these changes, but I can guess that performance was an issue, as it almost always is.

It was just June when Vanguard trimmed the management at **Explorer Value** from three to two firms by firing Sterling Capital Management, something I discussed in the July 2016 issue, after critiquing Vanguard’s defense of multimanagerment in the June 2016 issue.

I continue to believe that larding up funds with too many managers simply spoils performance and is not in investors’ best interests. It may make sense from a marketing point of view to have active funds whose performance never deviates too far from benchmarks, but from the shareholders’ points of view, it’s a lousy way to run a portfolio.

With the manager change, Capital Value remains a work in progress, but I am very, very satisfied with the reduction in managers at International Growth. ■

MYTHS

Are Stocks More Volatile?

“The future is more uncertain today.”

“Stocks are more volatile than they were.”

THIS IS WHAT SEEMS to pass for common wisdom on Wall Street these days. And it’s repeated on Main Street as well. Almost daily, Dan and I hear from investors who are skittish about investing in the stock market. And these are often the reasons they give.

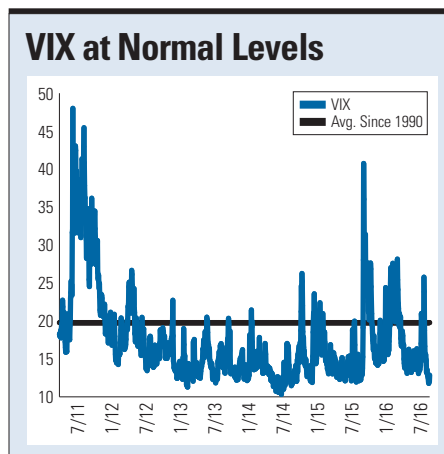
But how do these generally accepted beliefs hold up under examination? Not so well.

We can’t quantify uncertainty. But I’d argue that the future is no less clear today than it was a week ago, a year ago or even five years ago.

We all suffer from hindsight bias, which is the tendency to see a past event as having been predictable, even though few people at the time actually saw it coming. Looking back, the credit crisis and the bursting of the housing bubble appear to be the obvious outcomes of all the subprime lending that we are now so familiar with. But before those events, the prevailing belief was that home prices don’t fall across the country in unison, and even the likes of then Fed Chair Ben Bernanke thought the effects would be contained. The future is always uncertain, because, well, it hasn’t happened yet!

I’m sure at this point you are thinking, “But wait, the Brexit vote makes things more uncertain, right?” Well, yes and no. On the one hand, before the vote, all the uncertainty was limited to one question (will they, or won’t they?) and had a fixed end date (June 23) when we’d know the answer.

Now that the vote is behind us, however, there are a whole host of questions that have replaced one uncertainty with several. For instance, when and how will the U.K. leave the EU, and what does this mean for the long-term viability of the EU? Will the pound sterling’s devaluation stick? Does London lose its luster as a financial capital?

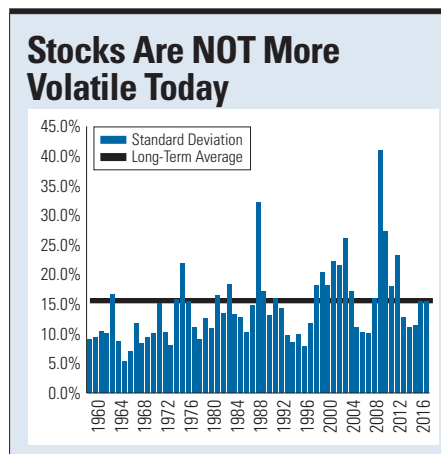


Yes, that sounds like more uncertainty. However, you could argue that all those questions were relevant before the vote, and now we at least know the U.K. is leaving. Plus, if the U.K. had voted to stay in the EU, the media’s focus and investors’ questions would’ve circled back to any one of the other concerns out there—negative yields, the U.S. election, terrorism, China, you name it.

Rather than getting caught up debating whether the world is more or less uncertain since the Brexit vote, can we agree that uncertainty existed before the vote and persists today?

As I said, we can’t quantify uncertainty—but volatility is another matter entirely. The VIX, or fear gauge, is a common measure of volatility that you may hear about in the press. The chart above of the VIX over the past five years shows that volatility was high at the start of 2016, but then fell meaningfully until the Brexit vote, which sent volatility racing. (A great example of what can happen when everyone is certain of an outcome that doesn’t play out.) However, the VIX quickly settled down, and for the year has averaged 17.4, which is below its long-term average of 19.8. For much of the past five years, volatility, by this measure, has actually been below average.

But the VIX measures expected volatility over the coming 30 days. What about the volatility we have actually experienced? The second chart above



shows the standard deviation of returns of the S&P 500 index in each calendar year since its 1957 inception. (Standard deviation is a measure of how dispersed returns have been. A low standard deviation indicates that returns tended to be close to the average return. A higher standard deviation means returns are more spread out.) Since its inception, the S&P 500 index compounded returns at a 6.8% annual pace—note this is price return only—with a standard deviation of 15.8%. This means that two-thirds of the time, the 12-month price return of the index was between -9.0% and 22.5% (or the annualized return of 6.8% plus or minus the standard deviation of 15.8%).

So far in 2016, the standard deviation of the S&P 500 has been 15.3%, which is actually a touch lower than average—not exactly an unusual level of volatility. In fact, as we saw with the VIX, for most of the past five years, volatility has been lower than average.

Stocks may indeed be too volatile for many investors—that’s why most of us own a mix of stocks, bonds and cash—but to say that stocks are more volatile today is false. And if you’re waiting for market volatility, however normal it is, to disappear or even to fall to some low, low comfort level, well, not only will you be waiting for a very long time, but when that moment of clarity and calm arrives, your best investment opportunity may be gone. ■

PERFORMANCE

Distorting MidCap Growth's Gains

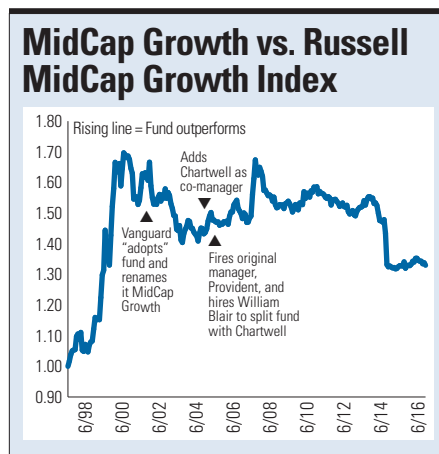
HERE THEY GO AGAIN. In a July 1 posting to its website, Vanguard brags about the “since inception” market-beating performance of **MidCap Growth**, a multimanagered fund run by Chartwell Investment Partners and William Blair Investment Management. As Vanguard writes, “the fund has beaten its benchmark by more than 2 percentage points since its December 31, 1997, inception...”

There’s just one problem: The multimanagered duo, which has been running the fund since June 2006, has underperformed its benchmark.

How is this possible? MidCap Growth is a Vanguard adoptee. The fund, originally named Provident MidCap, was started by Provident Investment

Counsel in 1997 and was adopted by Vanguard in July 2002. At the time, the managers had crushed the returns of the Russell MidCap Growth Index—MidCap Growth’s benchmark—rising 47.4% to the index’s 8.9% loss. But Provident was getting no traction in the marketplace, and the fund’s assets stood at a paltry \$31 million at the time the adoption was proposed. (On a side note, Vanguard also adopted the fund that is now **International Explorer**, which was even smaller, at the same time.)

In the relative performance chart to the right, you can see the stunning outperformance of the fund in its first two years relative to the Russell benchmark. You can also see that relative



performance began to go south just after Vanguard adopted the fund, and, as of the end of June 2016, the fund has underperformed dramatically.

Vanguard continues to try and make it appear as though their multimanagered strategy on individual mutual funds is a winner. At least when it comes to MidCap Growth (and several other funds, like **Explorer** and **Morgan Growth**), it’s been anything but. ■

As It Grows, MidCap Growth Slows

Annualized Performance since:	MidCap Growth	Russell MidCap Growth Index
Fund Inception (Dec. 1997)	9.5%	7.4%
Vanguard Adoption (June 2002)	8.8%	9.8%
Current Dual Managers (June 2006)	7.8%	8.1%

Note: Returns through June 2016.

MYTHS

Recessions and Bonds—Bears Have It Wrong

BOND MARKET PUNDITS are raising the “R” word again. That’s “R” for “recession.”

Their current bugbear: The shape of the Treasury yield curve and, in particular, the difference between 10-year and 2-year Treasury rates.

I know discussing the bond market and the yield curve (a) causes eyes to glaze over and (b) often feels a little in the weeds, but stick with me here. The current worry about the yield curve is a great example of pundits framing the data to tell the story they want (and in the process scaring investors and driving clicks on their websites) rather than looking at the data and then coming to a conclusion.

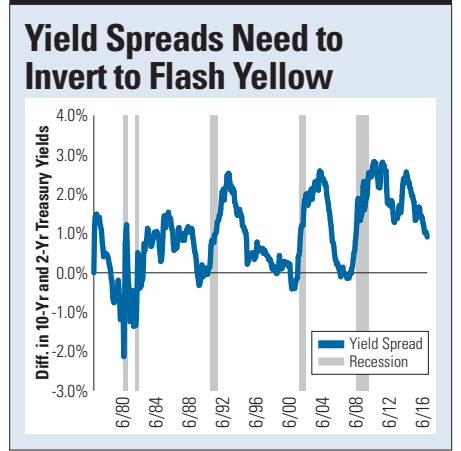
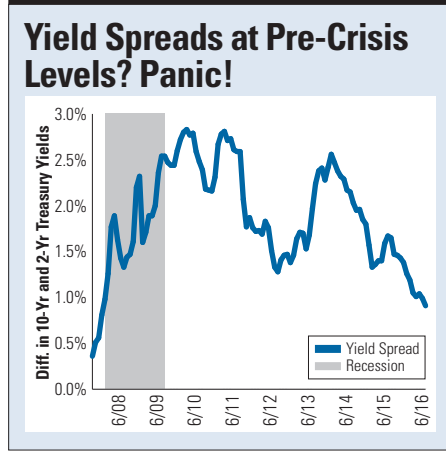
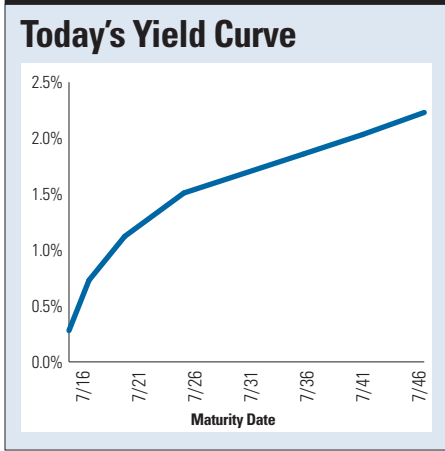
In fact, rather than a bearish tale, the actual, objective story here is a bullish one.

Let’s start at the beginning with the yield curve. The first graph on page 7 shows today’s yield curve, which maps the current yields of Treasury bills, bonds and notes with maturities ranging from three months out to 30 years. Generally, the yield curve slopes up to the right as investors demand more income (or yield) as they lend money for longer. But the shape of the yield curve changes, because bond yields don’t all rise and fall by the exact same amount at the exact same time. When the difference (or spread) in

yields between long and short maturity bonds rises, we say that the yield curve is steepening. Conversely, the yield curve is flattening when that spread shrinks.

Why do we care about the yield curve? Well, some investors, economists and market strategists use the yield curve as a sign of the health of our economy.

It helps to think about the basic means by which a bank makes money. In simple terms, a bank “borrows” money in the form of deposits and pays savers interest at short-term rates (which, as we know all too well, have been next to nothing for years). The



money sitting in checking and savings accounts doesn't just sit there, though. The bank then lends that money out at long-term rates (for instance, in the form of a 30-year mortgage). The steeper the yield curve (long rates yielding more than short rates), the greater the profit the bank makes on its loans and the more likely they are to lend, which spurs economic activity. If the yield curve is not very steep, then banks are less inclined to lend, and economic growth is stunted.

So, as I said at the outset, the shape of the yield curve has some bond market watchers concerned that a recession is fast approaching. What has sparked the current worry is the fact that the difference between 10-year and 2-year Treasury yields has been shrinking—the yield curve has been flattening dramatically. Today, with the 10-year Treasury yielding 1.46% and the 2-year yielding 0.66%, the spread is just 0.80%. The “flat-landers” are focusing on a chart similar to the middle one above, which plots the difference in 10-year and 2-year Treasury yields, to highlight the fact that the last time the yield curve was this flat was in late 2007 and early 2008, when the economy was headed for recession and

stock markets were poised to be cut in half.

Take note that the yield-curve story making the rounds today is being framed to raise your alarm bells. But does it really signal the onset of another recession and bear market? I don't think so.

Let's step back and take a broader historical perspective than one focused solely on the last recession. The graph on the right shows the spread between 10-year and 2-year Treasury yields back to **500 Index's** inception in September 1976 (we'll tie in the stock market in a moment) and highlights recessions in grey bars. The reality is that the yield curve isn't very helpful in predicting recessions until the 10-year yield falls below that of the 2-year—a fairly rare situation referred to as an “inverted yield curve” in market lingo. And note that an inverted yield curve (when the blue line falls below zero) can be an early warning sign, but is definitely not an immediate trigger or sign of a nearby recession.

Yes, the spread between the 10-year and the 2-year Treasury was last below 1% just before the Great Recession. But at that time the yield curve was steepening from an inverted level. It wasn't

coming down from a steep level, as it is doing today.

Looking further back, you'll see the Treasury market spent much of the late 1990s with the yield curve well below 1%, but it wasn't until the curve inverted that the U.S. was on the verge of a recession. The same could be said for the 2008 recession, as well as the 1979,

Contrary to the headlines, today's yield curve suggests we are in the sweet spot for strong stock market returns.

1981 and 1991 recessions. In fact, the time between the yield curve's inversion and the ensuing recession ranged from 11 months to 19 months for the five recessions we've experienced over the past 40 years.

So, I'd posit that today's flattening yield curve is not a harbinger of a recession—yet.

But doesn't the sheer fact that a flat yield curve could lead to an inverted one mean that a recession and a stock market decline are just around the corner? Contrary to the cautionary tone struck by many bond market mavens, today's yield curve suggests we are actually in the sweet spot for strong stock market returns going forward.

My colleague at Adviser Investments Brian Mackey (who initially shined

SEE **WRONG** PAGE 16 ➤

The Sweet Spot for Stocks

SPREAD BETWEEN 10-YEAR AND 2-YEAR TREASURY YIELDS

	<0%	0%–1%	>1%	Full Time Period
% of Time	16%	36%	48%	100%
Avg. Return of 500 Index Over Next 12 Months	9.0%	16.2%	10.5%	12.3%
Frequency of Loss Over Next 12 Months	36%	16%	17%	20%

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	7/29 Price	July Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.89	1.2%	6.7%	—	—	—	0.4%	—
Energy (51)	VGENX	\$3K	—	Hold	\$49.23	-1.1%	19.9%	4.8%	-4.3%	-2.9%	2.2%	1.89
Precious Metals & Mining (53)	VGPXM	\$3K	—	Sell	\$12.36	11.7%	98.1%	74.2%	6.7%	-11.1%	1.3%	3.32
Health Care (52)	VGHGX	\$3K	—	Buy	\$217.28	5.2%	1.1%	-2.5%	18.2%	19.1%	0.8%	1.08
REIT Index (123)	VGSIX	\$3K	—	Hold	\$30.69	4.2%	18.2%	22.1%	14.5%	12.9%	3.7%	1.39
Global ex-U.S. Real Estate Index (738)	VGXR	\$3K	0.25% ^f /0.25% ^r	Hold	\$22.56	4.6%	10.7%	5.7%	5.1%	5.7%	2.7%	1.12
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$53.34	8.7%	3.8%	1.7%	12.1%	15.1%	0.5%	1.19
Explorer (24)	VEXPX	\$3K	—	Hold	\$86.26	5.7%	7.2%	-2.9%	6.7%	10.6%	0.3%	1.28
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$30.96	4.2%	8.8%	3.7%	7.2%	11.4%	0.7%	1.20
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$22.43	4.0%	-0.1%	-7.6%	7.1%	10.2%	0.3%	1.16
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$36.78	5.6%	8.0%	-1.9%	6.9%	10.5%	1.1%	1.21
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$58.20	5.1%	10.3%	2.2%	8.2%	11.7%	1.6%	1.18
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$26.42	4.7%	12.2%	5.8%	9.3%	12.5%	2.2%	1.18
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$30.29	6.1%	7.0%	0.7%	10.7%	13.7%	1.5%	1.09
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$31.26	6.0%	7.9%	0.7%	8.9%	12.5%	1.1%	1.15
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$49.05	5.0%	11.1%	5.4%	9.6%	13.0%	1.6%	1.18
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$11.28	4.4%	3.3%	-7.1%	2.9%	8.7%	1.2%	1.43
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$68.28	5.4%	7.9%	-0.3%	7.8%	11.1%	1.6%	1.20
Growth Index (9)	VIGRX	\$3K	—	Buy	\$57.83	4.8%	6.1%	2.9%	12.2%	13.2%	1.1%	1.10
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$42.12	5.1%	7.7%	0.1%	9.8%	10.9%	0.9%	1.13
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$35.29	4.6%	8.2%	2.3%	10.3%	12.2%	1.7%	1.07
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$36.54	4.2%	8.8%	4.4%	10.7%	13.4%	2.5%	1.02
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$25.75	5.1%	3.3%	1.0%	11.5%	12.1%	0.6%	1.09
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$104.41	6.5%	4.7%	5.1%	13.3%	14.5%	1.0%	1.07
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$22.06	6.3%	6.0%	5.4%	12.5%	13.9%	1.1%	1.06
Selected Value (934)	VASVX	\$3K	—	Hold	\$27.29	4.3%	5.6%	0.4%	7.0%	11.7%	1.6%	1.12
Social Index (213)	VFTSX	\$3K	—	Buy	\$13.85	4.9%	5.7%	2.2%	11.1%	14.0%	2.2%	1.07
STAR Growth (122)	VASGX	\$3K	—	Sell	\$28.75	3.5%	6.6%	2.1%	7.0%	8.1%	2.1%	0.81
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$110.35	3.8%	7.3%	4.7%	11.0%	13.2%	2.4%	1.02
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$30.59	6.1%	2.7%	1.0%	13.3%	13.6%	0.4%	1.09
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$200.79	3.7%	7.6%	5.5%	11.0%	13.2%	1.9%	1.00
Convertible Securities (82)	VCVXS	\$3K	—	Buy	\$12.58	4.4%	4.3%	-1.7%	3.5%	5.8%	1.6%	0.66
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$31.29	4.5%	4.8%	0.2%	9.4%	12.2%	1.1%	1.07
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$34.08	2.3%	10.6%	8.4%	9.1%	11.8%	2.0%	0.88
Dividend Growth (57) (CLOSED)	VDIGX	\$3K	—	Buy	\$23.83	1.8%	7.5%	7.3%	10.6%	13.3%	1.7%	0.87
Equity Income (65)	VEIPX	\$3K	—	Buy	\$32.10	2.3%	10.1%	9.8%	10.1%	13.9%	2.7%	0.91
Growth & Income (93)	VGNPX	\$3K	—	Sell	\$42.06	3.5%	7.4%	5.6%	11.3%	13.7%	1.8%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$28.99	2.4%	11.2%	11.2%	10.8%	14.2%	2.9%	0.92
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$40.18	3.8%	7.3%	4.8%	10.7%	12.9%	1.7%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$11.90	0.7%	-1.8%	2.1%	3.8%	3.1%	0.0%	0.45
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$24.34	2.8%	6.6%	3.4%	6.5%	7.1%	2.0%	0.61
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$54.21	4.0%	7.7%	4.3%	10.4%	12.8%	1.7%	1.01
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$17.25	3.5%	5.8%	2.8%	8.9%	13.4%	2.0%	0.95
Value Index (6)	VIVAX	\$3K	—	Hold	\$34.11	2.9%	8.4%	6.5%	9.6%	12.8%	2.3%	0.94
Windsor (22)	VWNDX	\$3K	—	Hold	\$19.66	4.1%	3.5%	-2.7%	7.2%	12.0%	1.5%	1.17
Windsor II (73)	VWNFX	\$3K	—	Buy	\$35.34	3.5%	6.7%	1.3%	7.7%	11.7%	2.1%	1.02
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$31.06	2.6%	7.3%	5.2%	8.0%	9.2%	1.9%	0.61
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$18.06	2.3%	6.7%	3.3%	6.2%	6.7%	3.8%	0.57
STAR (56)	VGSTX	\$1K	—	Hold	\$24.49	3.4%	5.9%	2.7%	7.0%	8.1%	1.9%	0.69
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$18.84	2.1%	6.7%	4.5%	5.9%	5.9%	2.0%	0.43
STAR Income (723)	VASIX	\$3K	—	Sell	\$15.38	1.5%	6.5%	5.5%	5.2%	4.7%	2.0%	0.28
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$28.12	1.8%	5.7%	5.7%	8.0%	8.7%	2.0%	0.46
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$26.39	1.4%	9.1%	9.6%	7.3%	8.4%	2.8%	0.41
Wellington (21)	VWELX	\$3K	—	Buy	\$39.05	2.4%	7.5%	5.4%	7.9%	9.8%	2.5%	0.67
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$28.97	3.8%	6.5%	1.5%	7.2%	—	1.7%	0.91
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$32.83	3.8%	6.5%	1.5%	7.1%	8.7%	1.8%	0.91
Target Retirement 2050 (699)	VFFIX	\$1K	—	—	\$30.34	3.8%	6.5%	1.5%	7.2%	8.7%	1.9%	0.91
Target Retirement 2045 (306)	VTIVX	\$1K	—	—	\$18.94	3.8%	6.5%	1.5%	7.2%	8.7%	2.0%	0.91
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$30.30	3.7%	6.5%	1.5%	7.2%	8.7%	2.0%	0.91
Target Retirement 2035 (305)	VTTHX	\$1K	—	—	\$17.93	3.5%	6.5%	1.9%	7.2%	8.5%	2.0%	0.84
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$29.54	3.2%	6.6%	2.5%	7.0%	8.2%	2.0%	0.75
Target Retirement 2025 (304)	VTTVX	\$1K	—	—	\$16.65	3.0%	6.6%	2.9%	6.8%	7.8%	2.0%	0.68
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$28.92	2.7%	6.5%	3.3%	6.5%	7.4%	2.0%	0.61
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$15.11	2.2%	6.2%	3.5%	6.0%	6.7%	1.9%	0.51
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$26.35	1.7%	5.9%	3.9%	5.3%	5.9%	1.7%	0.38
Target Retirement Income (308)	VTINX	\$1K	—	—	\$13.09	1.6%	6.0%	4.3%	4.9%	5.1%	1.7%	0.34
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$9.16	4.3%	1.9%	-5.9%	—	—	2.7%	2.27
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$23.29	4.7%	12.7%	-1.5%	0.3%	-2.7%	2.3%	1.52
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$17.46	5.2%	14.7%	0.7%	-0.4%	-2.0%	1.6%	1.60
European Index (79)	VEURX	\$3K	—	Hold	\$25.95	3.8%	-1.0%	-9.8%	1.1%	2.8%	3.2%	1.14
Global Equity (129)	VHGEX	\$3K	—	Hold	\$24.73	4.3%	4.6%	0.4%	6.7%	7.8%	1.6%	1.01
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$12.27	2.0%	8.6%	6.4%	—	—	1.6%	0.62
International Dividend Appreciation Index (2015)	VIAIX	\$3K	—	Hold	\$22.89	2.8%	—	—	—	—	—	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$16.92	5.6%	-0.2%	-3.2%	6.5%	5.3%	1.5%	1.07
International Growth (81)	VWIGX	\$3K	—	Buy	\$21.93	5.6%	3.9%	-2.1%	3.5%	3.8%	1.3%	1.27
International High Dividend Yield Index (1530)	VIHIX	\$3K	—	Hold	\$22.05	3.8%	—	—	—	—	—	—
International Value (46)	VTRIX	\$3K	—	Hold	\$32.10	3.6%	3.2%	-8.2%	0.7%	2.3%	2.1%	1.18
Pacific Index (72)	VPACX	\$3K	—	Hold	\$11.23	5.4%	5.0%	-0.7%	3.6%	3.6%	2.2%	1.15
Total International Stock Index (113)	VGTSX	\$3K	—	Hold	\$14.91	4.4%	4.5%	-4.4%	1.9%	1.7%	2.6%	1.12
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$24.62	4.1%	6.2%	0.1%	6.1%	6.9%	2.1%	1.02
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$17.61	4.3%	4.3%	-5.0%	1.6%	1.5%	2.7%	1.13
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$37.31	5.3%	6.3%	1.4%	4.0%	2.2%	2.5%	1.10

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	7/29 Price	July Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk	
												25%	28%	36.8%*	38.8%*	43.4%*		
TAXABLE INCOME																		
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.3	\$10.01	-0.0%	1.0%	1.0%	—	—	0.9%	0.81%	—	—	—	—	—		
Short-Term Treasury (32)	VFISX	Sell	2.3	\$10.78	-0.1%	1.8%	1.5%	1.0%	0.8%	0.8%	0.45%	—	—	—	—	0.37		
Short-Term Federal (49)	VSGBX	Sell	3.0	\$10.85	0.0%	1.9%	1.9%	1.4%	1.2%	1.0%	0.78%	—	—	—	—	0.35		
Short-Term Inflation Index (1967)	VTIPX	Hold	2.6	\$24.72	-0.2%	2.4%	1.6%	0.2%	—	0.0%	-0.69%	—	—	—	—	0.62		
Short-Term Investment-Grade (39)	VFSTX	Buy	3.4	\$10.80	0.4%	3.5%	3.4%	2.5%	2.3%	2.0%	1.50%	—	—	—	—	0.44		
Short-Term Bond Index (132)	VBISX	Hold	2.8	\$10.62	0.1%	2.6%	2.4%	1.7%	1.4%	1.3%	0.96%	—	—	—	—	0.47		
Inflation-Protected Sec. (119)	VIPSX	Hold	8.8	\$13.75	0.7%	7.1%	4.7%	2.2%	1.9%	0.7%	-0.27%	—	—	—	—	1.46		
Intermed. Treasury (35)	VFITX	Sell	5.8	\$11.73	0.0%	5.3%	5.2%	3.4%	3.0%	1.6%	0.94%	—	—	—	—	1.19		
Intermed. Investment-Grade (71)	VFICX	Buy	6.6	\$10.14	0.8%	7.0%	7.3%	5.0%	4.7%	2.9%	2.25%	—	—	—	—	1.07		
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.3	\$11.94	0.7%	7.6%	7.4%	5.1%	4.5%	2.5%	1.84%	—	—	—	—	1.35		
Total Bond Market (84)	VBMFX	Hold	8.0	\$11.14	0.6%	6.1%	5.9%	4.1%	3.4%	2.3%	1.74%	—	—	—	—	1.00		
Core Bond (1320)	VCORX	Buy	8.1	\$10.30	0.8%	—	—	—	—	—	1.73%	—	—	—	—	—		
GNMA (36)	VFHIX	Hold	5.0	\$10.86	0.2%	3.3%	3.9%	4.0%	2.9%	2.4%	1.86%	—	—	—	—	0.55		
Long-Term Treasury (83)	VUSTX	Sell	25.0	\$14.14	2.0%	17.8%	17.3%	11.8%	9.7%	2.4%	1.88%	—	—	—	—	3.88		
Long-Term Investment-Grade (28)	VWESX	Hold	23.4	\$11.22	2.8%	16.4%	16.6%	10.5%	9.0%	3.9%	3.32%	—	—	—	—	2.80		
Long-Term Bond Index (522)	VBLTX	Sell	24.3	\$15.17	2.6%	17.5%	15.9%	10.3%	8.7%	3.5%	3.13%	—	—	—	—	3.00		
High-Yield Corporate (29)	VWEHX	Buy	6.9	\$5.79	2.0%	7.9%	4.2%	4.7%	6.0%	5.4%	5.01%	—	—	—	—	1.82		
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	10.0	\$10.07	1.6%	11.5%	10.1%	6.2%	—	4.4%	4.06%	—	—	—	—	1.84		
Emerging Markets Bond (1431)	VEMBX	—	9.6	\$10.79	2.4%	—	—	—	—	—	4.50%	—	—	—	—	—		
Total International Bond Index (1231)	VTIBX	Hold	9.4	\$11.20	0.9%	6.9%	7.6%	5.7%	—	1.5%	0.42%	—	—	—	—	1.03		
MONEY MARKET																		
Treasury MM (11)	VUSXX	—	47	\$1.00	0.0%	0.1%	0.2%	0.1%	0.0%	0.2%	0.25%	—	—	—	—	—		
Federal MM (33)	VMFXX	—	46	\$1.00	0.0%	0.2%	0.2%	0.1%	0.1%	0.2%	0.31%	—	—	—	—	—		
Prime MM (30)	VMMXX	—	41	\$1.00	0.0%	0.2%	0.3%	0.1%	0.1%	0.3%	0.45%	—	—	—	—	—		
Tax-Exempt Money Market (45)	VMSXX	—	31	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.36%	0.5%	0.5%	0.6%	0.6%	—		
CA Tax-Exempt MM (62)	VCTXX	—	24	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.29%	0.4%	0.4%	0.5%	0.5%	—		
NJ Tax-Exempt MM (95)	VNJXX	—	43	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.29%	0.4%	0.4%	0.5%	0.5%	—		
NY Tax-Exempt MM (163)	VYFXX	—	25	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.31%	0.5%	0.5%	0.5%	0.6%	—		
OH Tax-Exempt MM (96)	VOHXX	—	42	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.32%	0.5%	0.5%	0.5%	0.6%	—		
PA Tax-Exempt MM (63)	VPTXX	—	23	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.28%	0.4%	0.4%	0.5%	0.5%	—		
TAX-FREE INCOME																		
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.5	\$15.86	0.1%	0.9%	1.1%	0.8%	0.8%	0.8%	0.61%	0.8%	0.8%	1.0%	1.0%	1.1%	0.13	
Limited-Term Tax-Exempt (31)	VMLTX	Buy	2.9	\$11.11	0.2%	1.7%	2.5%	1.9%	1.7%	1.5%	0.81%	1.1%	1.1%	1.3%	1.3%	1.4%	0.36	
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.3	\$14.56	-0.0%	3.7%	6.1%	5.1%	4.4%	2.7%	1.21%	1.6%	1.7%	1.9%	2.0%	2.1%	0.67	
Tax-Exempt Bond Index (1491)***	VTEBX	Hold	5.5	\$10.49	-0.1%	4.1%	—	—	—	—	1.3%	1.26%	1.7%	1.8%	2.0%	2.1%	2.2%	0.74
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.3	\$12.10	-0.2%	5.1%	8.3%	7.2%	6.0%	3.5%	1.65%	2.2%	2.3%	2.6%	2.7%	2.9%	0.85	
High-Yield Tax-Exempt (44)	VWAHX	Hold	6.6	\$11.72	-0.2%	5.7%	9.1%	7.4%	6.4%	3.5%	2.13%	2.8%	3.0%	3.4%	3.5%	3.8%	0.84	
STATE TAX-FREE																		
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.4	\$12.11	-0.1%	3.7%	6.2%	5.6%	5.0%	2.6%	1.11%	1.6%	1.7%	2.0%	2.0%	2.2%	0.69	
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.7	\$12.59	-0.3%	5.1%	8.6%	7.8%	6.5%	3.3%	1.50%	2.2%	2.3%	2.6%	2.7%	3.0%	0.89	
MA Tax-Exempt (168)	VMATX	Sell	6.1	\$11.23	-0.2%	4.6%	7.6%	6.9%	5.3%	2.9%	1.44%	2.0%	2.1%	2.4%	2.5%	2.7%	0.89	
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.3	\$12.53	0.1%	5.7%	9.0%	6.7%	5.5%	3.4%	2.07%	3.0%	3.2%	3.6%	3.7%	4.0%	0.99	
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.1	\$12.26	-0.1%	4.8%	8.0%	7.1%	5.6%	3.1%	1.39%	2.0%	2.1%	2.4%	2.5%	2.7%	0.82	
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.1	\$13.06	-0.2%	5.2%	8.4%	7.4%	5.9%	3.2%	1.62%	2.3%	2.4%	2.7%	2.8%	3.1%	0.87	
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	5.9	\$12.02	-0.1%	4.7%	7.7%	7.0%	5.6%	3.4%	1.71%	2.4%	2.5%	2.8%	2.9%	3.1%	0.80	

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1). **3-year and 5-year returns** are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	7/29 Price	July Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.1%	0.0%	-0.1%	-0.1%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$19.12	0.4%	3.3%	3.2%	2.2%	2.0%	0.46
Total Bond Market Annuity (67)	Hold	\$39.04	0.6%	5.9%	5.6%	3.8%	3.2%	0.99
High-Yield Bond Annuity (146)	Buy	\$31.12	2.1%	7.8%	3.7%	4.3%	5.6%	1.76
Conservative Allocation Annuity (801)	Hold	\$27.44	2.1%	6.5%	4.5%	5.7%	—	0.43
Moderate Allocation Annuity (803)	Hold	\$29.63	2.7%	6.6%	3.6%	6.4%	—	0.62
Balanced Annuity (69)	Buy	\$88.42	2.4%	7.3%	5.1%	7.6%	9.5%	0.67
Capital Growth Annuity (603)	Buy	\$41.72	6.4%	4.8%	5.1%	12.9%	14.1%	1.03
Diversified Value Annuity (145)	Buy	\$30.10	2.9%	7.3%	2.6%	7.3%	11.4%	0.96
Equity Income Annuity (8)	Buy	\$77.88	2.3%	10.0%	9.7%	9.8%	13.6%	0.91
Equity Index Annuity (68)	Buy	\$86.33	3.6%	7.4%	5.1%	10.7%	12.9%	1.00
Growth Annuity (10)	Hold	\$43.60	6.0%	2.5%	0.6%	13.0%	13.4%	1.08
MidCap Index Annuity (143)	Buy	\$49.99	4.6%	8.1%	2.0%	10.0%	11.9%	1.07
REIT Index Annuity (147)	Hold	\$64.28	4.2%	18.0%	21.7%	14.2%	12.5%	1.39
Small Company Growth Annuity (160)	Hold	\$68.05	6.8%	7.9%	-1.3%	8.1%	11.2%	1.35
Total Stock Market Annuity (604)	Hold	\$31.37	4.0%	7.5%	4.0%	10.1%	12.5%	1.02
International Annuity (86)	Buy	\$38.10	5.6%	3.8%	-2.5%	3.2%	3.5%	1.29

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	7/29 Price	July Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$66.19	4.9%	5.1%	1.2%	11.6%	16.4%	1.9%	—	1.13
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$69.40	-0.3%	10.2%	11.5%	12.7%	15.3%	3.3%	—	0.85
Energy (551)	VGELX	\$50K	—	Hold	\$92.39	-1.1%	19.9%	4.8%	-4.3%	-2.8%	2.3%	—	1.89
Energy Index (5480)	VENAX	\$100K	—	—	\$46.61	-1.9%	13.7%	-0.3%	-5.0%	-1.3%	4.1%	—	1.83
Financials Index (5486)	VFAIX	\$100K	—	—	\$24.66	3.9%	2.4%	-1.5%	7.6%	12.0%	2.2%	—	1.15
Health Care (552)	VGHAX	\$50K	—	Buy	\$91.67	5.2%	1.1%	-2.4%	18.2%	19.2%	0.8%	—	1.08
Health Care Index (5485)	VHCIX	\$100K	—	—	\$68.79	5.4%	4.2%	-2.6%	15.5%	19.2%	1.8%	—	1.22
Industrials Index (5482)	VINAX	\$100K	—	—	\$56.71	3.8%	10.4%	8.6%	10.5%	13.4%	2.7%	—	1.11
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$59.02	7.7%	7.2%	8.3%	15.6%	14.2%	1.9%	—	1.37
Materials Index (5481)	VMIAX	\$100K	—	—	\$55.07	5.5%	15.6%	9.3%	8.2%	7.5%	2.8%	—	1.58
REIT Index (5123)	VGSIX	\$10K	—	Hold	\$130.95	4.2%	18.3%	22.3%	14.7%	13.0%	3.8%	—	1.40
Global ex-U.S. Real Estate Index (1758)	VGRUX	\$10K	0.25% ^f /0.25% ^r	Hold	\$34.16	4.6%	10.8%	5.9%	5.3%	5.9%	2.9%	—	1.18
Telecom Svcs. Index (5488)	VTCAX	\$100K	—	—	\$51.52	2.8%	21.9%	22.8%	11.3%	12.5%	4.0%	—	0.98
Utilities Index (5489)	VUIAX	\$100K	—	—	\$56.97	-0.8%	22.6%	23.7%	13.7%	13.8%	2.9%	—	1.16
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$123.18	8.7%	3.8%	1.8%	12.1%	15.1%	0.6%	—	1.21
Explorer (5024)	VEXRX	\$50K	—	Hold	\$80.23	5.7%	7.3%	-2.8%	6.8%	10.7%	0.4%	—	1.28
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$45.98	5.6%	8.1%	-1.7%	7.0%	—	1.3%	—	1.21
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$58.22	5.1%	10.3%	2.3%	8.4%	11.8%	1.8%	—	1.18
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$47.36	4.7%	12.3%	5.9%	9.5%	—	2.3%	—	1.18
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$68.25	5.4%	8.0%	-0.2%	7.9%	11.3%	1.8%	—	1.20
Growth Index (509)	VIGAX	\$10K	—	Buy	\$57.83	4.8%	6.2%	3.0%	12.3%	13.3%	1.2%	—	1.10
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$46.12	5.1%	7.7%	0.2%	9.9%	—	1.0%	—	1.13
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$160.11	4.6%	8.3%	2.4%	10.4%	12.4%	1.9%	—	1.07
MidCap Value Index	VMVAX	\$10K	—	Hold	\$48.08	4.2%	8.9%	4.5%	10.8%	—	2.7%	—	1.02
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$79.81	5.1%	3.4%	1.1%	11.7%	12.2%	0.8%	—	1.08
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$108.20	6.5%	4.8%	5.2%	13.4%	14.6%	1.1%	—	1.07
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$79.22	6.2%	2.8%	1.2%	13.4%	13.8%	0.6%	—	1.09
500 Index (540)	VFIAX	\$10K	—	Buy	\$200.79	3.7%	7.6%	5.6%	11.1%	13.3%	2.0%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$23.11	2.3%	10.6%	8.5%	—	—	2.1%	—	0.89
Equity Income (565)	VEIRX	\$50K	—	Buy	\$67.29	2.3%	10.2%	10.0%	10.2%	14.0%	2.8%	—	0.91
Growth & Income (593)	VGIAX	\$50K	—	Sell	\$68.66	3.5%	7.5%	5.7%	11.4%	13.8%	1.9%	—	0.97
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$50.24	3.8%	7.4%	4.9%	10.9%	13.1%	1.8%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$54.23	3.9%	7.7%	4.4%	10.5%	13.0%	1.8%	—	1.01
Value Index (506)	VVIAX	\$10K	—	Hold	\$34.10	2.8%	8.5%	6.6%	9.7%	12.9%	2.4%	—	0.94
Windsor (5022)	VWNEX	\$50K	—	Hold	\$66.30	4.1%	3.5%	-2.7%	7.3%	12.1%	1.6%	—	1.16
Windsor II (573)	VWNAX	\$50K	—	Buy	\$62.71	3.5%	6.7%	1.4%	7.7%	11.8%	2.2%	—	1.02
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$31.06	2.6%	7.4%	5.4%	8.1%	9.4%	2.0%	—	0.62
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$63.93	1.4%	9.1%	9.7%	7.4%	8.5%	2.9%	—	0.42
Wellington (521)	VWENX	\$50K	—	Buy	\$67.44	2.4%	7.6%	5.5%	8.0%	9.8%	2.6%	—	0.67
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$11.84	4.4%	2.0%	-5.7%	2.4%	3.3%	2.8%	—	1.09
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$30.58	4.7%	12.8%	-1.3%	0.4%	-2.5%	2.4%	—	1.52
European Index (579)	VEUSX	\$10K	—	Hold	\$60.43	3.8%	-0.8%	-9.6%	1.2%	3.0%	3.4%	—	1.14
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$24.55	2.0%	8.6%	6.5%	—	—	1.7%	—	0.63
International Dividend Appreciation Index (515)	VIAXX	\$10K	—	Hold	\$27.82	2.8%	—	—	—	—	—	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$69.75	5.6%	4.0%	-2.0%	3.7%	3.9%	1.5%	—	1.27
International High Dividend Yield Index (530)	VIHAX	\$10K	—	Hold	\$26.70	3.8%	—	—	—	—	—	—	—
Pacific Index (572)	VPADX	\$10K	—	Hold	\$72.86	5.5%	5.0%	-0.6%	3.7%	3.7%	2.4%	—	1.14
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$24.95	4.4%	4.5%	-4.3%	2.0%	1.8%	2.7%	—	1.12
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$27.74	4.4%	4.4%	-4.9%	1.8%	—	2.8%	—	1.14
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSEX	\$50K	—	Buy	\$20.02	0.0%	1.0%	1.1%	—	—	0.9%	0.92%	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.78	-0.1%	1.8%	1.6%	1.1%	0.9%	0.9%	0.55%	0.71
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.85	0.0%	2.0%	2.0%	1.5%	1.3%	1.1%	0.88%	0.35
Short-Term Gov't Index (1942)	VBSBX	\$10K	—	Sell	\$20.43	-0.1%	1.3%	1.1%	0.8%	0.7%	0.8%	0.67%	0.28
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.77	-0.2%	2.5%	1.7%	0.3%	—	0.0%	-0.60%	0.63
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.80	0.5%	3.6%	3.5%	2.6%	2.4%	2.1%	1.60%	0.44
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.95	0.4%	3.6%	3.6%	2.6%	2.7%	2.0%	1.72%	0.51
Short-Term Bond Idx. (5132)	VBIRX	\$10K	—	Hold	\$10.62	0.1%	2.7%	2.4%	1.8%	1.5%	1.4%	1.04%	0.47
Inflation-Protected Securities (5119)	VAIPX	\$50K	—	Hold	\$26.99	0.6%	7.1%	4.8%	2.3%	2.0%	0.8%	-0.17%	1.44
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.73	0.1%	5.3%	5.2%	3.5%	3.1%	1.7%	1.04%	1.19
Interm.-Term Gov't Index (1943)	VSIGX	\$10K	—	Sell	\$22.64	0.1%	5.2%	5.1%	3.5%	3.0%	1.5%	1.11%	1.17
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$10.14	0.8%	7.0%	7.4%	5.1%	4.8%	3.0%	2.35%	1.07
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25% ^f	Buy	\$24.15	1.2%	8.9%	8.8%	6.0%	5.5%	3.2%	2.75%	1.35
Intermed.-Term Bond Idx. (5314)	VBILX	\$10K	—	Hold	\$11.94	0.7%	7.6%	7.5%	5.2%	4.6%	2.5%	1.93%	1.34
Total Bond Market (584)	VBTLL	\$10K	—	Hold	\$11.14	0.6%	6.2%	6.0%	4.2%	3.5%	2.4%	1.83%	1.00
Core Bond (1520)	VCOBX	\$50K	—	Buy	\$20.60	0.8%	—	—	—	—	—	1.83%	—
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.86	0.3%	3.4%	4.0%	4.1%	3.0%	2.5%	1.96%	0.57
Mortgage-Backed Sec. Idx (1948)	VMBSX	\$10K	—	Hold	\$21.50	0.2%	3.1%	3.5%	3.6%	2.7%	1.8%	1.72%	0.52
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$14.14	2.0%	17.9%	17.4%	11.9%	9.8%	2.5%	1.98%	3.88
Long-Term Gov't Index (1944)	VLGSX	\$10K	—	Sell	\$29.09	2.0%	17.7%	17.3%	11.8%	9.7%	2.3%	2.09%	3.81
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$11.22	2.8%	16.5%	16.7%	10.6%	9.1%	4.0%	3.42%	2.75
Long-Term Corp. Index (1947)	VLTCX	\$10K	1.00% ^f	Hold	\$25.76	3.1%	17.6%	15.4%	9.5%	8.4%	4.1%	4.01%	2.97
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.79	2.0%	8.0%	4.3%	4.8%	6.1%	5.5%	5.12%	1.87
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75% ^f	Buy	\$20.14	1.6%	11.6%	10.3%	6.4%	—	4.6%	4.24%	1.86
Emerging Markets Bond (1531)	VEGBX	—	—	—	\$22.04	2.4%	—	—	—	—	—	4.65%	—
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$22.39	0.9%	6.9%	7.6%	5.8%	—	1.5%	0.45%	1.00
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.86	0.1%	0.9%	1.2%	0.9%	0.9%	0.8%	0.74%	0.16
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.11	0.2%	1.7%	2.6%	2.0%	1.7%	1.6%	0.93%	0.51
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.56	-0.0%	3.8%	6.2%	5.2%	4.5%	2.8%	1.34%	0.68
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25% ^f	Hold	\$20.98	-0.1%	4.2%	—	—	—	1.4%	1.38%	0.76
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$12.10	-0.2%	5.2%	8.4%	7.3%	6.0%	3.6%	1.78%	0.85
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.72	-0.0%	5.8%	9.2%	7.5%	6.5%	3.6%	2.26%	0.84
CA Intermed. Tax-Exempt (5100)	VCADX	\$50K	—	Buy	\$12.11	-0.1%	3.8%	6.3%	5.7%	5.1%	2.7%	1.23%	0.69
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.59	-0.3%	5.2%	8.7%	7.9%	6.6%	3.4%	1.62%	0.89
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.53	0.1%	5.7%	9.1%	6.8%	5.6%	3.5%	2.19%	0.99
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$12.26	-0.1%	4.9%	8.1%	7.2%	5.7%	3.2%	1.52%	0.81
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$12.02	-0.1%	4.8%	7.8%	7.1%	5.7%	3.5%	1.83%	0.80

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	7/29 Price	July Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$130.56	5.4%	8.0%	-1.9%	7.0%	10.6%	1.3%	—	1.20
S&P SmallCap 600 Growth	VIQG	Buy	\$115.49	5.5%	8.6%	3.5%	10.0%	12.7%	1.4%	—	1.13
Russell 2000 Growth	VTWG	Hold	\$105.77	7.0%	4.0%	-5.4%	7.4%	10.7%	1.0%	—	1.46
SmallCap	VB	Hold	\$121.47	5.0%	10.4%	2.3%	8.4%	11.8%	1.8%	—	1.18
S&P SmallCap 600	VIQO	Hold	\$110.79	5.3%	11.7%	5.9%	9.5%	12.9%	1.1%	—	1.19
Russell 2000	VTWO	Hold	\$97.33	6.0%	8.5%	0.1%	6.8%	10.4%	1.6%	—	1.31
SmallCap Value	VBR	Hold	\$110.20	4.6%	12.3%	5.9%	9.4%	12.7%	2.3%	—	1.17
S&P SmallCap 600 Value	VIQV	Hold	\$105.75	5.3%	13.3%	8.8%	8.7%	12.9%	1.7%	—	1.26
Russell 2000 Value	VTWV	Hold	\$88.17	5.5%	11.2%	5.4%	5.7%	9.7%	2.4%	—	1.25
Extended Market	VXF	Sell	\$89.97	5.3%	8.1%	-0.1%	7.9%	11.3%	1.8%	—	1.19
Growth	VUG	Hold	\$112.33	4.8%	6.2%	3.0%	12.3%	13.3%	1.2%	—	1.14
S&P 500 Growth	VOOG	Buy	\$109.50	4.6%	6.2%	5.1%	13.0%	13.9%	1.4%	—	1.06
Russell 1000 Growth	VONG	Hold	\$107.46	5.0%	6.1%	4.2%	12.7%	13.5%	1.4%	—	1.07
MegaCap Growth	MGK	Buy	\$87.40	4.7%	6.0%	3.3%	12.7%	13.8%	1.4%	—	1.12
MidCap Growth	VOT	Buy	\$107.13	5.1%	7.8%	0.2%	9.9%	11.0%	1.0%	—	1.13
S&P MidCap 400 Growth	IVOG	Buy	\$109.15	4.5%	10.3%	3.2%	9.8%	11.5%	0.9%	—	1.01
MidCap	VO	Hold	\$129.28	4.6%	8.3%	2.4%	10.4%	12.4%	1.9%	—	1.11
S&P MidCap 400	IVOO	Buy	\$105.00	4.7%	12.5%	5.4%	9.7%	12.2%	1.8%	—	1.07
MidCap Value	VOE	Hold	\$92.81	4.2%	8.9%	4.5%	10.8%	13.6%	2.7%	—	1.02
S&P MidCap 400 Value	IVOV	Buy	\$101.36	4.1%	14.6%	7.4%	9.1%	12.5%	1.5%	—	1.17
S&P 500	VOO	Buy	\$199.28	3.7%	7.7%	5.5%	11.1%	13.3%	2.0%	—	1.00
Russell 1000	VONE	Buy	\$99.68	3.7%	7.4%	4.5%	10.8%	13.1%	1.8%	—	1.02
Dividend Appreciation	VIG	Buy	\$85.15	2.3%	10.7%	8.5%	9.2%	12.0%	2.1%	—	0.89
High Dividend Yield	HYM	Hold	\$73.14	2.4%	11.3%	11.1%	10.9%	14.3%	3.0%	—	0.93
LargeCap	VV	Buy	\$99.47	3.8%	7.4%	4.8%	10.8%	13.1%	1.8%	—	1.01
MegaCap	MGC	Buy	\$74.09	3.6%	7.3%	5.4%	11.0%	13.3%	2.1%	—	1.01
Total Stock Market	VTI	Hold	\$111.42	4.0%	7.8%	4.4%	10.5%	13.0%	1.8%	—	1.02
Russell 3000	VTHR	Hold	\$99.64	4.4%	7.4%	4.2%	10.4%	12.9%	1.8%	—	1.03
Value	VTV	Hold	\$87.38	2.8%	8.5%	6.5%	10.3%	13.3%	2.4%	—	0.95
S&P 500 Value	VOOV	Hold	\$91.91	2.7%	9.1%	5.6%	8.6%	12.4%	2.3%	—	0.98
Russell 1000 Value	VONV	Hold	\$92.43	2.9%	9.1%	5.1%	8.8%	12.4%	2.3%	—	0.99
MegaCap Value	MGV	Hold	\$63.19	2.6%	8.4%	7.3%	9.7%	12.9%	2.5%	—	0.94
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$37.04	5.1%	14.2%	-0.8%	0.8%	-2.5%	2.4%	—	1.52
Developed Markets	VEA	Sell	\$36.83	4.2%	2.1%	-5.9%	2.4%	3.3%	2.8%	—	1.08
European	VGK	Hold	\$48.28	3.5%	-0.8%	-10.0%	1.1%	3.0%	3.4%	—	1.12
Int'l Dividend Appreciation	VIGI	Hold	\$57.48	2.9%	—	—	—	—	—	—	—
Int'l High Dividend Yield	VYMI	Hold	\$55.44	4.0%	—	—	—	—	—	—	—
Pacific	VPL	Hold	\$58.94	5.8%	5.1%	-0.5%	3.8%	3.7%	2.4%	—	1.17
Total International Stock	VXUS	Hold	\$46.49	4.5%	4.6%	-4.5%	2.0%	1.7%	2.7%	—	1.14
Total World Stock	VT	Hold	\$60.48	4.2%	6.2%	0.1%	6.2%	7.0%	2.2%	—	1.05
World ex-U.S.	VEU	Sell	\$44.67	4.2%	4.5%	-5.1%	1.7%	1.7%	2.8%	—	1.14
World ex-U.S. SmallCap	VSS	Hold	\$97.71	5.0%	6.1%	1.4%	4.0%	2.3%	2.6%	—	1.12
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$127.87	4.8%	5.1%	1.1%	11.5%	16.4%	1.9%	—	1.15
Consumer Staples	VDC	—	\$140.71	-0.4%	10.2%	11.5%	12.6%	15.3%	3.3%	—	0.86
Energy	VDE	—	\$93.29	-1.9%	13.8%	-0.2%	-5.1%	-1.4%	4.1%	—	1.83
Financials	VFH	—	\$49.21	3.9%	2.5%	-1.5%	7.6%	11.9%	2.2%	—	1.13
Health Care	VHT	—	\$137.56	5.4%	4.2%	-2.6%	15.5%	19.2%	1.8%	—	1.21
Industrials	VIS	—	\$110.35	3.8%	10.3%	8.6%	10.4%	13.4%	2.7%	—	1.11
Information Tech.	VGIT	—	\$115.20	7.6%	7.1%	8.3%	15.5%	14.1%	1.9%	—	1.39
Materials	VAW	—	\$108.07	5.5%	15.7%	9.4%	8.1%	7.5%	2.8%	—	1.57
REIT	VNQ	Hold	\$92.45	4.3%	18.3%	22.3%	14.7%	13.0%	3.8%	—	1.40
Global ex-U.S. Real Estate	VNQI	Hold	\$56.24	4.0%	11.2%	5.2%	5.2%	5.7%	2.9%	—	1.15
Telecom Services	VOX	—	\$101.05	2.7%	21.9%	22.7%	11.2%	12.5%	4.0%	—	0.98
Utilities	VPU	—	\$113.48	-0.9%	22.6%	23.7%	13.6%	13.8%	2.9%	—	1.20
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.32	-0.1%	1.3%	1.1%	0.8%	0.7%	0.7%	0.67%	0.30
Short-Term Inflation Bond	VTIP	Hold	\$49.44	-0.1%	2.3%	1.7%	0.3%	—	0.0%	-0.57%	0.70
Short-Term Corporate	VCSH	Buy	\$80.93	0.3%	3.5%	3.7%	2.8%	2.7%	2.0%	1.73%	1.02
Short-Term Bond	BSV	Hold	\$81.10	0.2%	2.6%	2.6%	1.7%	1.6%	1.4%	1.04%	0.59
Int.-Term Government Bond	VGIT	Sell	\$67.14	0.1%	5.0%	5.1%	3.5%	3.0%	1.5%	1.11%	1.13
Int.-Term Corporate	VCIT	Buy	\$90.06	1.0%	8.8%	9.2%	6.2%	5.5%	3.1%	2.76%	1.37
Int.-Term Bond	BIV	Hold	\$88.34	0.5%	7.7%	7.7%	5.2%	4.6%	2.5%	1.93%	1.31
Total Bond Market	BND	Hold	\$84.64	0.6%	6.1%	6.1%	4.1%	3.5%	2.4%	1.83%	1.01
Mortgage-Backed Securities	VMBS	Hold	\$53.89	0.2%	3.2%	3.6%	3.7%	2.7%	1.7%	1.72%	0.56
Long-Term Government	VGLT	Sell	\$86.74	2.1%	17.6%	17.4%	11.8%	9.7%	2.3%	2.09%	3.74
Long-Term Corporate	VCLT	Hold	\$96.62	2.5%	17.2%	15.7%	9.7%	8.2%	4.1%	4.02%	3.19
Long-Term Bond	BLV	Sell	\$100.44	2.7%	17.9%	16.2%	10.5%	8.8%	3.5%	3.22%	3.11
Ext. Duration Treasury	EDV	Sell	\$142.75	3.4%	27.6%	26.0%	18.2%	16.1%	2.4%	2.24%	6.24
Emerging Mkts. Gov't Bond	VWOB	Buy	\$80.76	1.0%	11.8%	10.3%	6.4%	—	4.5%	4.24%	2.04
Total International Bond	BNDX	Hold	\$56.10	0.8%	6.7%	7.5%	6.2%	—	1.5%	0.45%	0.99
Tax-Exempt Bond	VTEB	Hold	\$52.65	0.0%	4.0%	—	—	—	1.3%	1.39%	0.85

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

DISTRIBUTIONS

Fund	Dist.
JULY REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.01
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.02
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.02
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.02
Total Bond Market Index	\$0.02
Core Bond	\$0.02
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.04
High-Yield Corporate	\$0.03
Emerging Markets Gov't Bond	\$0.04
Emerging Markets Bond	\$0.05
Total International Bond	\$0.01
Admiral Treasury MM	\$0.00021
Federal MM	\$0.00026
Prime MM	\$0.00038
Tax-Exempt MM	\$0.00029
CA Tax-Exempt MM	\$0.00023
NJ Tax-Exempt MM	\$0.00024
NY Tax-Exempt MM	\$0.00025
OH Tax-Exempt MM	\$0.00026
PA Tax-Exempt MM	\$0.00023
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.01
Long-Term Tax-Exempt	\$0.04
High-Yield Tax-Exempt	\$0.03
CA Int.-Term Tax-Exempt	\$0.03
CA Long-Term Tax-Exempt	\$0.03
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.04
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.03
PA Long-Term Tax-Exempt	\$0.03
ETF DISTRIBUTIONS	
Short-Term Government Bond	\$0.05
Short-Term Corporate Bond	\$0.14
Short-Term Bond	\$0.10
Intermed.-Term Government Bond	\$0.08
Intermed.-Term Corporate Bond	\$0.24
Intermediate-Term Bond	\$0.18
Total Bond Market	\$0.16
Mortgage-Backed Securities Bond	\$0.08
Long-Term Government Bond	\$0.17
Long-Term Corporate Bond	\$0.32
Long-Term Bond	\$0.28
Emerging Markets Gov't Bond	\$0.30
Total International Bond	\$0.06
Tax-Exempt Bond	\$0.07

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

stocks for the long term makes good portfolio sense.

This is the perfect time, then, to review Vanguard's lineup of foreign stock funds, a host of rather basic offerings, with a slew of overlapping index funds and a handful of active funds. While developed and emerging markets are well represented, frontier markets, home to riskier but potentially faster-growing fare, haven't made it onto Vanguard's list yet. I don't expect to see them soon, either. With over \$3 trillion in assets under management, it takes a large opportunity to move the needle for Vanguard, and the small size and limited liquidity of frontier markets don't offer much motivation to launch a new product.

In fact, there hasn't been much excitement surrounding Vanguard's foreign lineup, save for the addition of smaller stocks to its core index funds, along with a growing allocation to mainland China A-shares in Emerging Markets Stock Index. While it raised a lot of eyebrows when first announced, the China news has fallen from investors' radars. This is just as well. As Dan and I wrote in the July 2015 issue, for all the noise this change generated, the impact was pretty small.

Last month we talked a lot about investing overseas and whether it makes sense to conform to Vanguard's recommended 40% (of equities) allocation to foreign stocks at all times or to allow the markets and your head and stomach to determine an appropriate allocation.

One thing we didn't discuss was the actual funds themselves. So, let's do that. But first, I want to mention something called "fair-value pricing," which is the day-to-day manipulation of mutual fund prices (not ETF prices) that Vanguard engages in (as required by the SEC) to prevent investors from leaping ahead of news events that may cause market moves in time zones many hours different from our own. Investors might, for instance, try to trade **Pacific Index**, which has about 60% of its assets allocated to

Japanese stocks and another 25% or so in Australian and Korean stocks, when those markets are closed and there is major market-moving news occurring in those countries while U.S. markets remain open.

The difference between the price of a fund's regular shares and its ETF shares can sometimes tell the tale of a Vanguard intervention. For instance, Emerging Markets Stock Index's daily return and the return of its ETF shares have varied by as much as 1.0% to 2.2% on a handful of days since the start of the year. Differences between ETF and open-end fund performance tend to even out within a day or two, and unless you're trading in and out of the open-end fund, which Vanguard will quickly put a stop to, I wouldn't lose a wink of sleep over fair-value pricing.

With all of that said, and with July's primer on investing overseas as backup, here's where Vanguard stakes its foreign investing claims, and where Dan and I suggest you focus your purchases.

Developed Markets Index

Sell. Once a fund of funds, Developed Markets Index now holds individual stocks, just like the rest of Vanguard's foreign funds. While the benchmark the fund tracks has changed over time, and completed its latest transition in June, the fund's mission remains the same: Track a broad set of stocks from established foreign markets. The new index the fund tracks, the FTSE Developed All Cap ex-U.S. index, includes smaller stocks as well as Canadian stocks, something the fund did not hold in previous incarnations. Based on historical data, these additions added to performance over time, though volatility also increased. As you might expect, Developed Markets Index does not hold stocks from emerging market countries, which you will find in other index funds like **Total International Stock Index**, **Total World Stock Index** or **World ex-U.S. Index**. And there's the rub. If you buy into the indexers' credo that one should index "all" markets rather than a slice of the pie, then this fund is a non-starter.

Emerging Markets Stock Index

Hold. Also proceeding towards a new benchmark, the FTSE Emerging Markets All Cap China A Inclusion index, this fund is unique in making a foray into the volatile and opaque A-shares market of mainland China. Vanguard has already said that it's going to have to deviate from the index by "sampling" rather than "replicating," and this new index will be a moving target due to the limits that the Chinese government puts on foreign entities' ownership of A-shares. Still, this isn't as big a change as the press would have you believe. While the small caps being added to this fund should increase volatility, exposure to China should only grow by about 3% from where it stood a year ago, to 30%. Additionally, Vanguard is taking its time implementing this change and has been tracking a "transition" index since last November. The conversion should be completed in the fall.

The emerging markets are considered a global growth engine, but they're also riskier than mainstream domestic markets. And China's slowdown, which was big news at the start of this year but has taken a back seat to terrorism and politics, begs the question of whether the risk-return balance favors returns as much today and tomorrow as it has in the past.

More broadly speaking, are the large-cap domestic companies you own today already giving you enough exposure to emerging markets through their global operations, or do you need direct exposure to companies in these regions? I lean toward the latter, and a fund like **International Growth** gives us good exposure. A small allocation to emerging markets makes sense, as there will always be local companies that will understand and be able to take advantage of local markets in a fashion the bigger global conglomerates won't.

Additionally, while it may feel like stocks across the globe all move in the same direction on a day-to-day basis, in fact, emerging market stocks can be good diversifiers over time. Consider that from the end of 1999 through 2007, Emerging Markets Stock Index gained

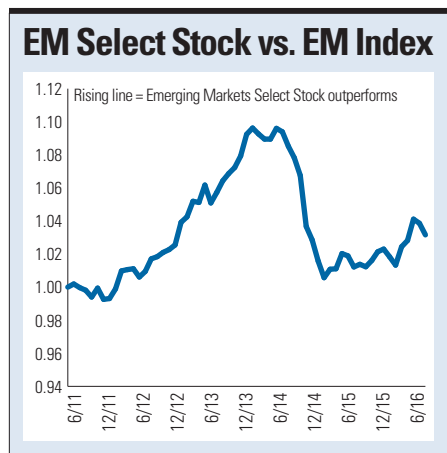
207.3%, while Total Stock Market Index only gained 20.1%. Before you get caught up in those returns, consider that diversification can cut the other way: From the end of 2007 through June 2016, Emerging Markets Index lost 7.3% as Total Stock Market Index gained 84.7%.

I know that there will come a time when U.S. stocks' dominance over foreign stocks will end—I just don't know when. For now, Dan and I are comfortable allowing the managers at International Growth decide when it makes sense to allocate to this risky but potentially rewarding part of the global market.

Emerging Markets Select Stock

Hold. Vanguard's first move into active management in the emerging markets was a cautious one—doling out portions of this fund's portfolio to four separate firms: Wellington, M&G Investment Management, Oaktree Capital Management and Pzena Investment Management. The fund celebrated its fifth birthday at the end of June.

It wasn't exactly an auspicious start. Emerging Markets Select Stock is down 7.4% since inception, while Emerging Markets Stock Index is off 12.1%. The fund's relative performance, as you can see in the chart below, was strong in the early innings, but it faded fast in 2014. Yes, the active fund has clawed back some relative performance over the past 18 months, but so far I'd describe the performance as average, and I'm not convinced we'll see anything more than that going forward.



Assigning four firms to this fund reduces the impact of a single manager misstep, but at the same time limits the ability of any one manager to add significant value. Further, it should be noted that the sleeve managed by Wellington is composed of stocks selected by a team of global industry analysts. So there are actually dozens of cooks stirring the portfolio pot here.

I believe this fund is another classic case of Vanguard handicapping its active managers so heavily it ensures a boring race.

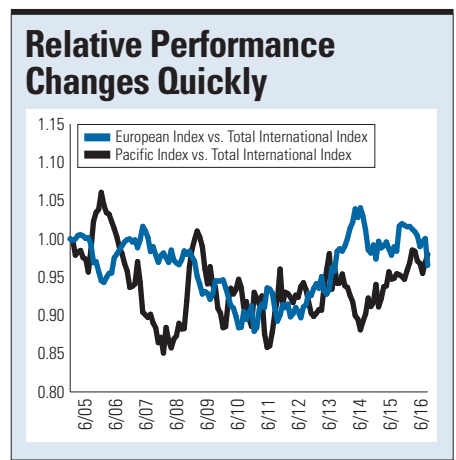
European Index

Hold. As I mentioned earlier, European Index recently picked up a new bogey, the FTSE Developed Europe All Cap index, which adds small-cap stocks into the mix. Based on historical data for the old and new indexes, the addition of smaller stocks has only added marginally to performance over the dozen or so years for which data is available. So, it's not as if a supercharged index fund has emerged from this shift.

I'm sure investors are more concerned about the impact of the Brexit vote and negative interest rates than Vanguard tweaking its indexes. To buy European Index today, you've got to believe two things: First, that the aforementioned uncertainties are creating opportunity, and second, that an indexed approach is the best way to capture those opportunities.

I can get on board with the first idea—though I don't think you need to rush into the space—but I stumble at point number two. I'd prefer to invest with a manager who can sort through the winners and losers that will emerge as the uncertainties in Europe evolve. Dan and I have never been a big fan of Vanguard's regional foreign funds, because, well, active managers have shown they can outrun the indexes pretty darned consistently.

As the chart above shows, over the past dozen years or so, European Index and Pacific Index's relative performance against Total International Stock has been all over the map, and ultimately, all three funds led you to



essentially the same place over the entire period. Finding the right entry and exit points would be incredibly tough to do. What advantage do you think the indexes have over the experts?

Global Equity

Hold. Firing AllianceBernstein may have been one of the best moves Vanguard's ever made. (After axing former **Growth Equity** manager Turner Investments, that is.) Not only did AllianceBernstein do a terrible job running domestic growth stocks, but since being taken off the roster at this world-stock fund and handing much of its portfolio allocation to Baillie Gifford, Global Equity has begun to show some of its old luster.

Original manager Marathon Asset Management generated strong returns when Global Equity got its start. Today, Marathon's allocation in the portfolio is down to a third of assets, and Baillie Gifford and Acadian each run another third. Since redistribution of assets occurred around March 2013, Global Equity has outperformed Total World Stock Index, with about the same allocation of U.S. and non-U.S. stocks, rising 28.3% compared to the index fund's 24.9% gain.

I was able to find individual global equity returns for each of the three sub-advisers, and while these numbers may not be exact replicas of the managers' history on Global Equity, it does give us a chance to look under the hood of the fund. Acadian, which runs a computer-driven strategy, is the weak hand. Since Baillie Gifford came on board >

> through the end of March 2016 (the most recent data I found for the sub-advisers), Global Equity returned 135.3%. Marathon's separate account was up 205.6%—meaning the fund still hasn't performed as well in its new form as it would have under sole management by Marathon. Baillie Gifford's separate account gained a respectable 173.1%. And as I said, Acadian's individual record brings up the rear with a 114.9% gain.

A global fund can make a great core holding for those with smaller portfolios who are looking for exposure to foreign stocks. But given that just over half the portfolio is made up of overseas stocks, you'll have to temper it with at least one or two domestic funds to avoid excessive foreign exposure. One thing is clear, though: Active management has won the day here.

Global Minimum Volatility

Buy. Out of the gate, **Global Minimum Volatility** has put up terrific numbers when compared to its global counterparts. Granted, the fund has only been open since mid-December 2013, so it's only just approaching its third anniversary, but Vanguard's version of risk aversion has worked over the past few years. Since inception, the fund's 34.9% gain is tops among all of Vanguard's diversified stock funds—foreign or domestic. It's better than **Total Stock Market's** 26.7% gain, as well as **Total International Stock Index's** 0.2% decline. Score one for Vanguard's active management team.

If I had to summarize what's made this fund work so far, it's that it has done better versus its peers in down markets than in up markets. Over the first 31 full months it has been in business, there have been 14 months when **Total World Stock Index** declined. During those months, Global Minimum Volatility outperformed the index fund by an average 1.9%. In the other 17 months, when Total World Stock Index was up, the index fund's outperformance averaged just 0.5%. In fact, Global Minimum Volatility outperformed the index fund in up months about half the time. That's impressive.



What's going on here? Well, the fund's objective is to have broad, global stock exposure exhibiting lower volatility than the overall market while building a portfolio that doesn't differ in its industry exposures from the benchmark. In addition, the fund's managers attempt to minimize or eliminate currency risk. This means the fund has had twin tailwinds at its back: Low volatility stocks have been in vogue, and the dollar's strong climb of nearly 20% against a basket of currencies means currency hedging has contributed mightily to performance.

With less than three years under its belt, Global Minimum Volatility already has over \$500 million in assets. The fund has merit, and even more so as long as the dollar remains strong. But I wouldn't expect that top-of-the-table performance to continue uninterrupted. Once the currency tailwind becomes a headwind, outperformance may fade. Additionally, at some point, lower volatility stocks will fall out of favor with investors. This fund has definitely earned its Buy rating, but you may need to temper your expectations.

International Explorer

Hold. As I've said many times, this fund faces stiff competition from its passive cousin, **World ex-U.S. SmallCap Index**.

International Explorer, like the index fund, is focused on small-cap foreign stocks. In my mind, that long-term objective should favor active management, since separating the wheat from

the chaff is critically important when selecting among smaller foreign firms operating in multiple countries using multiple currencies and reporting under multiple accounting rules and regulations. But how it's being executed may ultimately be International Explorer's downfall.

Schroder Investment Management's team, led by Matthew Dobbs in London, can take credit for the fund's early success. (This is the same Schroders that oversees a portion of International Growth.) However, after a fantastic run as a tiny fund, Schroders' performance turned lackluster. The fund has performed relatively better since the addition of Wellington Management's Simon Thomas, but overall, since Vanguard "adopted" it 14 years ago, it hasn't been able to outpace its benchmark.

International Explorer, whose 2015 performance earned it the *Hot Hands* designation for 2016, has had its good periods and its bad ones. I am not convinced it's best for our portfolios. If you own it, okay. But I am not pounding the table to buy it.

International Growth

Buy. This good fund just got a whole lot better. As Dan notes on page 4, Vanguard trimmed International Growth's manager ranks from three to two by firing M&G Investment Management last month. M&G only ran 12% or so of the fund, so this isn't a drastic overhaul, but it helps. With the change, Baillie Gifford will manage 60% of the assets, and Schroders will run 40%.

International Growth was one of the multimanaged funds that actually worked, with a reasonably compact portfolio and index-beating returns over long periods of time. That said, I think this is a change for the better. Keep in mind, though, this doesn't mean the fund will outpace Total International Stock Index month after month. In fact, over the three and a half years between when Baillie Gifford's weight in the fund stabilized at around 50% and the end of June, International Growth has only outpaced the index fund in 20 of 42 months. But its out-

performance more than makes up for its underperformance, hence my Buy rating here.

International Value

Hold. I've referred to **International Value** as something of a multimanagered mess in the past, with four separate teams (AllianceBernstein, Edinburgh Partners, Hansberger Global Investors and Lazard Asset Management) all handling pieces of the pie. But a couple of those managers have been fired, and the new makeup hands one-quarter of fund assets to ARGA Investment Management (hired in 2012), a third to Lazard (on board since 2006), and almost 40% to Edinburgh Partners (who've been here since 2008).

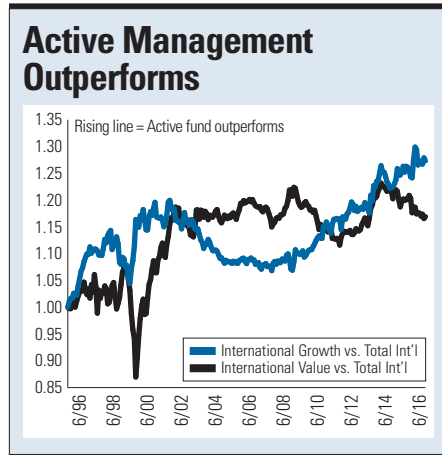
Like International Growth, while the fund's month-to-month outperformance or underperformance relative to Total International Stock Index is all over the map, International Value has outpaced the index over the long run, as you can see in the chart to the right.

It appeared that Vanguard had finally gotten the manager mix right, but over the past few years, International Value has slipped relative to Total International Stock and International Growth. The current team may yield a payoff down the road, but I'd rather stick with the leaner International Growth.

Pacific Index

Hold. Like European Index, Pacific Index recently picked up a new benchmark, the FTSE Developed Asia Pacific All Cap Index, bulking out the portfolio with many small-cap stocks that it's never held before. Japan remains a huge component of this fund's bogey, with close to 60% of its holdings there. Australia is the next biggest source of stocks, and then Korea, Hong Kong, Singapore and a smattering of Kiwi stocks make up the remainder.

As I noted earlier, I've never been a big fan of Vanguard's regional foreign funds, because active managers have shown they can outrun the indexes pretty darned consistently. What do buyers of foreign index funds like Pacific Index know about Japan and



the Pacific Rim that the managers don't? I'd rather let the managers decide how much to invest and in which countries.

Total International Stock Index

Hold. Anyone who chooses an index fund over a managed fund in foreign markets is simply not using their head. Either that, or they just haven't looked at the numbers, which show that most of Vanguard's actively managed funds have outperformed this index fund over time.

Formerly an EAFE plus emerging markets index fund, in the fall of 2010, Vanguard switched the fund's bogey to the MSCI All Country World ex-USA Investable Market Index. The big change was that the fund suddenly had portfolio exposure to Canada—making it nearly indistinguishable from World ex-U.S. Index. The move to the FTSE Global All Cap ex-U.S. Index in 2013 was, by comparison, a non-event.

If you are looking to separate out your U.S. and foreign index holdings, this is my preferred foreign-only index fund, as it now includes emerging markets and Canada, is cheaper than World ex-U.S. Index (0.19% vs. 0.26%) and holds more stocks than World ex-U.S. Index (which doesn't dip down into the small-cap space). That said, I'm a bigger fan of the managed options, particularly International Growth.

Total World Stock Index

Hold. For a while this fund was giving Global Equity a run for its shareholders' money, as noted earlier. Today,

I'd opt for the managed fund if I wanted a global stock portfolio.

This fund and its ETF shares (VT) provide Vanguard with its only global equities index option, which fills out the company's product line. If you are an efficient-market adherent, this would be the index option for you, except for one problem: You could replicate this fund at a lower cost by buying Total Stock Market Index and Total International Stock Index. Some might prefer to have a single holding for simplicity's sake, but I'd rather save a few extra pennies than a few extra clicks.

Historically, risk was much greater here than at Global Equity. During the 2000–2002 bear market, Global Equity's maximum loss reached 23.3%. The FTSE All-World index dropped almost twice as much—a stunning 44.7% decline. However, during the 2008–2009 tumult, the tables were turned—another reason to always keep one skeptical eye open.

World ex-U.S. Index

Sell. Looking for a way to put up a competitive foreign equity exchange-traded fund (ETF), Vanguard hit on the idea of starting this fund to track the FTSE All-World ex-U.S. index in 2007. At the time of its launch, an allocation to Canada distinguished this fund from Total International Stock Index. Now, however, the two funds have very similar country and region allocations, not to mention top 10 holdings.

With “only” 2,400 or so holdings, this fund has a more compact portfolio compared to Total International Stock Index's 5,700-plus stocks. However, the two funds have performed almost identically since the latter's 2010 overhaul. As mentioned above, World ex-U.S. Index is the more expensive option of the two: Operating expenses run 0.26% versus 0.19%.

At this point, other than holding onto this fund for tax reasons if you already own it, there isn't much of an argument for buying it.

World ex-U.S. SmallCap Index

Hold. This fund has at times [▶](#)

Upgrade Now



When I started this newsletter in 1991, I had to thumb through paper SEC filings and copy fund data by hand. But now, thanks to advances in technology and the efforts of our team at InvestorPlace, Jeff and I are able to bring you an unprecedented research tool for Vanguard investors: **The Independent Vanguard Fund Analyzer**.

The Fund Analyzer takes everything you know from our monthly newsletter and annual guidebook to a whole new level. Like our guidebook, it contains comprehensive data on every Vanguard fund we track. And like our newsletter, it's updated every month. (Some data is even updated daily.)

But unlike either, it gives you direct access to a suite of online, interactive charts, tables, and other analytical tools created directly from our in-house database—and it's designed to work with any computer or mobile device you own. It's like being right there in our office with us, as your own independent fund analyst on our research team, with our proprietary risk and return statistics like rolling returns, relative returns, Maximum Cumulative Loss (MCL), and many more at your fingertips.

And the best part is, you can get the Fund Analyzer for only \$199 a year. For details on how you can try it risk-free for 60 days, visit www.thefundanalyzer.com/JoinNow or call 800/211-7641 and mention code **MT9207**.

> provided some strong competition for International Explorer, which had Vanguard's foreign small-cap arena to itself for years. Tracking the FTSE Global Small-Cap ex-U.S. index, World ex-U.S. SmallCap Index holds more than 3,300 stocks, with nearly half its assets in companies in Japan, Canada, the U.K. and Taiwan. As is true in the

U.S., smaller companies can be faster growers, and hence are a good component in a growth-oriented portfolio. When International Explorer is in a relative performance funk, this fund could be just the ticket to finding high growth rates beyond our shores. But right now I'm not pounding the table for either fund. ■

> WRONG FROM PAGE 7

light on this scare-mongering tactic) and I crunched the numbers. For each month since 500 Index's inception, we calculated the spread of the 10-year and 2-year Treasury yield and the return of 500 Index over the next 12 months. We then divided those months into one of three buckets based on the spread in Treasury yields: spreads less than 0% (an inverted yield curve), spreads of 0% to 1%, and spreads greater than 1%. Finally, we calculated an average return for 500 Index over the ensuing 12 months for each bucket.

As you can see in the summary table on page 7, when the 10-year to 2-year Treasury spread has been between 0% and 1%, as it is today, 500 Index experienced its strongest returns on average

over the following year. Additionally, during these times, stock losses happened with less frequency. As I said, the current shape of the yield curve portends a strong, not weak, period ahead for the stock market.

Of course, there are many factors that combine to determine how stocks (and bonds) will fare over the months to come. But the yield curve is not signaling a recession today. Again, it isn't until the yield curve inverts that we should expect to see below-average stock market returns and above-average chances for loss sometime in the future.

From Brexit to terrorism, there's no shortage of scary headlines for investors to focus on. But the yield curve's recent flattening shouldn't be one of them. As I said, it's a bullish, rather than a bearish, indicator. ■

DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ A slimmed-down **International Growth** looks even more attractive than it already was. Stick with this fund to gain exposure to foreign markets. (See pages 1 and 4)
- ✓ **Capital Value** is going back to its roots with David Palmer as its sole manager, but I wouldn't rush to buy the fund. (See page 4)
- ✓ Talking heads will tell you that volatility is off the charts and a recession is around the next corner. But a look at market history tells a different tale. Stick to the facts, and your long-term investment plan. (See pages 5 and 6)



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Jeffrey D. DeMaso, Editor/Director of Research, works directly with Dan Wiener researching and writing the multiple-award winning *Independent Adviser for Vanguard Investors* newsletter. He also leads the analyst team for Adviser Investments, LLC. Jeff graduated magna cum laude from Tufts University with a B.A. in economics, holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the Boston Security Analysts Society.

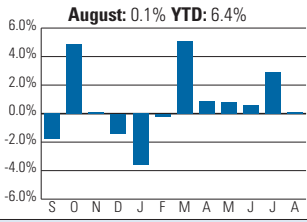
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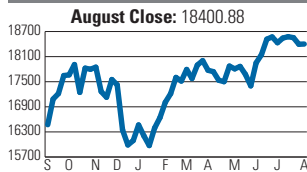
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AVERAGE VANGUARD INVESTOR*

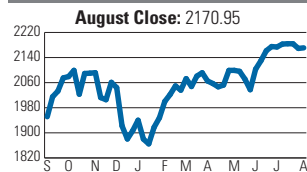


*See the footnotes on page 2.

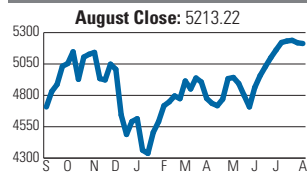
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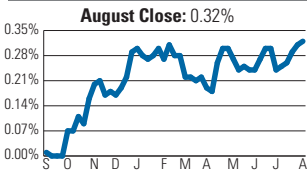
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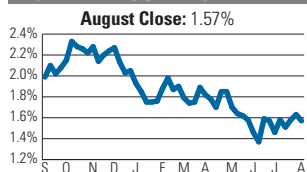
NASDAQ COMPOSITE



3-MO. TREASURY BILL YIELD



10-YR. TREASURY NOTE YIELD



Wake Up!

AUGUST IS OVER, and with it ends one of the most mellow summer months that long-term investors like us have ever experienced. And that's saying something, given how abnormally mellow the stock markets have been since 2011.

Over the past five years, the average level of the VIX, which is one measure of market volatility, has been well below its long-term average, and despite a pickup in early 2016, as August ended, the VIX's average level for the year had dropped to the same level as 2015's, more than 15% below the long-term average.

Prior to Memorial Day, the average daily move in the S&P 500 index was 0.7%, but since Memorial Day it's been just 0.5%, and in August it's been 0.3%. It's a safe bet that as traders return from the beach, we'll see volatility pick up. If volatility is coming, and with markets now below the highs hit mid-month, should we be selling, having already missed the top?

No way! Consider that since the end of the Great Recession and the bear market it spawned, investors have had 118 opportunities to sell at an S&P 500 high. That's right. Since the market hit its high in 2007 before the financial crisis and recession, there have been 118 new highs for the S&P 500 index. But if you've been watching your portfolio, rather than the index, then you may have seen something on the order of 174 all-time highs. Why? Because of dividends. On a total return basis, the S&P has hit 174 all-time highs since the 2007 bull market came to an end. Should you have sold when the market hit a high to avoid being "down?" The answer is self-evident.

I know that there are some pundits out there that say the bull market is getting long in

SEE **WAKE** PAGE 3 >

FUNDS FOCUS > AGGRESSIVE GROWTH FUNDS

In Praise of the Middle Ground

SOMETIMES TOO MUCH OF A GOOD THING can be a bad thing.

Take asset accumulation for instance. Vanguard's success in gathering tens of billions of new investment dollars every month means that if you want to add an aggressive stock fund to your portfolio—one that focuses on the more volatile small- and mid-cap areas of the market—your best option may be to focus on index funds, or begin looking outside the Vanguard stable.

I suspect some readers may be wondering if Dan and I have lost the active-management script, so allow me to explain. While there are exceptions, dramatic growth in fund assets is the enemy of good active management, particularly for managers buying mid- and small-cap stocks. Consider two fund managers seeking to buy stock

SEE **FOCUS** PAGE 12 >

GROWTH MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
Dividend Growth	VDIGX	7,632	\$23.87	\$182,187	21%	0.2%
Capital Opportunity	VHCOX	3,193	\$53.77	\$171,706	20%	0.8%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$109.93	\$158,827	19%	0.7%
S&P MidCap 400 Value ETF	IVOV	1,521	\$101.73	\$154,779	18%	0.4%
International Growth	VWIGX	4,504	\$22.38	\$100,792	12%	2.1%
Health Care	VGHCX	302	\$206.64	\$62,327	7%	-4.9%
Short-Term Inv.-Grade	VFSTX	2,396	\$10.78	\$25,834	3%	-0.0%

TOTAL **\$856,453**

CURRENT PERFORMANCE	Aug.	YTD	1-yr	3-yr	5-yr
	0.3%	6.9%	9.6%	11.0%	13.4%
Risk last 24 months	0.96		Risk since inception	0.97	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

THIS MONTH'S CHANGES

None.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to index exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. Flagship investors may be able to open new accounts in closed funds in the *Model Portfolios* though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. For **Dividend Growth**, use **Dividend Appreciation Index**. With **Capital Opportunity** (and *PRIMECAP Aggressive Growth*) closed I recommend investors consider *PRIMECAP Odyssey Growth* (POGRX) as a replacement. *PRIMECAP Odyssey Stock* (POSKX) is the preferred replacement for **PRIMECAP Core**. Both Odyssey funds can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

CONSERVATIVE GROWTH MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
Dividend Growth	VDIGX	5,727	\$23.87	\$136,699	23%	0.2%
Capital Opportunity	VHCOX	2,421	\$53.77	\$130,198	22%	0.8%
S&P MidCap 400 Value ETF	IVOV	764	\$101.73	\$77,686	13%	0.4%
S&P MidCap 400 ETF	IVOO	689	\$105.48	\$72,708	12%	0.5%
International Growth	VWIGX	2,291	\$22.38	\$51,266	9%	2.1%
High-Yield Corporate	VVHEX	7,762	\$5.86	\$45,483	8%	1.7%
Health Care	VGHCX	216	\$206.64	\$44,549	8%	-4.9%
Short-Term Inv.-Grade	VFSTX	3,006	\$10.78	\$32,402	5%	-0.0%

TOTAL **\$590,991**

CURRENT PERFORMANCE	Aug.	YTD	1-yr	3-yr	5-yr
	0.2%	6.8%	9.3%	10.4%	12.7%
Risk last 24 months	0.88		Risk since inception	0.83	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
Dividend Growth	VDIGX	4,562	\$23.87	\$108,905	26%	0.2%
PRIMECAP Core	VPCCX	4,355	\$22.24	\$96,848	23%	0.8%
Int-Term Investment-Grade	VFICX	7,797	\$10.11	\$78,830	18%	-0.1%
High-Yield Corporate	VVHEX	7,251	\$5.86	\$42,490	10%	1.7%
Short-Term Inv.-Grade	VFSTX	2,808	\$10.78	\$30,270	7%	-0.0%
Health Care	VGHCX	142	\$206.64	\$29,344	7%	-4.9%
International Growth	VWIGX	1,154	\$22.38	\$25,827	6%	2.1%
MidCap Index	VIMSX	346	\$35.34	\$12,231	3%	0.1%

TOTAL **\$424,746**

CURRENT PERFORMANCE	Aug.	YTD	1-yr	3-yr	5-yr
	0.2%	6.3%	9.3%	9.4%	10.3%
Risk last 24 months	0.65		Risk since inception	0.61	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

Ticker	Shares	Price	Value	%	Mo. Return	
S&P MidCap 400 Growth ETF	IVOG	772	\$109.93	\$84,859	24%	0.7%
Dividend Appreciation ETF	VIG	839	\$85.16	\$71,413	20%	0.0%
S&P MidCap 400 Value ETF	IVOV	679	\$101.73	\$69,064	19%	0.4%
S&P 500 Growth ETF	VOOG	507	\$109.15	\$55,312	16%	-0.3%
Total International Stock ETF	VXUS	816	\$46.70	\$38,117	11%	0.5%
Health Care ETF	VHT	197	\$133.18	\$26,215	7%	-3.2%
Short-Term Corporate ETF	VCSH	142	\$80.71	\$11,429	3%	-0.1%

TOTAL **\$356,408**

CURRENT PERFORMANCE	Aug.	YTD	1-yr	3-yr	5-yr
	0.0%	9.2%	10.6%	11.0%	12.7%
Risk last 24 months	0.94		Risk since inception	1.05	

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	8/31 Price	Aug. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$41.32	0.3%	3.4%	4.2%	8.6%	12.1%	Capital Opp.
Artisan MidCap Value	ARTQX	\$21.26	0.0%	13.4%	8.7%	5.1%	10.4%	Selected Value
Polaris Global Value	PGVFX	\$22.20	2.5%	4.9%	5.8%	8.5%	12.3%	Global Equity
Fidelity International SmallCap	FISMX	\$24.11	1.3%	9.0%	9.3%	8.1%	9.2%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$15.31	0.9%	2.6%	4.5%	8.3%	10.1%	International Expl.
T. Rowe International Discovery	PRIDX	\$55.54	0.6%	3.0%	8.4%	8.9%	9.6%	International Expl.
Hartford Healthcare	HGHAX	\$33.06	-4.9%	-5.7%	-3.9%	16.1%	19.3%	Health Care
ICON Healthcare	ICHCX	\$15.52	-2.0%	4.0%	0.9%	15.6%	18.9%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$28.30	1.0%	3.6%	9.4%	11.5%	15.7%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$34.45	0.6%	6.3%	10.1%	13.9%	19.9%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$25.38	1.6%	7.5%	11.6%	12.2%	14.5%	PRIMECAP Core
Fidelity High Income	SPHIX	\$8.66	2.6%	13.1%	6.7%	4.3%	6.5%	High-Yield Corporate

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

Billions In, Billions Out at Vanguard

BILLIONS OF DOLLARS are sloshing into and out of Vanguard's money market funds as investors and fund firms wrestle with new SEC rules taking effect in October.

Billions per month are being sucked out of money market funds that invest mainly in short-term debt issued by companies, and poured into funds focused on government debt.

The SEC's rules are meant to make money market funds safer, but have set off a slew of unintended consequences.

As a quick reminder, the SEC rules will mainly impact institutional investors, as the money market funds you and I can use will continue to be priced at \$1.00 per share day in and day out—no variable pricing for us individuals. If money market funds for individuals will have stable NAVs, why are we seeing the shift toward government money markets? Well, in times of stress, prime money funds may suspend redemptions or levy a fee against investors taking money out of the fund. Government money funds aren't subject to those regulations—so despite lower yields, money is moving to where the fewest changes are expected.

Driving these huge cash disloca-

Vanguard Money Market Funds Net Cash Flows

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	2016 Net Flow
Treasury Money Mkt.	\$272	\$326	\$210	\$160	\$163	\$359	\$1,111	\$2,601
Federal Money Mkt.	\$464	\$848	\$2,024	\$3,758	\$2,316	\$5,884	\$7,406	\$22,700
Prime Money Mkt.	\$1,080	(\$575)	\$160	(\$3,050)	(\$1,656)	(\$4,563)	(\$4,216)	(\$12,820)
Tax Ex. Money Mkt.	(\$781)	(\$187)	(\$228)	(\$273)	(\$4)	(\$249)	(\$276)	(\$1,998)
California Tax-Ex. Money Mkt.	(\$65)	(\$20)	(\$43)	(\$88)	\$2	\$19	\$36	(\$159)
New Jersey Tax-Ex. Money Mkt.	(\$17)	(\$16)	(\$5)	(\$31)	(\$13)	(\$25)	(\$24)	(\$130)
New York Tax-Ex. Money Mkt.	(\$40)	(\$21)	(\$66)	(\$36)	(\$14)	(\$32)	\$2	(\$207)
Ohio Tax-Ex. Money Mkt.	(\$14)	(\$11)	(\$16)	(\$15)	(\$3)	(\$11)	(\$3)	(\$73)
Pennsylvania Tax-Ex. Money Mkt.	(\$45)	(\$28)	(\$10)	(\$37)	(\$10)	(\$49)	(\$17)	(\$196)

Note: Amounts listed are millions of dollars.

tions has been Vanguard's decision, in response to the SEC rules, to consolidate all its brokerage sweep accounts into **Federal Money Market**, a process that has bedeviled many Vanguard clients as checks have bounced and balances have mysteriously disappeared and reappeared.

\$13.5 billion has drained out of **Prime Money Market** over the past four months, while more than \$19 billion has sluiced into Federal Money Market. The table above shows net flows for Vanguard's money market funds this year. (Note that I have combined the Investor and Admiral share classes of Prime Money Market.) You can see there have been net out-

flows for all of Vanguard's prime and municipal money market funds, while the government funds have raked in billions.

Despite the material outflow this year, Prime Money Market, with over \$125 billion in assets, is still the firm's largest money market fund by a long shot. Federal Money Market comes in second with \$27.5 billion—though its assets have increased nearly six times since the start of the year.

Frankly, I'm not worried about a Vanguard money market fund breaking the buck. (I also wasn't concerned about that in the past.) But the new rules are impacting the markets in ways that I doubt the SEC intended. ■

▶ WAKE FROM PAGE 1

the tooth and is "due" to end—soon, of course. The current bull market is 7.5 years old, so it has lasted longer than the "average" bull market. However,

to claim the title of longest U.S. bull market, it will have to go another two years, until September 5, 2018, without a 20% decline, the mark of a bear market. Yes, another bear is coming—but as the saying goes, bull markets don't die of

old age. They end when investors are euphoric and worried about missing out on gains—which doesn't sound much like the sentiment I'm hearing these days.

Meantime, the action has been in the bond market. So far, there have ▶

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> been 11 days this year when the 10-year Treasury bond's yield moved 5% or more from the prior day's yield, which is equivalent to all the 5% or greater moves seen in 2015, and higher than the eight such moves in 2014 and 2013 combined. With yields at such low levels, even small absolute changes represent big percentage moves. The concern for investors is that low yields mean that there isn't much income to cushion the blow of falling bond prices when interest rates rise.

Which begs the question: When will rates rise, and how fast? No one knows, though plenty of talking heads will tell you they do, with absolute confidence. Those are simply guesses. What isn't a guess is that higher rates are likely to be driven by faster economic growth or higher inflation or both. Right now, though, the economy is growing at an uninspiring pace. Second-quarter GDP was revised down from 1.2% growth to 1.1%. And inflation is still extremely low. The Fed's preferred inflation measure, core PCE, is only up 1.6% over the past year.

Still, I think it's likely that the Fed will raise interest rates in September, though we are only talking about an incremental increase. Chair Janet Yellen and some Fed governors have telegraphed to the market that they would like to raise interest rates, though ever so slowly. Remember, the last time the Fed raised interest rates was in December, so they haven't been in a hurry. I suppose it is possible, but I wouldn't expect a 25 basis point (0.25%) move to trigger materially higher yields across the bond market. Nor would it cause me to alter the *Model Portfolios*—even in a period of rising interest rates, there is a role for bonds in keeping overall volatility under control.

As noted earlier, there still seems to be a good deal of negative sentiment toward stocks, particularly U.S. stocks, which I believe reflects the memory of two massive bear markets over the last two decades—the bursting of the tech bubble, and then the credit crisis. And while still relatively unpopular, some of the best areas of opportunity may be found outside our borders. Yes,

the headlines are scary, but consider that **Emerging Markets Stock Index**, which is up 14.6% this year, is still 19.6% below its high point reached nearly nine years ago in October 2007. **International Growth**, my preferred foreign stock fund, currently has 20.6% of its portfolio allocated to companies in emerging markets, a bit more than **Total International Stock Index's** 18.7% allocation. Its 6.1% return this year is also slightly ahead of the index fund's 5.2% return. At some point we may want to increase our exposure to foreign stocks—with or without a dedicated emerging markets holding.

On a side note, August marked the 40th birthday for **500 Index**, Vanguard's first foray into indexing. When it was introduced, with a 6% front-end load, it was an abject failure, and attracted few assets even after the load was removed. Of course, that failure turned into a rousing success and gave birth to the “new” Vanguard, a no-load, low-expense home for a slew of index and active funds as well as ETFs. We are all better for it. ■

ALTERNATIVES

A Strong Start, Still in the Shadows

VANGUARD'S HEDGE FUND turned one year old in August.

Wait. Vanguard has a hedge fund? That's right. **Alternative Strategies** is essentially a hedge fund in a mutual fund wrapper, executing a sophisticated, somewhat opaque strategy with limited access and the aim of delivering positive returns irrespective of the stock market. Alternative Strategies has everything but high fees, or a high profile.

You are forgiven if you're not all that familiar with Alternative Strategies. You can only invest directly in the fund if you are a client of Vanguard's Institutional Advisory Services, which means you are an endowment, foundation or pension. You won't even find a page for the fund on Vanguard's personal investor website. That said, Alternative Strategies is a component of **Managed Payout's** portfolio—so it deserves a bit of our time and attention.

Alternative Strategies' objective is to deliver returns that have a low correlation to the stock and bond markets while exhibiting less volatility than stocks. In plain English, that means the fund should behave differently than the stock and bond funds you already own, and it should land in the middle when it comes to risk. Of course, the real aim is to do this while also generating positive returns, regardless of what the stock or bond markets are doing—Vanguard's goal is to return 4% over cash—otherwise you could just hold cash and get about the same diversification benefits with no risk (and almost no returns).

Portfolio managers Michael Roach, Anatoly Shtekhman and Binbin Guo try to deliver on this fairly lofty goal by investing in several different strategies: long/short equity (which is like **Market Neutral**), event driven (also known as merger arbitrage), fixed income relative value, currencies and commodities. If that sounds a bit murky in its description, well, that's because it is. Vanguard could stand to improve its discussion of how this fund actually invests.

That said, the fund's first year has been a home run. Since its August 11, 2015 launch, Alternative Strategies' 9.6% return is ahead of **Total Stock Market's** 5.6% gain, **Total Bond Market's** 5.5% advance and **Prime Money Market's** meager 0.3% return.

Alternative Strategies has delivered those returns with low correlation to the stock and bond markets. Remember, correlation tells us to what degree two funds (or, say, a fund and an index) moved in the same direction at the same time. Correlations range between -1.00 and 1.00. When two investments rise and fall in perfect unison, they are said to have a correlation of 1.00. If they always move in opposite directions, that yields a correlation of -1.00. Since inception, Alternative Strategies and Total Stock Market have had a correlation of 0.05, which means there was little relationship between their ups and downs. A correlation of 0.33 between Alternative Strategies and Total Bond Market indicates there has been a bit more of a synchronicity, but they still moved fairly independently of each other.

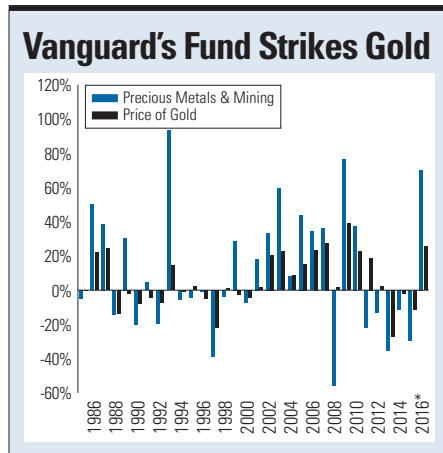
Watch Out for the Gold Bugs

DON'T LOOK NOW, but there's a very good chance that money is going to begin cascading back into **Precious Metals & Mining**. And if it does, Vanguard could quickly slam the doors on this volatile and risky fund.

Not strictly a gold fund (its mandate was broadened in 2004, though gold is still a huge factor), Precious Metals & Mining has turned the performance corner in a big way. Its one-year return turned positive in April, its three-year return turned positive in June, and the fund is up 70.2% since the beginning of 2016, putting it on pace for its best single calendar year since its 1984 inception.

With \$3.0 billion in assets, the fund has more than doubled in size in six months. Almost all of that gain has been performance-based, with a net \$43 million in cash added through July.

But history suggests that the trickle of new money is about to turn into a



*Year-to-date return.

flood. Traders have been attracted to the fund, with a bit of a lag, almost every time its three-month returns have turned positive. While Precious Metals & Mining's three-month return was -12.5% in January, it turned positive, to 19.4%, in February, and has remained in positive territory since. At the end of July, the

fund was up an annualized 6.7% over the past three years.

Would I buy this fund? No way! Despite the incredible run it's had this year, the fund's long-term shareholders are still trying to erase a 75.9% loss. The fund remains deeply underwater compared to the high reached on May 19, 2008.

This is by far the riskiest of Vanguard's offerings, and also the one tied to an asset that simply has no intrinsic investment value. I'd stay away, but watch with curiosity as others try to time their entrance and exit here.

It's a good bet that if the hot money starts to flow, Vanguard could shut the doors quickly. So far there've been no signs of excess, but flash floods don't give much warning.

So long as performance stays strong, I expect that the money will flow. But once it grows cold, the money will go. ■

And finally, the risk piece of the equation. Alternative Strategies was just one-third as volatile as Total Stock Market over the past year. Or if you prefer to look at the fund's maximum cumulative loss, Alternative Strategies' largest decline since its inception was a drop of 2.5%. Total Stock Market's worst slide during that period was a drawdown of 7.6%.

Near double-digit returns with low risk and low correlation to stocks and bonds are exactly what you'd want from an alternative strategy. However, there are a few things to keep in mind before you say, "Sign me up!"

First, as I mentioned, the fund isn't available to individual investors. And even if Vanguard does make it available, using Market Neutral's minimum investment hurdle of \$250,000 as a guide, it probably won't be within reach of most investors.

Second, the fund is very small and hasn't caught the eye of many of the endowments and pensions that Vanguard is targeting. Of the \$192 million invested in the fund, \$165 million or so can be attributed to Managed Payout, which allocates about 10% of its assets to the new fund. (It probably goes without saying, but I wouldn't invest in Managed Payout just to gain access to Alternative Strategies.) Some funds do very well when the portfolio is small, and then struggle as assets grow. It is not clear how large a portfolio Vanguard can successfully manage in this strategy.

Third, let's say Alternative Strategies was available to everyone with a minimum hurdle that didn't break the bank, and the size of the fund wasn't a worry. Should everyone allocate some of their portfolio to the fund? No. I believe that people should only invest in what they understand. If "long/short equity, event driven and fixed income relative value"

sounds like gobbledygook to you, then you shouldn't invest in the fund. Owning a mix of plain old stock and bond funds has served us well in the past—and will continue to in the future.

On top of that, Alternative Strategies hasn't and shouldn't behave like the stock and bond funds in your portfolio. While that is by design and a strength of the fund, it does mean that some investors may find it difficult to hold on to. Consider that in Alternative Strategies' first 12 full months, it underperformed Total Stock Market in six months. And when it underperformed, Alternative Strategies lagged the index fund by an average of 3.7%. Over the three months when Alternative Strategies was experiencing its largest drawdown of 2.5%, Total Stock Market was gaining 9.6% and Total Bond Market was up 1.3%.

Remember, when something is uncorrelated, that means there will be times when it lags the other pieces of your portfolio. To reap the benefits of a diversified, uncorrelated holding, you either have to time your buys and sells precisely, or you've got to hang on through those difficult periods when it is a drag on your returns in order to be there when the diversification works in your favor. Easier said than done.

With an expense ratio of 0.73%, the fund is expensive by Vanguard standards, but far cheaper than similar strategies available to mutual fund investors—and certainly cheaper than the average hedge fund. I suspect that if Vanguard opened this strategy more broadly, it would be very popular, if only for its low-fee advantage. And if the fund continued to deliver differentiated, yet positive returns, its appeal would only increase to the point of making it unmanageable. For the time being, Vanguard seems content to leave Alternative Strategies in relative obscurity.

Funds for Investors. ETFs for Traders.

MUTUAL FUND, or exchange-traded fund (ETF)—which is better? The common assumption behind that question is that ETFs, being the newer Wall St. innovation, must be superior to the stodgy old mutual fund that our parents and grandparents invest in.

But don't count out the old fashioned mutual fund just yet.

I'll go through the pros and cons in a minute, but let's start at the beginning. ETFs, like index mutual funds, provide an easy way to buy a predetermined basket of stocks or bonds. In the simplest terms, an ETF is just an index fund. What sets ETFs apart is that they trade throughout the day, like a stock, as opposed to mutual funds, which are priced just once a day at the market's close.

The first ETF launched in the U.S., in 1993, was *State Street's SPDR S&P 500 ETF* (SPY). Though ETFs have taken off since then, they weren't an overnight success. It took nearly two and a half years for the second ETF, *State Street's MidCap SPDR* (MDY), to hit the market. ETFs holding foreign stocks didn't arrive until 1996. Seven years after SPY's inception, there were only 30 ETFs in the U.S., and Vanguard didn't enter the market until 2001. The first bond ETFs came on the scene in 2002, and commodity ETFs landed in 2004. Since then, the ETF industry has exploded. In 2008, ETFs held a combined \$531 billion in assets. Today, there are nearly 2,000 ETFs available in the U.S., and assets invested via ETFs sit just shy of \$2.4 trillion. Clearly something is drawing the attention and dollars of investors and traders.

ETFs, like shiny new toys, are considered superior to old-school mutual funds. And that superiority is generally built on the foundation of four pillars: low cost, tax-efficiency, transparency and liquidity. But are these pillars unique to ETFs, or do mutual funds share those qualities? And if they are shared qualities, are ETFs still better?

Let's take costs first. Are ETFs really

Vanguard's 500 Index Share Classes

Share Class	Minimum Investment	Expense Ratio
500 Index	\$3,000	0.16%
Admiral 500 Index	\$10,000	0.05%
S&P 500 ETF	None	0.05%
Inst. Index Inst.	\$5,000,000	0.04%
Inst. Index Inst. Plus	\$200,000,000	0.02%
500 Index Inst. Select	\$5,000,000,000	0.01%

cheaper than index mutual funds? First, it's important to make sure you're comparing index funds and ETFs with similar, if not identical, investment objectives. At Vanguard, for instance, where many index funds offer an ETF share class that tracks the exact same index benchmark, the lower-cost Admiral shares of its mutual funds operate within one basis point (0.01%) or less of the ETF shares. So, if you can meet the minimum for the Admiral shares (typically \$10,000) then, from a cost perspective, the ETF has no advantage over the mutual fund, and vice versa. As you can see in the table above, different share classes of Vanguard's classic **500 Index** operate with varying expenses depending on how much you have to invest. Only the original Investor shares of the fund are more "expensive" than the ETF shares.

Okay. Number two. In theory, ETFs should be more tax-efficient than mutual funds. In practice, though, index mutual funds are already extremely tax-efficient, and, at least at Vanguard, it is a toss-up which will leave you with more money after taxes are paid. When I matched up 36 ETFs with their Investor share siblings and compared after-tax returns over the past five years, in half of the instances the ETF shares led—which means that in half the comparisons the index mutual fund outperformed after taxes. And that's using the most expensive share class of Vanguard's index mutual funds. Use a cheaper share class, and the balance tips toward the fund over the ETF.

Yup, the old, tried-and-true open-end fund is probably just as good as the ETF, if not better, when it comes to taxes. (For an in-depth review of Vanguard's funds' tax efficiency, see the May and June 2016 issues of the newsletter.)

Let's look at the third pillar: transparency. ETFs have to disclose the stocks in their portfolio every single day, whereas mutual funds only have to update their holdings every quarter—making ETFs more transparent, right? Well, first, remember that at Vanguard ETFs are simply another share class of its index mutual funds, so they own the same basket of stocks, and hence one can't be more transparent than the other. But putting that aside, updating holdings daily only increases transparency if those holdings are actually changing each day. While an active portfolio manager may buy a stock one day that he or she didn't own the day before or even completely rejigger a fund's portfolio, indexes (and index funds) don't work that way. Most indexes only reconstitute their portfolios, a process of reviewing and changing their holdings if necessary, once a quarter or once a year. So for an index-tracking portfolio, whether a mutual fund or ETF, the holdings simply aren't changing day to day or even week to week.

Which brings us to that fourth and final selling point: liquidity, the ability to easily buy or sell an asset any time the markets are open. Stocks trade all day long and, hence, are very liquid. Your house, on the other hand, is not liquid, as it would take several weeks to sell in even an optimal scenario. Because ETFs can be traded throughout the day, they are more liquid than mutual funds, which only trade at one price, their net-asset value, at the end of the day. ETFs also offer more trading flexibility in terms of setting stop-loss orders or short-selling—things you can't do with a mutual fund. (Though, I seriously question whether most investors should be engaged in either market-timing or

leveraged strategies such as these, but that's another story.)

However, that added liquidity and trading flexibility comes with some costs. When you trade ETFs, you aren't buying or selling at net asset value, as you do with typical mutual funds. The price of an ETF can become unhinged from the value of its holdings—called trading at a premium or a discount. Bid-ask spreads (the difference between the price at which the broker is willing to sell and the price the broker is willing to buy at) mean that you, the investor, could end up paying slightly more or less than net asset value, but more likely you'll pay slightly more or sell at slightly less.

And some investors may pay a commission to trade ETFs. Vanguard does not charge a commission if you trade Vanguard ETFs through its brokerage platform, but you may face commission charges when trading ETFs elsewhere.

Also, mutual funds allow you to buy fractional shares, making it easy to invest a full \$10,000 and to set up automatic investment plans. With ETFs, you have to buy whole shares, so you may not be able invest that entire \$10,000. If the ETF you want to buy is selling at \$53.41 per share, you'll only be able to buy 187 shares for \$9,987.67. The remaining \$12.33 doesn't get invested.

So yes, ETFs are more liquid, but

you have to ask yourself if the benefit of trading throughout the day is (a) worth the added complexity and (b) actually something that you need. If you are a trader, maybe that extra liquidity is necessary. But if you're a long-term investor, measuring success in years, not days or hours, it is hard to see how being able to trade during the day helps—though I can see how it might hurt.

If you're a trader, ETFs have been a nice addition to your toolkit. But investors shouldn't believe the rumors that mutual funds are a dying breed. In fact, for many investors, an index mutual fund may actually be the smarter option over an ETF. ■

MYTHS

October Omens?

OCTOBER'S JUST AROUND the corner, and I want you to be prepared for all the dire warnings that will herald its arrival.

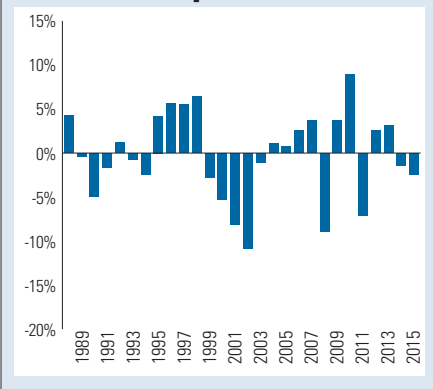
You remember October, don't you? In 1987, we had the great crash that took the Dow down 508 points (or 22.6%) on what came to be known as Black Monday. **500 Index** fell 21.7% for the month. And ever since then, it's been "common wisdom" that Octobers were bad for your health and your wealth.

Of course, the minute everyone agreed that Octobers were to be avoided, well, they turned out not to be so bad, with positive returns in 19 (68%) of the past 28 Octobers.

October 2008 may have set the tone for further worries about this particular month. Following on Lehman Bros.' September 2008 bankruptcy, the credit markets seized up, the Fed slashed interest rates, TARP was unveiled and the stock market dove 17.6% in October 2008, the single worst month of the entire 2008 to 2009 bear market. **500 Index** dropped 16.8% that month.

It sounds pretty dismal. But I've got some good news and some bad news. The good news is that October isn't the worst month of the year for investors. The bad news is that the worst month is the one that'll get here sooner—September.

500 Index September Returns

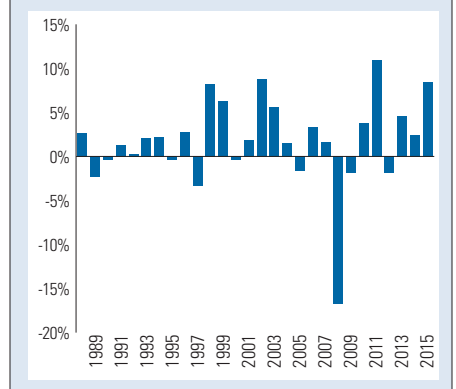


Since 1987, **500 Index** has averaged a 1.8% gain during October. Septembers are another story. Over the same period, **500 Index** has averaged a 0.3% loss during September.

Over just the past 10 years, for all Vanguard equity and balanced funds that have been around that long, the average September return was a fractional gain of 0.1%. The average October return: 1.0%.

I'm sure you're wondering if this means that, given the recent market highs, we should sell everything today and buy it back after September is over? Absolutely not. I'm not a market timer, and you shouldn't be, either. Market tim-

500 Index October Returns



ing costs you money (taxes), wasted energy, anxiety and pain—and the occasional redemption fee. And you never know when you'll have a September like the one in 2010, when the average Vanguard fund gained 9.2%, or an October like the ones in 2011 or 2015, when the average fund was up 10.8% and 6.2%, respectively. Monthly returns are random, despite what the media tells you.

So remember, in the next few weeks you're going to be hearing plenty about how terrible October will be for investors. Armed with the numbers I've just laid out, and prepared for September rather than October, you may sleep a bit better at night. I know I will. ■

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	8/31 Price	Aug. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.81	-0.4%	6.3%	0.11392593	—	—	0.4%	—
Energy (51)	VGENX	\$3K	—	Hold	\$50.48	2.5%	22.9%	12.9%	-3.4%	-0.2%	2.1%	1.93
Precious Metals & Mining (53)	VGPMM	\$3K	—	Sell	\$10.62	-14.1%	70.2%	51.6%	-0.1%	-13.8%	1.5%	3.50
Health Care (52)	VGHGX	\$3K	—	Buy	\$206.64	-4.9%	-3.9%	-1.5%	17.0%	18.6%	0.8%	1.14
REIT Index (123)	VGSIX	\$3K	—	Hold	\$29.56	-3.7%	13.8%	25.4%	15.8%	13.3%	3.8%	1.45
Global ex-U.S. Real Estate Index (738)	VGXRX	\$3K	0.25% f/0.25% r	Hold	\$22.36	-0.9%	9.7%	12.2%	5.7%	7.0%	2.7%	1.15
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$53.77	0.8%	4.6%	8.9%	13.1%	16.9%	0.5%	1.19
Explorer (24)	VEXPX	\$3K	—	Hold	\$87.28	1.2%	8.5%	5.3%	7.7%	12.9%	0.3%	1.27
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$31.55	1.9%	10.9%	11.4%	9.1%	13.7%	0.7%	1.21
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$22.34	-0.4%	-0.5%	-1.8%	7.8%	11.8%	0.3%	1.16
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$36.96	0.5%	8.5%	6.1%	7.8%	12.6%	1.1%	1.21
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$58.56	0.6%	11.0%	9.2%	9.6%	13.8%	1.6%	1.17
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$26.61	0.7%	13.0%	11.9%	11.2%	14.6%	2.1%	1.17
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$30.31	0.1%	7.1%	7.2%	12.1%	15.5%	1.5%	1.08
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$31.14	-0.4%	7.5%	6.5%	10.3%	14.4%	1.1%	1.14
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$49.64	1.2%	12.4%	12.4%	11.0%	15.1%	1.6%	1.18
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$11.36	0.7%	4.0%	2.0%	4.4%	11.0%	1.2%	1.44
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$68.87	0.9%	8.9%	6.9%	9.1%	13.3%	1.6%	1.19
Growth Index (9)	VIGRX	\$3K	—	Buy	\$57.63	-0.3%	5.8%	9.4%	12.7%	14.4%	1.1%	1.10
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$41.80	-0.8%	6.9%	5.5%	10.3%	12.4%	0.9%	1.11
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$35.34	0.1%	8.4%	8.0%	11.3%	13.9%	1.7%	1.06
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$36.89	1.0%	9.8%	10.3%	12.1%	15.2%	2.5%	1.03
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$25.58	-0.7%	2.6%	6.6%	12.1%	13.6%	0.6%	1.08
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$105.74	1.3%	6.1%	13.0%	14.5%	16.2%	1.0%	1.08
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$22.24	0.8%	6.8%	12.3%	13.5%	15.3%	1.1%	1.06
Selected Value (934)	VASVX	\$3K	—	Hold	\$27.44	0.5%	6.2%	5.7%	7.8%	13.1%	1.6%	1.12
Social Index (213)	VFTSX	\$3K	—	Buy	\$13.95	0.7%	6.5%	10.0%	12.5%	15.6%	2.2%	1.07
STAR Growth (122)	VASGX	\$3K	—	Sell	\$28.85	0.3%	7.0%	8.2%	7.9%	9.5%	2.0%	0.81
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$110.55	0.2%	7.5%	11.4%	12.1%	14.6%	2.4%	1.02
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$30.32	-0.9%	1.8%	6.9%	13.4%	14.9%	0.4%	1.10
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$201.05	0.1%	7.7%	12.4%	12.1%	14.5%	1.9%	1.00
Convertible Securities (82)	VCVXS	\$3K	—	Buy	\$12.67	0.7%	5.1%	2.3%	4.3%	7.3%	1.6%	0.67
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$31.41	0.4%	5.2%	7.3%	10.5%	13.8%	1.1%	1.07
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$34.07	-0.0%	10.6%	15.2%	10.4%	12.6%	2.0%	0.89
Dividend Growth (57) (CLOSED)	VDIGX	\$3K	—	Buy	\$23.87	0.2%	7.7%	14.3%	11.6%	13.9%	1.7%	0.86
Equity Income (65)	VEIPX	\$3K	—	Buy	\$32.05	-0.2%	9.9%	16.2%	11.3%	14.5%	2.7%	0.91
Growth & Income (93)	VGNPX	\$3K	—	Sell	\$42.11	0.1%	7.5%	12.1%	12.5%	14.9%	1.8%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$28.88	-0.4%	10.8%	17.4%	12.1%	14.8%	2.9%	0.92
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$40.25	0.2%	7.5%	11.7%	11.8%	14.3%	1.7%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$11.66	-2.0%	-3.8%	0.6%	3.6%	2.3%	0.0%	0.48
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$24.40	0.2%	6.9%	8.0%	7.2%	8.0%	2.0%	0.61
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$54.35	0.3%	8.0%	11.3%	11.6%	14.3%	1.7%	1.01
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$17.22	-0.2%	5.6%	9.2%	10.4%	14.7%	2.0%	0.94
Value Index (6)	VIVAX	\$3K	—	Hold	\$34.32	0.6%	9.1%	13.8%	11.1%	14.3%	2.3%	0.94
Windsor (22)	VWNDX	\$3K	—	Hold	\$20.02	1.8%	5.4%	5.5%	8.9%	14.0%	1.5%	1.18
Windsor II (73)	VWNFX	\$3K	—	Buy	\$35.78	1.2%	8.0%	9.5%	9.2%	13.2%	2.1%	1.02
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$31.08	0.1%	7.4%	9.4%	8.7%	9.8%	1.9%	0.60
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$17.99	-0.1%	6.7%	7.5%	6.8%	7.4%	3.8%	0.57
STAR (56)	VGSTX	\$1K	—	Hold	\$24.64	0.6%	6.6%	7.9%	7.8%	9.1%	1.9%	0.69
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$18.86	0.1%	6.8%	7.6%	6.4%	6.5%	2.0%	0.42
STAR Income (723)	VASIX	\$3K	—	Sell	\$15.38	0.0%	6.5%	7.2%	5.6%	4.9%	2.0%	0.28
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$28.15	0.1%	5.8%	8.8%	8.7%	9.2%	2.0%	0.45
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$26.39	0.0%	9.1%	12.1%	8.0%	8.5%	2.8%	0.41
Wellington (21)	VWELX	\$3K	—	Buy	\$39.13	0.2%	7.7%	10.6%	8.8%	10.6%	2.5%	0.68
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$29.09	0.4%	6.9%	8.3%	8.1%	—	1.7%	0.92
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$32.96	0.4%	6.9%	8.3%	8.1%	10.1%	1.8%	0.92
Target Retirement 2050 (699)	VFIIX	\$1K	—	—	\$30.46	0.4%	6.9%	8.3%	8.2%	10.1%	1.9%	0.92
Target Retirement 2045 (306)	VTIVX	\$1K	—	—	\$19.01	0.4%	6.9%	8.3%	8.2%	10.1%	2.0%	0.92
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$30.42	0.4%	6.9%	8.2%	8.2%	10.1%	2.0%	0.91
Target Retirement 2035 (305)	VTHX	\$1K	—	—	\$18.00	0.4%	6.9%	8.2%	8.1%	9.9%	2.0%	0.84
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$29.63	0.3%	6.9%	8.1%	7.8%	9.4%	2.0%	0.76
Target Retirement 2025 (304)	VTVX	\$1K	—	—	\$16.70	0.3%	6.9%	8.0%	7.6%	8.9%	2.0%	0.68
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$28.99	0.2%	6.8%	7.8%	7.3%	8.3%	2.0%	0.61
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$15.13	0.1%	6.3%	7.2%	6.6%	7.4%	1.9%	0.50
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$26.36	0.0%	5.9%	6.6%	5.8%	6.4%	1.7%	0.38
Target Retirement Income (308)	VTINX	\$1K	—	—	\$13.09	0.0%	6.0%	6.6%	5.3%	5.4%	1.7%	0.34
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$9.21	0.5%	2.4%	2.0%	—	—	2.6%	1.12
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$23.68	1.7%	14.6%	10.5%	1.9%	-0.6%	2.2%	1.54
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$17.83	2.1%	17.1%	13.6%	1.2%	0.2%	1.6%	1.63
European Index (79)	VEURX	\$3K	—	Hold	\$26.14	0.7%	-0.2%	-2.2%	1.8%	5.2%	3.2%	1.16
Global Equity (129)	VHGEX	\$3K	—	Hold	\$24.78	0.2%	4.8%	7.3%	7.8%	9.8%	1.6%	1.02
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$12.19	-0.7%	7.9%	10.1%	—	—	1.7%	0.63
International Dividend Appreciation Index (2015)	VIAIX	\$3K	—	Hold	\$22.50	-1.7%	—	—	—	—	—	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$16.89	-0.2%	-0.4%	1.7%	6.7%	7.4%	1.5%	1.09
International Growth (81)	VWIGX	\$3K	—	Buy	\$22.38	2.1%	6.1%	8.9%	4.9%	6.0%	1.3%	1.30
International High Dividend Yield Index (1530)	VIHIX	\$3K	—	Hold	\$22.34	1.3%	—	—	—	—	—	—
International Value (46)	VTRIX	\$3K	—	Hold	\$32.31	0.7%	3.9%	0.1%	1.4%	4.5%	2.0%	1.20
Pacific Index (72)	VPACX	\$3K	—	Hold	\$11.26	0.3%	5.3%	7.7%	4.2%	5.1%	2.2%	1.18
Total International Stock Index (113)	VGTSX	\$3K	—	Hold	\$15.02	0.7%	5.2%	3.8%	2.7%	3.7%	2.6%	1.14
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$24.73	0.4%	6.7%	7.7%	7.1%	8.6%	2.1%	1.03
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$17.75	0.8%	5.2%	3.5%	2.5%	3.5%	2.6%	1.15
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$37.22	-0.2%	6.0%	7.0%	4.4%	4.0%	2.5%	1.12

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	8/31 Price	Aug. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk
												25%	28%	36.8%*	38.8%*	43.4%*	
TAXABLE INCOME																	
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.3	\$10.01	0.1%	1.1%	1.1%	—	—	0.9%	0.90%	—	—	—	—	—	
Short-Term Treasury (32)	VFISX	Sell	2.1	\$10.74	-0.3%	1.5%	1.3%	1.0%	0.7%	0.9%	0.56%	—	—	—	—	0.38	
Short-Term Federal (49)	VSGBX	Sell	2.8	\$10.82	-0.2%	1.7%	1.7%	1.4%	1.0%	1.0%	0.87%	—	—	—	—	0.36	
Short-Term Inflation Index (1967)	VTIPX	Hold	2.8	\$24.65	-0.3%	2.1%	1.7%	0.3%	—	0.0%	-0.43%	—	—	—	—	0.63	
Short-Term Investment-Grade (39)	VFSTX	Buy	3.3	\$10.78	-0.0%	3.5%	3.6%	2.5%	2.4%	2.0%	1.55%	—	—	—	—	0.45	
Short-Term Bond Index (132)	VBISX	Hold	2.8	\$10.58	-0.3%	2.4%	2.2%	1.7%	1.3%	1.3%	1.01%	—	—	—	—	0.49	
Inflation-Protected Sec. (119)	VIPSX	Hold	8.9	\$13.69	-0.4%	6.6%	5.2%	2.6%	1.6%	0.7%	-0.14%	—	—	—	—	1.48	
Intermed. Treasury (35)	VFITX	Sell	5.5	\$11.63	-0.7%	4.5%	4.4%	3.5%	2.3%	1.6%	1.03%	—	—	—	—	1.22	
Intermed. Investment-Grade (71)	VFICX	Buy	6.5	\$10.11	-0.1%	6.9%	7.7%	5.3%	4.6%	2.9%	2.22%	—	—	—	—	1.07	
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.2	\$11.85	-0.6%	7.0%	7.2%	5.3%	4.0%	2.5%	1.88%	—	—	—	—	1.36	
Total Bond Market (84)	VBMFX	Hold	8.0	\$11.10	-0.2%	6.0%	6.1%	4.2%	3.1%	2.3%	1.80%	—	—	—	—	1.00	
Core Bond (1320)	VCORX	Buy	7.8	\$10.28	-0.0%	—	—	—	—	—	1.79%	—	—	—	—	—	
GNMA (36)	VFHX	Hold	5.0	\$10.85	0.1%	3.4%	4.0%	4.2%	2.5%	2.3%	2.02%	—	—	—	—	0.53	
Long-Term Treasury (83)	VUSTX	Sell	24.5	\$13.97	-1.0%	16.6%	16.9%	11.9%	7.7%	2.4%	1.93%	—	—	—	—	3.87	
Long-Term Investment-Grade (28)	VWESX	Hold	23.2	\$11.19	0.1%	16.5%	18.2%	11.1%	8.7%	3.9%	3.31%	—	—	—	—	2.78	
Long-Term Bond Index (522)	VBLTX	Sell	24.3	\$15.11	-0.1%	17.3%	17.5%	10.8%	7.8%	3.5%	3.14%	—	—	—	—	2.96	
High-Yield Corporate (29)	VWEHX	Buy	7.0	\$5.86	1.7%	9.7%	6.8%	5.6%	7.1%	5.3%	4.86%	—	—	—	—	1.84	
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	10.0	\$10.20	1.6%	13.4%	13.3%	7.7%	—	4.4%	3.91%	—	—	—	—	1.89	
Emerging Markets Bond (1431)	VEMBX	—	9.5	\$11.01	2.1%	—	—	—	—	—	4.29%	—	—	—	—	—	
Total International Bond Index (1231)	VTIBX	Hold	9.5	\$11.19	0.0%	6.9%	8.0%	5.9%	—	1.4%	0.41%	—	—	—	—	1.03	
MONEY MARKET																	
Treasury MM (11)	VUSXX	—	51	\$1.00	0.0%	0.2%	0.2%	0.1%	0.0%	0.2%	0.25%	—	—	—	—	—	
Federal MM (33)	VMFXX	—	51	\$1.00	0.0%	0.2%	0.2%	0.1%	0.1%	0.2%	0.29%	—	—	—	—	—	
Prime MM (30)	VMNXX	—	39	\$1.00	0.0%	0.3%	0.3%	0.1%	0.1%	0.3%	0.50%	—	—	—	—	—	
Tax-Exempt Money Market (45)	VMSXX	—	31	\$1.00	0.0%	0.1%	0.1%	0.1%	0.0%	0.1%	0.46%	0.6%	0.6%	0.7%	0.8%	0.8%	
CA Tax-Exempt MM (62)	VCTX	—	24	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.42%	0.6%	0.7%	0.7%	0.8%	0.8%	
NJ Tax-Exempt MM (95)	VNJXX	—	51	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.40%	0.6%	0.6%	0.7%	0.7%	0.8%	
NY Tax-Exempt MM (163)	VYFXX	—	34	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.43%	0.6%	0.7%	0.7%	0.8%	0.8%	
OH Tax-Exempt MM (96)	VOHXX	—	45	\$1.00	0.0%	0.1%	0.1%	0.1%	0.0%	0.1%	0.42%	0.6%	0.6%	0.7%	0.7%	0.8%	
PA Tax-Exempt MM (63)	VPTXX	—	21	\$1.00	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.42%	0.6%	0.6%	0.7%	0.7%	0.8%	
TAX-FREE INCOME																	
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.4	\$15.85	0.0%	0.9%	1.0%	0.8%	0.7%	0.8%	0.61%	0.8%	0.8%	1.0%	1.0%	1.1%	0.13
Limited-Term Tax-Exempt (31)	VMLTX	Buy	2.8	\$11.09	-0.1%	1.6%	2.4%	2.0%	1.5%	1.5%	0.78%	1.0%	1.1%	1.2%	1.3%	1.4%	0.36
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.3	\$14.55	0.2%	3.9%	6.0%	5.5%	4.2%	2.7%	1.20%	1.6%	1.7%	1.9%	2.0%	2.1%	0.66
Tax-Exempt Bond Index (1491)***	VTEBX	Hold	5.6	\$10.50	0.2%	4.4%	6.9%	—	—	—	1.4%	1.28%	1.7%	1.8%	2.0%	2.1%	0.72
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.4	\$12.10	0.3%	5.4%	8.3%	7.8%	5.7%	3.5%	1.66%	2.2%	2.3%	2.6%	2.7%	2.9%	0.83
High-Yield Tax-Exempt (44)	VWAHX	Hold	6.6	\$11.73	0.4%	6.1%	9.2%	8.3%	6.3%	3.5%	2.12%	2.8%	2.9%	3.4%	3.5%	3.7%	0.82
STATE TAX-FREE																	
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.5	\$12.11	0.2%	4.0%	6.2%	6.0%	4.8%	2.6%	1.11%	1.6%	1.7%	2.0%	2.0%	2.2%	0.67
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.8	\$12.60	0.3%	5.5%	8.6%	8.4%	6.3%	3.3%	1.51%	2.2%	2.3%	2.7%	2.8%	3.0%	0.87
MA Tax-Exempt (168)	VMATX	Sell	6.4	\$11.23	0.2%	4.8%	7.5%	7.4%	5.0%	2.9%	1.47%	2.1%	2.2%	2.5%	2.7%	0.86	
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.3	\$12.56	0.5%	6.2%	9.9%	7.3%	5.3%	3.4%	2.04%	3.0%	3.1%	3.5%	3.7%	4.0%	0.96
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.1	\$12.26	0.3%	5.1%	7.9%	7.7%	5.3%	3.1%	1.41%	2.1%	2.1%	2.4%	2.5%	2.7%	0.79
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.2	\$13.06	0.3%	5.4%	8.2%	8.1%	5.6%	3.2%	1.66%	2.4%	2.5%	2.8%	2.9%	3.1%	0.86
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	6.0	\$12.02	0.3%	5.0%	7.7%	7.7%	5.3%	3.4%	1.75%	2.4%	2.5%	2.9%	3.0%	3.2%	0.78

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1). **3-year and 5-year returns** are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	8/31 Price	Aug. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.1%	0.1%	-0.1%	-0.1%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$19.12	-0.0%	3.3%	3.4%	2.3%	2.1%	0.46
Total Bond Market Annuity (67)	Hold	\$38.96	-0.2%	5.7%	5.8%	4.0%	2.8%	0.99
High-Yield Bond Annuity (146)	Buy	\$31.68	1.8%	9.7%	6.7%	5.2%	6.7%	1.79
Conservative Allocation Annuity (801)	Hold	\$27.46	0.1%	6.6%	7.5%	6.3%	—	0.43
Moderate Allocation Annuity (803)	Hold	\$29.68	0.2%	6.8%	8.1%	7.1%	—	0.62
Balanced Annuity (69)	Buy	\$88.60	0.2%	7.5%	10.3%	8.5%	10.3%	0.67
Capital Growth Annuity (603)	Buy	\$42.21	1.2%	6.0%	12.6%	13.9%	15.8%	1.04
Diversified Value Annuity (145)	Buy	\$30.37	0.9%	8.3%	10.4%	8.8%	12.7%	0.96
Equity Income Annuity (8)	Buy	\$77.67	-0.3%	9.8%	16.0%	11.1%	14.2%	0.92
Equity Index Annuity (68)	Buy	\$86.43	0.1%	7.5%	12.1%	11.8%	14.2%	1.00
Growth Annuity (10)	Hold	\$43.14	-1.1%	1.4%	6.3%	13.0%	14.6%	1.09
MidCap Index Annuity (143)	Buy	\$50.05	0.1%	8.2%	7.7%	11.0%	13.6%	1.06
REIT Index Annuity (147)	Hold	\$61.90	-3.7%	13.6%	25.1%	15.4%	13.0%	1.45
Small Company Growth Annuity (160)	Hold	\$69.18	1.7%	9.7%	7.7%	9.1%	13.4%	1.35
Total Stock Market Annuity (604)	Hold	\$31.44	0.2%	7.7%	10.9%	11.2%	13.9%	1.02
International Annuity (86)	Buy	\$38.87	2.0%	5.9%	8.5%	4.5%	5.7%	1.32

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	8/31 Price	Aug. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$65.45	-1.1%	3.9%	6.8%	12.2%	17.6%	2.0%	—	1.14
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$69.02	-0.5%	9.6%	17.4%	14.1%	15.1%	3.4%	—	0.85
Energy (551)	VGELX	\$50K	—	Hold	\$94.75	2.6%	23.0%	13.0%	-3.3%	-0.2%	2.2%	—	1.93
Energy Index (5480)	VENAX	\$100K	—	—	\$47.49	1.9%	15.9%	5.8%	-4.0%	1.3%	4.1%	—	1.86
Financials Index (5486)	VFAIX	\$100K	—	—	\$25.47	3.3%	5.8%	9.0%	10.7%	14.8%	2.1%	—	1.16
Health Care (552)	VGHAX	\$50K	—	Buy	\$87.19	-4.9%	-3.8%	-1.5%	17.1%	18.6%	0.9%	—	1.14
Health Care Index (5485)	VHCIX	\$100K	—	—	\$66.65	-3.1%	0.9%	2.6%	15.5%	19.2%	1.8%	—	1.24
Industrials Index (5482)	VINAX	\$100K	—	—	\$57.32	1.1%	11.6%	15.8%	11.9%	15.4%	2.6%	—	1.11
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$60.33	2.2%	9.6%	17.5%	16.6%	16.2%	1.8%	—	1.38
Materials Index (5481)	VMIAX	\$100K	—	—	\$55.11	0.1%	15.7%	15.8%	8.4%	9.2%	2.8%	—	1.60
REIT Index (5123)	VGSIX	\$10K	—	Hold	\$126.14	-3.7%	13.9%	25.6%	15.9%	13.5%	4.0%	—	1.45
Global ex-U.S. Real Estate Index (1758)	VGRUX	\$10K	0.25%f/0.25%r	Hold	\$33.88	-0.8%	9.9%	12.5%	5.9%	7.2%	2.9%	—	1.21
Telecom Svcs. Index (5488)	VTCAX	\$100K	—	—	\$48.49	-5.9%	14.7%	19.1%	10.7%	11.9%	4.3%	—	1.07
Utilities Index (5489)	VUIAX	\$100K	—	—	\$53.86	-5.5%	16.0%	21.4%	13.5%	12.1%	3.1%	—	1.23
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$124.17	0.8%	4.7%	9.0%	13.2%	17.0%	0.6%	—	1.21
Explorer (5024)	VEXRX	\$50K	—	Hold	\$81.20	1.2%	8.6%	5.4%	7.9%	13.0%	0.4%	—	1.28
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$46.21	0.5%	8.6%	6.2%	7.9%	—	1.3%	—	1.21
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$58.59	0.6%	11.0%	9.3%	9.8%	13.9%	1.8%	—	1.17
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$47.70	0.7%	13.1%	12.1%	11.3%	—	2.3%	—	1.17
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$68.86	0.9%	9.0%	7.0%	9.3%	13.4%	1.8%	—	1.19
Growth Index (509)	VIGAX	\$10K	—	Buy	\$57.64	-0.3%	5.9%	9.6%	12.8%	14.6%	1.3%	—	1.10
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$45.77	-0.8%	6.9%	5.6%	10.4%	—	1.0%	—	1.11
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$160.36	0.2%	8.5%	8.1%	11.4%	14.0%	1.9%	—	1.06
MidCap Value Index	VMVAX	\$10K	—	Hold	\$48.54	1.0%	9.9%	10.4%	12.3%	—	2.6%	—	1.02
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$79.28	-0.7%	2.7%	6.7%	12.2%	13.7%	0.8%	—	1.08
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$109.58	1.3%	6.1%	13.1%	14.5%	16.3%	1.1%	—	1.07
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$78.52	-0.9%	1.9%	7.0%	13.5%	15.1%	0.6%	—	1.10
500 Index (540)	VFIAX	\$10K	—	Buy	\$201.07	0.1%	7.8%	12.5%	12.3%	14.6%	2.0%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$23.11	0.0%	10.6%	15.3%	—	—	2.1%	—	0.89
Equity Income (565)	VEIRX	\$50K	—	Buy	\$67.18	-0.2%	10.0%	16.4%	11.4%	14.6%	2.8%	—	0.91
Growth & Income (593)	VGIAX	\$50K	—	Sell	\$68.75	0.1%	7.6%	12.3%	12.6%	15.0%	1.9%	—	0.97
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$50.33	0.2%	7.6%	11.8%	12.0%	14.5%	1.8%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$54.38	0.3%	8.0%	11.4%	11.7%	14.4%	1.8%	—	1.01
Value Index (506)	VVIAX	\$10K	—	Hold	\$34.32	0.6%	9.2%	13.9%	11.3%	14.4%	2.4%	—	0.95
Windsor (5022)	VWNEX	\$50K	—	Hold	\$67.52	1.8%	5.5%	5.6%	9.0%	14.1%	1.6%	—	1.17
Windsor II (573)	VWNAX	\$50K	—	Buy	\$63.50	1.3%	8.1%	9.6%	9.3%	13.3%	2.2%	—	1.02
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$31.09	0.1%	7.5%	9.5%	8.9%	10.0%	2.0%	—	0.61
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$63.93	-0.0%	9.1%	12.1%	8.1%	8.5%	2.9%	—	0.41
Wellington (521)	VWENX	\$50K	—	Buy	\$67.59	0.2%	7.8%	10.7%	8.9%	10.7%	2.6%	—	0.67
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$11.90	0.5%	2.5%	2.2%	3.1%	5.4%	2.7%	—	1.11
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$31.10	1.7%	14.7%	10.7%	2.1%	-0.4%	2.4%	—	1.54
European Index (579)	VEUSX	\$10K	—	Hold	\$60.87	0.7%	-0.1%	-2.1%	1.9%	5.3%	3.3%	—	1.17
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$24.40	-0.6%	8.0%	10.3%	—	—	1.7%	—	0.63
International Dividend Appreciation Index (515)	VIAAX	\$10K	—	Hold	\$27.34	-1.7%	—	—	—	—	—	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$71.19	2.1%	6.2%	9.1%	5.0%	6.2%	1.4%	—	1.30
International High Dividend Yield Index (530)	VIHAX	\$10K	—	Hold	\$27.05	1.3%	—	—	—	—	—	—	—
Pacific Index (572)	VPADX	\$10K	—	Hold	\$73.07	0.3%	5.3%	7.8%	4.4%	5.2%	2.4%	—	1.16
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$25.12	0.7%	5.2%	3.9%	2.8%	3.7%	2.7%	—	1.14
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$27.96	0.8%	5.2%	3.6%	2.6%	—	2.8%	—	1.16
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSEX	\$50K	—	Buy	\$20.01	0.0%	1.1%	1.1%	—	—	1.0%	1.00%	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.74	-0.3%	1.5%	1.4%	1.1%	0.8%	1.0%	0.66%	0.72
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.82	-0.2%	1.8%	1.8%	1.5%	1.1%	1.1%	0.97%	0.36
Short-Term Gov't Index (1942)	VSB5X	\$10K	—	Sell	\$20.38	-0.2%	1.1%	1.0%	0.8%	0.6%	0.8%	0.74%	0.29
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.70	-0.3%	2.2%	1.8%	0.3%	—	0.0%	-0.33%	0.64
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.78	-0.0%	3.5%	3.7%	2.6%	2.5%	2.1%	1.65%	0.45
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.89	-0.1%	3.5%	3.7%	2.7%	2.8%	2.1%	1.71%	0.52
Short-Term Bond Idx. (5132)	VBIRX	\$10K	—	Hold	\$10.58	-0.3%	2.4%	2.3%	1.8%	1.4%	1.4%	1.09%	0.49
Inflation-Protected Securities (5119)	VAIPX	\$50K	—	Hold	\$26.88	-0.4%	6.6%	5.3%	2.7%	1.7%	0.8%	-0.04%	1.46
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.63	-0.7%	4.5%	4.5%	3.6%	2.4%	1.7%	1.13%	1.21
Interm.-Term Gov't Index (1943)	VSIGX	\$10K	—	Sell	\$22.45	-0.8%	4.4%	4.4%	3.5%	2.3%	1.6%	1.18%	1.20
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$10.11	-0.0%	7.0%	7.8%	5.5%	4.7%	3.0%	2.32%	1.07
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25%f	Buy	\$24.08	-0.0%	8.8%	9.6%	6.4%	5.5%	3.2%	2.74%	1.35
Intermed.-Term Bond Idx. (5314)	VBILX	\$10K	—	Hold	\$11.85	-0.5%	7.1%	7.3%	5.4%	4.1%	2.5%	1.97%	1.36
Total Bond Market (584)	VBTIX	\$10K	—	Hold	\$11.10	-0.2%	6.0%	6.2%	4.3%	3.2%	2.4%	1.88%	1.01
Core Bond (1520)	VCOBX	\$50K	—	Buy	\$20.55	-0.1%	—	—	—	—	—	1.89%	—
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.85	0.1%	3.5%	4.1%	4.3%	2.7%	2.4%	2.12%	0.55
Mortgage-Backed Sec. Idx (1948)	VMBSX	\$10K	—	Hold	\$21.49	0.1%	3.2%	3.7%	3.8%	2.5%	1.8%	1.81%	0.51
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$13.97	-1.0%	16.7%	17.0%	12.0%	7.8%	2.5%	2.03%	3.87
Long-Term Gov't Index (1944)	VLGSX	\$10K	—	Sell	\$28.75	-1.0%	16.5%	16.9%	11.9%	7.7%	2.4%	2.12%	3.80
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$11.19	0.1%	16.6%	18.3%	11.2%	8.8%	4.0%	3.41%	2.73
Long-Term Corp. Index (1947)	VLTCX	\$10K	1.00%f	Hold	\$25.79	0.4%	18.1%	18.2%	10.2%	8.3%	4.1%	3.99%	2.95
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.86	1.7%	9.8%	6.9%	5.7%	7.2%	5.4%	4.96%	1.89
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75%f	Buy	\$20.40	1.7%	13.4%	13.5%	7.8%	—	4.5%	4.09%	1.91
Emerging Markets Bond (1531)	VEGBX	—	—	—	\$22.52	2.2%	—	—	—	—	—	4.44%	—
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$22.38	0.1%	6.9%	8.1%	6.0%	—	1.5%	0.44%	0.99
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.85	0.0%	0.9%	1.1%	0.9%	0.8%	0.9%	0.73%	0.16
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.09	-0.0%	1.7%	2.5%	2.0%	1.6%	1.6%	0.91%	0.51
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.55	0.2%	4.0%	6.1%	5.6%	4.3%	2.8%	1.33%	0.66
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25%f	Hold	\$21.00	0.3%	4.4%	7.0%	—	—	1.5%	1.40%	0.75
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$12.10	0.3%	5.5%	8.4%	7.9%	5.8%	3.6%	1.79%	0.83
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.73	0.4%	6.2%	9.3%	8.4%	6.3%	3.6%	2.25%	0.81
CA Intermed. Tax-Exempt (5100)	VCADX	\$50K	—	Buy	\$12.11	0.2%	4.0%	6.3%	6.1%	4.9%	2.7%	1.23%	0.67
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.60	0.4%	5.6%	8.7%	8.5%	6.4%	3.4%	1.63%	0.87
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.56	0.5%	6.3%	10.0%	7.4%	5.4%	3.5%	2.16%	0.97
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$12.26	0.3%	5.2%	8.0%	7.8%	5.4%	3.2%	1.54%	0.79
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$12.02	0.3%	5.1%	7.8%	7.7%	5.4%	3.5%	1.87%	0.78

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	8/31 Price	Aug. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$131.46	0.7%	8.7%	6.2%	7.9%	12.8%	1.3%	—	1.19
S&P SmallCap 600 Growth	VIQG	Buy	\$117.58	1.8%	10.6%	11.4%	11.2%	15.0%	1.4%	—	1.14
Russell 2000 Growth	VTWG	Hold	\$107.07	1.2%	5.3%	3.7%	8.6%	13.1%	1.0%	—	1.46
SmallCap Value	VB	Hold	\$122.29	0.7%	11.1%	9.4%	9.8%	13.9%	1.8%	—	1.17
S&P SmallCap 600	VIQO	Hold	\$112.48	1.5%	13.4%	13.5%	10.9%	15.1%	1.1%	—	1.20
Russell 2000	VTWO	Hold	\$98.90	1.6%	10.2%	8.5%	8.5%	13.0%	1.6%	—	1.31
SmallCap Value	VBR	Hold	\$111.00	0.7%	13.1%	12.1%	11.3%	14.8%	2.3%	—	1.16
S&P SmallCap 600 Value	VIQV	Hold	\$107.02	1.2%	14.7%	15.1%	10.3%	15.3%	1.7%	—	1.27
Russell 2000 Value	VTWV	Hold	\$90.90	3.1%	14.7%	13.9%	8.4%	12.6%	2.3%	—	1.26
Extended Market	VXF	Sell	\$90.73	0.8%	9.0%	7.1%	9.3%	13.4%	1.8%	—	1.19
Growth	VUG	Hold	\$111.98	-0.3%	5.9%	9.5%	12.9%	14.6%	1.3%	—	1.14
S&P 500 Growth	VOOG	Buy	\$109.15	-0.3%	5.9%	11.5%	13.9%	14.9%	1.4%	—	1.07
Russell 1000 Growth	VONG	Hold	\$106.96	-0.5%	5.6%	10.3%	13.2%	14.7%	1.4%	—	1.07
MegaCap Growth	MGK	Buy	\$87.16	-0.3%	5.7%	10.3%	13.2%	14.9%	1.4%	—	1.12
MidCap Growth	VOT	Buy	\$106.32	-0.8%	7.0%	5.6%	10.4%	12.6%	1.0%	—	1.11
S&P MidCap 400 Growth	IVOG	Buy	\$109.93	0.7%	11.1%	11.2%	11.7%	13.1%	0.9%	—	1.00
MidCap Value	VO	Hold	\$129.42	0.1%	8.4%	8.1%	11.4%	14.0%	1.9%	—	1.10
S&P MidCap 400	IVOO	Buy	\$105.48	0.5%	13.0%	12.2%	11.3%	14.0%	1.7%	—	1.05
MidCap Value	VOE	Hold	\$93.67	0.9%	9.9%	10.4%	12.2%	15.3%	2.7%	—	1.02
S&P MidCap 400 Value	IVOV	Buy	\$101.73	0.4%	15.1%	13.1%	10.7%	14.4%	1.4%	—	1.15
S&P 500	VOO	Buy	\$199.52	0.1%	7.9%	12.6%	12.3%	14.7%	2.0%	—	1.00
Russell 1000	VONE	Buy	\$99.78	0.1%	7.6%	11.4%	11.8%	14.4%	1.8%	—	1.02
Dividend Appreciation	VIG	Buy	\$85.16	0.0%	10.7%	15.3%	10.5%	12.7%	2.1%	—	0.89
High Dividend Yield	HYM	Hold	\$72.92	-0.3%	10.9%	17.4%	12.2%	14.9%	3.0%	—	0.93
LargeCap Value	VV	Buy	\$99.64	0.2%	7.6%	11.7%	12.0%	14.5%	1.8%	—	1.01
MegaCap Value	MGC	Buy	\$74.19	0.1%	7.5%	12.7%	12.1%	14.6%	2.1%	—	1.01
Total Stock Market	VTI	Hold	\$111.65	0.2%	8.0%	11.4%	11.7%	14.4%	1.8%	—	1.02
Russell 3000	VTHR	Hold	\$99.75	0.1%	7.5%	11.1%	11.5%	14.4%	1.8%	—	1.02
Value	VTV	Hold	\$87.97	0.7%	9.2%	13.9%	11.9%	14.8%	2.4%	—	0.95
S&P 500 Value	VOOV	Hold	\$92.44	0.6%	9.7%	13.0%	10.3%	14.0%	2.2%	—	0.99
Russell 1000 Value	VONV	Hold	\$93.13	0.8%	10.0%	12.5%	10.5%	14.2%	2.3%	—	0.99
MegaCap Value	MGV	Hold	\$63.53	0.5%	9.0%	14.8%	11.3%	14.4%	2.5%	—	0.94
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$37.33	0.8%	15.1%	11.0%	2.3%	-0.5%	2.4%	—	1.53
Developed Markets	VEA	Sell	\$36.98	0.4%	2.5%	1.9%	3.1%	5.3%	2.7%	—	1.11
European	VGK	Hold	\$48.61	0.7%	-0.1%	-2.5%	1.9%	5.2%	3.3%	—	1.15
Int'l Dividend Appreciation	VIGI	Hold	\$56.36	-1.9%	—	—	—	—	—	—	—
Int'l High Dividend Yield	VYMI	Hold	\$56.07	1.1%	—	—	—	—	—	—	—
Pacific	VPL	Hold	\$59.05	0.2%	5.3%	8.0%	4.4%	5.2%	2.4%	—	1.19
Total International Stock	VXUS	Hold	\$46.70	0.5%	5.1%	3.6%	2.7%	3.6%	2.7%	—	1.16
Total World Stock	VT	Hold	\$60.69	0.3%	6.6%	7.6%	7.2%	8.7%	2.2%	—	1.06
World ex-U.S.	VEU	Sell	\$44.98	0.7%	5.2%	3.6%	2.7%	3.6%	2.8%	—	1.16
World ex-U.S. SmallCap	VSS	Hold	\$97.20	-0.5%	5.6%	7.0%	4.2%	4.1%	2.6%	—	1.13
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$126.42	-1.1%	3.9%	6.8%	12.1%	17.6%	2.0%	—	1.16
Consumer Staples	VDC	—	\$139.98	-0.5%	9.6%	17.4%	14.0%	15.1%	3.4%	—	0.86
Energy	VDE	—	\$95.06	1.9%	16.0%	6.0%	-4.0%	1.3%	4.1%	—	1.86
Financials	VFH	—	\$50.80	3.2%	5.8%	8.9%	10.7%	14.8%	2.1%	—	1.15
Health Care	VHT	—	\$133.18	-3.2%	0.9%	2.6%	15.6%	19.2%	1.8%	—	1.23
Industrials	VIS	—	\$111.62	1.2%	11.5%	15.9%	11.9%	15.4%	2.6%	—	1.10
Information Tech.	VGIT	—	\$117.89	2.3%	9.6%	17.6%	16.6%	16.2%	1.8%	—	1.40
Materials	VAW	—	\$108.21	0.1%	15.8%	16.0%	8.4%	9.2%	2.8%	—	1.58
REIT	VNQ	Hold	\$88.97	-3.8%	13.9%	25.6%	16.0%	13.4%	4.0%	—	1.46
Global ex-U.S. Real Estate	VNQI	Hold	\$55.93	-0.6%	10.6%	13.1%	5.8%	7.1%	2.9%	—	1.17
Telecom Services	VOX	—	\$95.04	-5.9%	14.6%	19.2%	10.7%	11.8%	4.3%	—	1.08
Utilities	VPU	—	\$107.32	-5.4%	15.9%	21.3%	13.5%	12.1%	3.1%	—	1.27
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.14	-0.2%	1.1%	0.9%	0.8%	0.5%	0.8%	0.74%	0.31
Short-Term Inflation Bond	VTIP	Hold	\$49.24	-0.4%	1.8%	1.7%	0.4%	—	0.0%	-0.31%	0.71
Short-Term Corporate	VCSH	Buy	\$80.71	-0.1%	3.4%	3.9%	2.8%	2.7%	2.0%	1.73%	1.04
Short-Term Bond	BSV	Hold	\$80.78	-0.3%	2.4%	2.4%	1.7%	1.4%	1.4%	1.09%	0.61
Int.-Term Government Bond	VGIT	Sell	\$66.57	-0.7%	4.2%	4.4%	3.6%	2.3%	1.6%	1.18%	1.15
Int.-Term Corporate	VCIT	Buy	\$89.65	-0.2%	8.6%	10.0%	6.5%	5.3%	3.2%	2.75%	1.37
Int.-Term Bond	BIV	Hold	\$87.70	-0.5%	7.1%	7.3%	5.4%	4.0%	2.5%	1.97%	1.31
Total Bond Market	BND	Hold	\$84.21	-0.3%	5.8%	6.0%	4.3%	3.1%	2.4%	1.88%	1.02
Mortgage-Backed Securities	VMBS	Hold	\$53.85	0.1%	3.2%	3.8%	3.9%	2.5%	1.8%	1.80%	0.56
Long-Term Government	VGLT	Sell	\$85.68	-1.0%	16.4%	16.9%	11.9%	7.7%	2.4%	2.13%	3.73
Long-Term Corporate	VCLT	Hold	\$96.45	0.2%	17.4%	18.4%	10.2%	8.0%	4.1%	3.99%	3.17
Long-Term Bond	BLV	Sell	\$99.79	-0.3%	17.5%	17.1%	10.9%	7.7%	3.5%	3.22%	3.05
Ext. Duration Treasury	EDV	Sell	\$140.65	-1.5%	25.7%	25.2%	18.0%	12.3%	2.4%	2.28%	6.19
Emerging Mkts. Gov't Bond	VWOB	Buy	\$81.71	1.6%	13.5%	13.5%	7.9%	—	4.5%	4.09%	2.08
Total International Bond	BNDX	Hold	\$56.09	0.1%	6.8%	8.4%	6.0%	—	1.5%	0.44%	0.98
Tax-Exempt Bond	VTEB	Hold	\$52.60	0.0%	4.1%	6.8%	—	—	1.4%	1.40%	0.84

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

DISTRIBUTIONS

Fund	Dist.
AUGUST REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.01
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.02
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.02
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.02
Total Bond Market Index	\$0.02
Core Bond	\$0.02
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.04
High-Yield Corporate	\$0.03
Emerging Markets Gov't Bond	\$0.04
Emerging Markets Bond	\$0.02
Total International Bond	\$0.01
Treasury MM	\$0.00021
Federal MM	\$0.00025
Prime MM	\$0.00041
Tax-Exempt MM	\$0.00033
CA Tax-Exempt MM	\$0.00029
NJ Tax-Exempt MM	\$0.00028
NY Tax-Exempt MM	\$0.00030
OH Tax-Exempt MM	\$0.00031
PA Tax-Exempt MM	\$0.00029
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.02
Long-Term Tax-Exempt	\$0.03
High-Yield Tax-Exempt	\$0.03
CA Int.-Term Tax-Exempt	\$0.03
CA Long-Term Tax-Exempt	\$0.03
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.04
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.03
PA Long-Term Tax-Exempt	\$0.03
ETF DISTRIBUTIONS	
Short-Term Government Bond	\$0.04
Short-Term Corporate Bond	\$0.14
Short-Term Bond	\$0.10
Intermed.-Term Government Bond	\$0.08
Intermed.-Term Corporate Bond	\$0.24
Intermediate-Term Bond	\$0.18
Total Bond Market	\$0.17
Mortgage-Backed Securities Bond	\$0.08
Long-Term Government Bond	\$0.17
Long-Term Corporate Bond	\$0.32
Long-Term Bond	\$0.34
Emerging Markets Gov't Bond	\$0.31
Total International Bond	\$0.05
Tax-Exempt Bond	\$0.06

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

in a company with a market cap of \$2 billion. (Remember, market cap is a measure of a company's size, and is calculated by multiplying the stock's price by the number of shares outstanding.) The first fund—let's call it Small Fund—has \$2 billion in assets, while the second fund, Large Fund, has \$10 billion. If the manager of Small Fund wants to establish a meaningful 2% position, she would buy \$40 million of the company's stock, or 2% of all shares outstanding. If the manager of Large Fund buys the same \$40 million of the company's stock, the resulting position will only be 0.4%—not exactly moving the needle. For Large Fund to hold the same 2% position, the manager has to buy \$200 million of the company's stock, or 10% of the company.

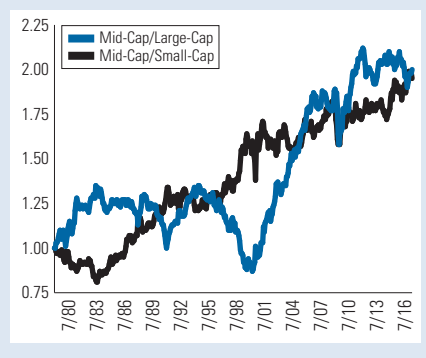
That's why it becomes increasingly harder to buy and sell small- and mid-sized stocks as fund assets expand. One way to defend against asset levels growing too big for the strategy (sometimes referred to as asset bloat) is to close the fund—but even this may not be enough.

For years, **Capital Opportunity** was the single best aggressive small-/mid-cap fund Vanguard offered, and if you've followed Dan's and my advice to buy and hold this PRIMECAP-managed fund, you've reaped the rewards. But as we've discussed in the past, its increase in assets means that while still a great fund, it is no longer a great *smid-cap* fund.

Yes, Vanguard has on occasion closed funds, but the preferred solution seems to be to just add another manager to the portfolio. Doing so keeps any single manager from having too many dollars to invest, but it comes at a cost: The portfolio and performance get watered down and begin to look like the index. Think of **Explorer** and the seven different management firms stirring its pot. It's going to be difficult to serve up an appetizing meal with that many chefs in the kitchen.

Maybe Vanguard's recent moves to slim the manager ranks at **Explorer Value** and **International Growth** indi-

Mid-Sized Companies, Outsized Returns



cate a lasting change in the firm's approach to the multimanager strategy? I hope so. The combination of ever-larger funds and Vanguard's misguided commitment to the multimanager format are why I suggest that investors looking for some pop from their stock funds and unwilling to look outside the Vanguard fold may find an index fund to be their best option.

A Market Sweet Spot

All is not lost. Investing in some of these aggressive funds can still yield decent rewards, and in a minute, I'll sort out the active and passive funds in this group in more detail. But first, let's take a closer look at mid-cap stocks, because if there is a sweet spot in the market for portfolio growth, mid-sized companies fit the bill. Many mid-sized companies exhibit the growth characteristics of small companies and the financial stability of large ones, yet they are often overlooked by investors.

Why? Well, the largest publicly traded companies garner the attention of Wall Street banks because of the hefty investment banking fees they pay on stock offerings, bond issuance, advice on mergers and acquisitions, etc. The media focuses its attention on the large "household name" companies, because it makes their stories relevant to the listeners' lives. At the same time, smaller companies, with their higher risks and higher potential returns, grab the attention of risk-takers and provide the sizzle of sometimes daily double-digit gains

and losses. It's the middle ground, like the proverbial middle child, that gets ignored.

As a result, investors may be missing a wonderful opportunity, considering that long-term mid-cap index returns tell a pretty bullish story. The chart to the left of the relative performance of various Russell indexes over the 37 years they've been calculated shows that over the long run, mid-cap stocks have outpaced both their larger and smaller siblings. The blue line compares the Russell Midcap Index and the large-cap Russell Top 200 Index. When it is rising, mid-cap stocks are outperforming large-caps. The black line compares the mid-cap index to the small-cap Russell 2000 Index, and again, it rises when mid-caps outperform.

To put some numbers behind the chart, over more than three decades, the Russell MidCap index returned 13.2% a year—about 2% better per annum than both the large-cap Russell Top 200 and the small-cap Russell 2000 indexes. A 2% annual advantage may not seem like much, but it really adds up over time.

One hundred dollars invested in the Russell Midcap Index at the end of 1978 would have grown to \$10,501 by the end of July 2016. Meanwhile, a similar investment in large-cap stocks (Russell Top 200 Index) would have grown half as much, to just \$5,239. And small-cap stocks, as measured by the Russell 2000 Index, would have turned that \$100 into \$5,385.

As the chart shows, this return edge is not the result of one outstanding period, as mid-caps held their advantage in many different environments and cycles.

An investment rule of thumb is that with higher returns comes higher risk, but mid-cap stocks turn that chestnut upside down. The table on page 13 shows the maximum cumulative loss (or drawdown) and the time it took to recover from the losses for the Russell indexes during the four big bear markets of the past 37 years. The Russell Midcap Index's steepest decline—a loss of 54.2% reached during the

financial crisis of 2007–2009—was deeper than that experienced by small- and large-cap stocks, but not by much. And if we look beyond the financial crisis to the other three periods, mid-cap stocks actually experienced smaller drawdowns than their siblings. Additionally, mid-cap stocks tended to recover faster from those declines.

So, for fairly significant extra return, investors historically haven't had to take on much if any extra risk. A sweet spot, indeed.

That's why Dan and I are big fans of mid-caps. Now let's turn to the funds as we try to balance the long-term appeal of investing in mid-cap stocks against bloated fund sizes and Vanguard's dedication to the multimanager system.

ACTIVELY MANAGED FUNDS

Capital Opportunity

Buy. As I mentioned above, Capital Opportunity, while still a terrific fund, outgrew its small- and mid-cap britches long ago.

The PRIMECAP Management team runs the fund with an eye toward owning some smaller stocks, but having bulked up in size, Capital Opportunity has become much more like its larger-cap brothers, **PRIMECAP** and **PRIMECAP Core**. The median company here has a market size of about \$38 billion, versus \$64 billion and \$54 billion for its siblings. That's seven times the size of the median stock in **S&P MidCap 400 Growth ETF**, but half the size of the median company in **500 Index**.

Despite the creep in size, superior active management and the tilt toward mid-sized companies have been a powerful combination for Capital Opportunity over the years. Since **MidCap Index's** May 1998 inception (which is just a few months after PRIMECAP took over Capital Opportunity) through July 2016, the index fund outpaced its large-cap sibling 500 Index by a wide margin, 428.5% to 168.6%. Leaning toward mid-sized companies has provided a nice tailwind for Capital Opportunity, but it doesn't fully explain the active fund's 789.1% return over the same stretch. That extra

Where's the Extra Risk?

Double-Dip Recession, 1981-82	Russell Top 200	Russell MidCap	Russell 2000
Max Cumulative Loss	-21.7%	-18.6%	-21.8%
Months To Recovery	4	3	3
Black Monday, 1987			
Max Cumulative Loss	-28.9%	-30.2%	-35.5%
Months To Recovery	18	17	18
Tech Crash, 2000-02			
Max Cumulative Loss	-49.1%	-30.3%	-35.1%
Months To Recovery	61	14	15
Credit Crisis, 2007-09			
Max Cumulative Loss	-50.1%	-54.2%	-52.9%
Months To Recovery	43	24	24

return above and beyond the index comes from the PRIMECAP team's savvy stock picking.

The unique structure of the PRIMECAP team also makes the fund more resistant to the headwind of a growing asset base. Each portfolio manager is individually responsible for investing a sleeve, or portion of Capital Opportunity's portfolio. If one or more of the team focuses on the same stock, so be it—that company gets a larger allocation in the portfolio. This has resulted in the fund's top-10 holdings consistently soaking up 30% to 40% of assets. And though there are typically 140 or so stocks in the portfolio, each manager may only hold 30 to 40.

Though they make their own buy and sell decisions, the team is rowing in the same direction, and looking for companies with the potential for rapid earnings growth, but which are selling at a discount for one or more reasons. This strategy, known as growth-at-a-reasonable-price, or GARP, can mean buying misunderstood companies or companies in an apparent funk before their next big hit. The managers are patient, and confident that if they've done their homework properly (and they usually do), when a company's fortunes turn, the stocks can take off on multiyear runs.

Still, no strategy or manager is completely immune to the effects of having more assets to manage. To highlight this point, let's look at *PRIMECAP Odyssey Aggressive Growth* (POAGX), which is the fund Capital Opportunity used to be, and probably never will

be again; it has been our choice over Capital Opportunity from the day it launched in November 2004. Since the inception of the Odyssey fund through July 2016, Capital Opportunity has performed admirably, gaining 209.7%, while 500 Index returned 142.7%. However, the Odyssey fund ran circles around both its bigger sibling and the index, returning 315.5%.

If that doesn't convince you that having a smaller asset base can be an advantage, I don't know what will.

Caveats aside, Capital Opportunity remains a top-notch fund and a core holding in both the *Growth* and *Conservative Growth* model portfolios. But frankly, I wish we had the old Capital Opportunity back. Unfortunately, *PRIMECAP Odyssey Aggressive Growth*, which is my (and Dan's) single largest personal investment, is closed to new investors. I hope you took our advice to buy this fund before the doors shut, but the best way for new investors to access the PRIMECAP team is through *PRIMECAP Odyssey Growth* (POGRX).

Explorer

Hold. As I alluded to earlier, Vanguard's original aggressive small-stock fund, Explorer, is now the poster child for the folly of watered-down, multimanager funds. With seven management teams, 14 portfolio managers and over 700 stocks, there are too many play callers to allow an exceptional manager to stand out. As Jack Bogle, who started the multimanager trend, has said, "Everyone knows that if you have multiple managers, you end up with index-like performance." Unfortunately, as the relative performance chart comparing Explorer and the Russell 2500 Growth Index on page 14 shows, Explorer hasn't even provided index-like returns for over a decade. And the constant manager changes haven't helped.

Explorer probably won't hurt you too much, but I don't expect performance to leap ahead of peers or **SmallCap Growth Index**. This hasn't been a table-pounding aggressive fund for years. Dan and I have long recommended [▶](#)

► that Vanguard close the fund and create new ones to allow the top managers to really add value. This won't happen, but it should.

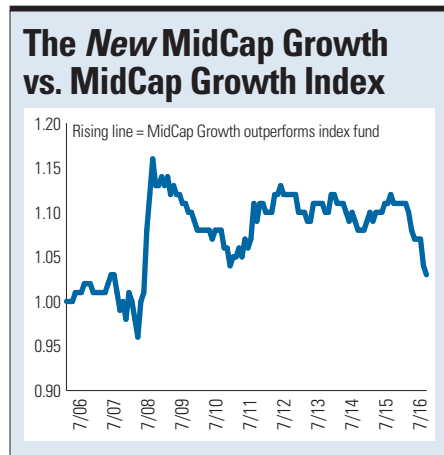
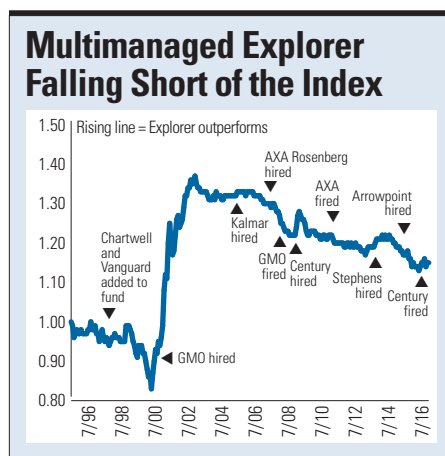
At the start of the year, Vanguard trimmed the manager ranks, as Century Capital was fired. Vanguard also reduced Kalmar's workload, as the sub-adviser now only invests 15% of the fund's assets, when it previously oversaw 22%. As a result, Arrowpoint Partners, Stephens Investment Management and Vanguard's own Quantitative Equity Group picked up more of Explorer's assets to manage. None of these changes go far enough to materially improve Explorer's fortunes.

One final note: Only two of Vanguard's 10 board members own shares in the fund, and fewer than half of Explorer's managers have invested in it—hardly a big vote of confidence.

Explorer Value

Hold. When **Explorer Value** launched six years ago with three management teams and seven portfolio managers, it was a sign that unless Vanguard was running the entire portfolio (as they are with, say, **Global Minimum Volatility**), we wouldn't see any new single-manager active stock funds from Vanguard anytime soon. So after six years, has Explorer Value proven that multimanagered funds can compete?

Funny you should ask. Vanguard just fired one-third of the three-manager portfolio amalgam, handing Sterling Capital its walking papers in June. This may improve what has proven to be a



decent fund over its brief life. (See the story in the July issue.)

Since March 30, 2010, when the fund came out of its short subscription period, through the end of July 2016, the small-cap value fund outpaced **SmallCap Value Index**, 108.6% to 106.1%. A beat is a beat. So yes, it outperformed. But my analysis is that Sterling was a drag on performance, so things might be looking up here. The portfolio was trimmed back to 125 holdings from 177 in just one month—a good thing, in my view. And with just \$300 million or so in assets, fund size is not a concern.

Dan and I are considering putting a Buy rating on Explorer Value, but there is no rush to buy it.

MidCap Growth

Sell. It's been 10 years since a complete management overhaul here, as William Blair & Co. and Chartwell were brought in during 2006 to turn around the ship. They've succeeded in tempering risk, but if you are looking for pop on the upside, you aren't likely to find it here.

Look at the relative performance chart above, which compares this fund to **MidCap Growth Index**. The active fund did relatively well during the 2008 credit crisis, losing 49.6% to MidCap Growth Index's decline of 54.5%. But it was really just the five-month stretch from the end of June through November when the fund outperformed. In 2011, when MidCap Growth Index lost 3.8%, the active fund was able to hold onto gains of

1.2%. However, in the most recent market decline that ran from July 2015 through February 2016, MidCap Growth has lagged the index, -16.0% to -13.5%.

Two for three isn't bad, and it is fair to say that risk appears to be under control, but the gains to the upside haven't followed. Since the end of the credit crisis (February 2009), MidCap Growth has lagged all other aggressive funds in Vanguard's stable.

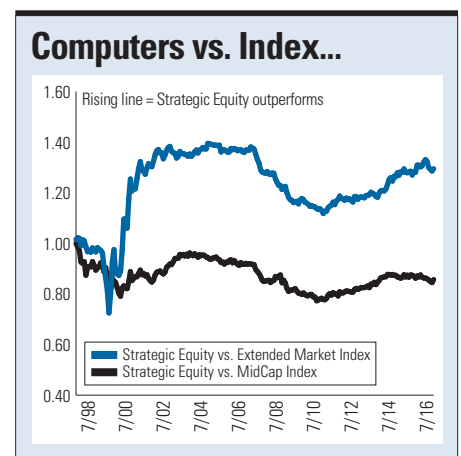
Smaller losses are easier to recover from, but if we only focus on downside protection, we may miss upside opportunity. In an aggressive fund, I'm looking for managers who can take advantage when times are good as well as provide some protection when times are bad.

Strategic Equity

Hold. Vanguard has passed Fidelity as the largest mutual fund company in the world, but **Strategic Equity** had very little to do with that, even though Jack Bogle dubbed it a "Fidelity Killer" when it was launched in August 1995 as Horizon Aggressive Growth.

Strategic Equity is a "quantitative" fund (meaning the computers do the stock picking) run by Vanguard's index group. The goal is to pick the best and most "undervalued" small- and mid-cap stocks, while the 10,000-foot view of the portfolio doesn't stray too far from its benchmark in terms of diversification across industry sectors or stock weightings.

Unfortunately, the computers haven't proven capable of consistently finding



stocks to meet the objective. The bottom-right chart on page 14 plots the relative performance of Strategic Equity against **Extended Market Index** and **MidCap Index**. When the line is rising, Strategic Equity outperforms. Strategic Equity has been on a winning streak for the past five or so years, as its 15.5% annual return over that period is ahead of Extended Market Index's 13.3% pace and MidCap Index's 13.9% annual gain.

But what is apparent to me in reviewing the chart is that Strategic Equity has seen long stretches when it outperformed and then underperformed these benchmarks. And over the full time period, simply holding MidCap Index would've been a better option, without worrying about Vanguard's computers developing a bug.

Strategic SmallCap Equity

Hold. Like its big brother, **Strategic SmallCap Equity** is a "quantitative" fund, where the stock picking is computer-driven. Just to be clear, those computers are programmed by real-life human beings, so this is not an index fund.

As its name implies, the fund focuses exclusively on small stocks. Performance runs hot and cold. Strategic SmallCap Equity, which had put together a nice run of performance since the middle of 2009, ran into a wall the past year, with its 6.5% gain over the past 12 months lagging behind **SmallCap Index**'s 9.2% return and **SmallCap Value Index**'s 11.9% advance. Rather than fret over whether performance will turn around here, why not just stick with SmallCap Index or SmallCap Value Index? Both index funds have outperformed Strategic SmallCap Equity since its inception.

INDEX FUNDS

Russell 2000 Growth ETF, Hold
S&P SmallCap 600 Gro. ETF, Buy
SmallCap Growth Index, Buy

With Capital Opportunity closed and now tilted more towards large- and mid-cap stocks, there isn't really a go-to actively managed fund in the small-cap growth space at Vanguard. And


on top of that, **PRIMECAP Odyssey Aggressive Growth** is also closed. So, as I said at the start, indexing may be the way to go.

Vanguard offers three index options for investors looking to add small-cap growth stocks. Of the three, **S&P SmallCap 600 Growth ETF** is my top choice, as S&P's commitment to higher-quality fare tends to work to its advantage over a full market cycle. I'd also pick the CRSP index that backs **SmallCap Growth Index** over the **Russell 2000 Growth ETF**. Though Russell has made a name for

itself within the industry as a leader in small-cap indexing, the historical performance of its indexes makes them notable laggards compared to other providers' indexes.

All three of these options are available as ETFs, and Vanguard will let you trade them for free. That's a good deal, in my book.

Russell 2000 ETF, Hold
S&P SmallCap 600 ETF, Hold
SmallCap Index, Hold

Vanguard is hoping that Strategic SmallCap Equity will give these 

DISTRIBUTIONS TO COME

Fall's Dividend Payouts

WITH SUMMER COMING TO A CLOSE, funds and ETFs that pay out quarterly will distribute interest and dividends earned in the past three months, after expenses, to shareholders. Keep an eye on the calendar and check the *Hotline* as Vanguard begins releasing actual distribution dates.

Remember that for tax reasons, you don't want to "buy a distribution," so if you're planning an investment in a taxable account, please hold off until after the "record date," which is the date ownership is determined for distribution purposes. (If you're investing in a tax-deferred account, you don't need to worry about this.)

The funds or ETFs scheduled to distribute are listed below. Note that even though **Short-Term Inflation-Protected Securities Index** is supposed to be a quarterly payer, it hasn't paid out a quarterly dividend since its inception, storing up what little it's earned for a year-end dividend—though the fund couldn't even manage that last year. With inflation subdued, short-term Treasury yields still extremely low, and the fund's yield a reported -0.43%, there's probably still not much income for the fund to actually pass on to shareholders. So don't hold your breath. The same goes for big brother **Inflation-Protected Securities**, which paid a fractional distribution last June but has skipped plenty of quarterly payouts the past few years.

The funds and ETFs that will pay out in September include the following and, unless otherwise noted, both fund and ETF shares will pay distributions during the month:

500 Index, Balanced Index, Consumer Discretionary Index, Consumer Staples Index, Convertible Securities, Developed Markets Index, Dividend Appreciation Index, Emerging Markets Stock Index, Energy Index, Equity Income, European Stock Index, Extended Duration Treasury ETF, Extended Market Index, Financials Index, Global ex-U.S. Real Estate Index, Growth Index, Health Care Index, High Dividend Yield Index, Industrials Index, Inflation-Protected Securities, Information Technology Index, International Dividend Appreciation Index, International High Dividend Yield Index, LargeCap Index, Materials Index, MegaCap ETF, MegaCap Growth ETF, MegaCap Value ETF, MidCap Growth Index, MidCap Index, MidCap Value Index, Pacific Stock Index, REIT Index, all seven Russell ETFs, S&P 500 Growth ETF, S&P 500 Value ETF, S&P MidCap 400 ETF, S&P SmallCap 600 Growth ETF, S&P SmallCap 600 Value ETF, Short-Term Inflation-Protected Index, SmallCap Growth Index, SmallCap Index, SmallCap Value Index, Social Index, STAR *LifeStrategy* Conservative Growth, STAR *LifeStrategy* Income, Target Retirement Income, Tax-Managed Balanced, Tax-Managed Capital Appreciation, Tax-Managed SmallCap, Telecommunication Services Index, Total International Stock Index, Total Stock Market Index, Total World Stock Index, Utilities Index, Value Index, Wellesley Income, Wellington, World ex-U.S. Index, World ex-U.S. SmallCap Index.

Analyze This



When I started this newsletter in 1991, I had to thumb through paper SEC filings and copy fund data by hand. But now, thanks to advances in technology and the efforts of our team at InvestorPlace, Jeff and I are able to bring you an unprecedented research tool for Vanguard investors: **The Independent Vanguard Fund Analyzer**.

The Fund Analyzer takes everything you know from our monthly newsletter and annual guidebook to a whole new level. Like our guidebook, it contains comprehensive data on every Vanguard fund we track. And like our newsletter, it's updated every month. (Some data is even updated daily.)

But unlike either, it gives you direct access to a suite of online, interactive charts, tables, and other analytical tools created directly from our in-house database—and it's designed to work with any computer or mobile device you own. It's like being right there in our office with us, as your own independent fund analyst on our research team, with our proprietary risk and return statistics like rolling returns, relative returns, Maximum Cumulative Loss (MCL), and many more at your fingertips.

And the best part is, you can get the Fund Analyzer for only \$199 a year. For details on how you can try it risk-free for 60 days, visit www.thefundanalyzer.com/JoinNow or call 800/211-7641 and mention code **MT9207**.

> index funds and ETFs a run for investors' money, but I remain skeptical.

If you are looking for a basic small-cap index fund, you can't really go wrong here, though I'd go with either the S&P or CRSP options over the Russell ETF. As I said, Russell has been a notable laggard across the small-cap space as the stocks of higher-quality companies that the S&P and CRSP indexes focus on have fared better.

Once more, all of these options can be bought and sold for free as ETFs.

Russell 2000 Value ETF, Hold **S&P SmallCap 600 Value ETF, Hold** **SmallCap Value Index, Hold**

Again, I don't think you can necessarily go wrong here, though I'd still shy away from the Russell index. As for whether to pick **S&P SmallCap 600 Value ETF** or **SmallCap Value Index**, I think it depends on your view of the world. The CRSP index that SmallCap Value Index seeks to track has historically outpaced other indexes in bull markets, while S&P's small-cap index has held up relatively better when markets headed lower. What I wouldn't recommend is switching between the two indexes in an attempt to time markets.

Tax-Managed SmallCap

Sell. This fund's days are numbered, but don't tell that to Donald Butler and William Coleman—they just replaced Michael Buek as co-managers here in early April. The two new skippers will continue Buek's charge of trying to track the S&P SmallCap 600 index while avoiding any untoward capital gains. Sounds like a good idea. So why are the fund's days numbered?

Delivering fairly significant extra return, mid-cap stocks historically haven't take on much if any extra risk. A sweet spot, indeed.

Well, to my way of thinking, Vanguard's S&P series of ETFs, which are already very tax efficient, has made this Tax-Managed fund obsolete. In fact, in 2014, Vanguard merged its former sibling funds Tax-Managed Growth & Income and Tax-Managed International away. How long this fund sticks around is anyone's guess, but it's a black-and-white TV in the age of 80-inch flat panels. ■

DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ Stay focused and don't get seduced by **Precious Metals & Mining's** near-record returns this year. (See page 5)
- ✓ Know thyself. Mutual funds are for investors, while ETFs are for traders. Don't be fooled into thinking new means better. (See page 6)
- ✓ Prepare for a rocky month. After the summer calm, it's September, not October, that could rock investors' worlds. (See page 7)



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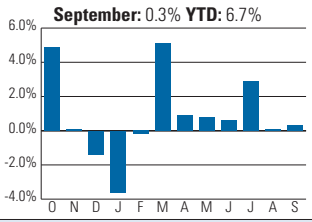
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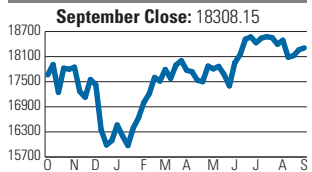
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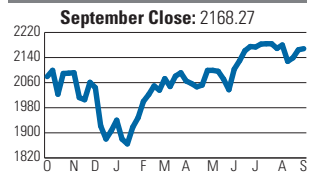


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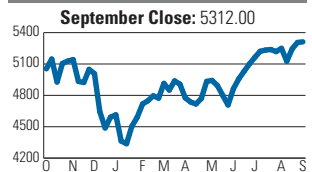
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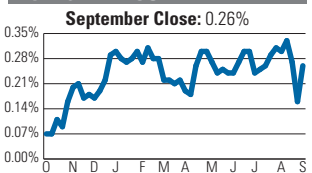
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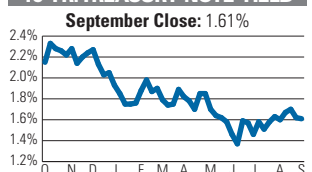
NASDAQ COMPOSITE



3-MO. TREASURY BILL YIELD



10-YR. TREASURY NOTE YIELD



A Record Quarter

FORGET ALL THE EXCITEMENT around the first presidential debate or OPEC's late-month decision to try again to rein in overproduction and boost the price of oil once and for all. The great distraction in September was the "will they or won't they" prospect of a Fed interest-rate hike. They didn't, and that almost certainly means that it will be December 14 at the earliest before we see even a quarter-point boost to the fed funds rate.

Uncertainty around the Fed brought volatility back to the stock market following a very sleepy summer. After only a single day in all of July and August when the S&P 500 rose or fell by more than 1%, September held five such days. I'm not going out on a limb to predict that volatility will continue—the Presidential election just five weeks away and a likely Fed rate hike a month later virtually guarantees it. But even without those headline events on the calendar, remember that volatility, defined as rapidly rising and falling prices, is par for the course when it comes to investing in the wealth-building engine that is the stock market.

Still, September defied expectations. I told you that September, not October, has historically been the worst month for the stock market. Well, **500 Index** actually gained a microscopic 0.01%, and **S&P 400 MidCap Growth ETF**, the worst performer of the more narrowly-focused index funds, dropped just 1.4%. Take a somewhat longer perspective, and U.S. and foreign stocks and bonds are all showing gains ranging from 5.2% to 14.9% over the past 12 months.

Financial stocks, along with health care stocks, have been particular losers this year, and September was a doozy, with **Financials ETF** the worst performing fund in

SEE **RECORD** PAGE 3 >

FUNDS FOCUS > GROWTH FUNDS—LARGE-CAPS

Walk Softly and Hire a Great Manager

SINCE STOCKS REACHED THEIR LOWS in February 2009, even the worst-performing of Vanguard's large-cap growth funds has doubled in value. So it's fair to ask if there is still room for growth funds to continue growing. The answer is yes, but climbing valuations have me treading carefully.

When Dan and I looked at large-cap growth funds three years ago, the message was, "Opportunity remains, but check your expectations at the door." Our concern at the time was that these funds had been on a hot streak, with annual returns over three years approaching 20%, and that investors might be expecting that level of return moving forward. We didn't think these funds were facing an imminent drawdown, but also didn't see them maintaining that blistering pace of gains. That wasn't a particularly difficult call

SEE **FOCUS** PAGE 4 >

GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	7,632	\$23.60	\$180,126	21%	-1.1%
Capital Opportunity	VHCOX	3,193	\$54.99	\$175,602	21%	2.3%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$108.37	\$156,573	18%	-1.4%
S&P MidCap 400 Value ETF	IVOV	1,521	\$101.71	\$154,748	18%	-0.0%
International Growth	VWIGX	4,504	\$23.01	\$103,629	12%	2.8%
Health Care	VGHCX	302	\$208.04	\$62,750	7%	0.7%
Short-Term Inv.-Grade	VFSTX	2,399	\$10.78	\$25,864	3%	0.1%

TOTAL \$859,293

CURRENT PERFORMANCE	Sept.	YTD	1-yr	3-yr	5-yr
	0.3%	7.3%	13.3%	9.4%	15.2%
Risk last 24 months	0.94		Risk since inception	0.97	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

THIS MONTH'S CHANGES

None.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to index exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. Flagship investors may be able to open new accounts in closed funds in the *Model Portfolios* though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. For **Dividend Growth**, use **Dividend Appreciation Index**. With **Capital Opportunity** (and *PRIMECAP Aggressive Growth*) closed I recommend investors consider *PRIMECAP Odyssey Growth* (POGRX) as a replacement. *PRIMECAP Odyssey Stock* (POSKX) is the preferred replacement for **PRIMECAP Core**. Both Odyssey funds can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

CONSERVATIVE GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	5,727	\$23.60	\$135,153	23%	-1.1%
Capital Opportunity	VHCOX	2,421	\$54.99	\$133,152	22%	2.3%
S&P MidCap 400 Value ETF	IVOV	764	\$101.71	\$77,671	13%	-0.0%
S&P MidCap 400 ETF	IVOO	692	\$104.56	\$72,406	12%	-0.4%
International Growth	VWIGX	2,291	\$23.01	\$52,709	9%	2.8%
High-Yield Corporate	VVHEX	7,796	\$5.87	\$45,763	8%	0.6%
Health Care	VGHCX	216	\$208.04	\$44,851	8%	0.7%
Short-Term Inv.-Grade	VFSTX	3,009	\$10.78	\$32,440	5%	0.1%

TOTAL \$594,145

CURRENT PERFORMANCE	Sept.	YTD	1-yr	3-yr	5-yr
	0.5%	7.3%	12.9%	9.1%	14.2%
Risk last 24 months	0.87		Risk since inception	0.83	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	4,562	\$23.60	\$107,674	25%	-1.1%
PRIMECAP Core	VPCCX	4,355	\$22.55	\$98,198	23%	1.4%
Int-Term Investment-Grade	VFICX	7,814	\$10.10	\$78,924	19%	0.1%
High-Yield Corporate	VVHEX	7,283	\$5.87	\$42,753	10%	0.6%
Short-Term Inv.-Grade	VFSTX	2,811	\$10.78	\$30,306	7%	0.1%
Health Care	VGHCX	142	\$208.04	\$29,542	7%	0.7%
International Growth	VWIGX	1,154	\$23.01	\$26,554	6%	2.8%
MidCap Index	VIMSX	347	\$35.34	\$12,277	3%	0.4%

TOTAL \$426,228

CURRENT PERFORMANCE	Sept.	YTD	1-yr	3-yr	5-yr
	0.3%	6.6%	11.4%	8.5%	11.2%
Risk last 24 months	0.64		Risk since inception	0.61	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
S&P MidCap 400 Growth ETF	IVOG	772	\$108.37	\$83,654	24%	-1.4%
Dividend Appreciation ETF	VIG	843	\$83.93	\$70,715	20%	-1.0%
S&P MidCap 400 Value ETF	IVOV	679	\$101.71	\$69,051	19%	-0.0%
S&P 500 Growth ETF	VOOG	509	\$109.16	\$55,527	16%	0.4%
Total International Stock ETF	VXUS	821	\$47.21	\$38,761	11%	1.7%
Health Care ETF	VHT	198	\$132.89	\$26,255	7%	0.2%
Short-Term Corporate ETF	VCSH	142	\$80.55	\$11,426	3%	-0.0%

TOTAL \$355,388

CURRENT PERFORMANCE	Sept.	YTD	1-yr	3-yr	5-yr
	-0.3%	8.9%	13.8%	9.3%	14.6%
Risk last 24 months	0.93		Risk since inception	1.05	

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	9/30 Price	Sept. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$41.34	0.0%	3.4%	8.1%	5.8%	14.2%	Capital Opp.
Artisan MidCap Value	ARTQX	\$21.41	0.7%	14.2%	14.1%	3.8%	12.3%	Selected Value
Polaris Global Value	PGVFX	\$22.50	1.4%	6.3%	11.6%	7.9%	14.7%	Global Equity
Fidelity International SmallCap	FISMX	\$24.90	3.3%	12.6%	15.9%	6.1%	12.5%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$15.56	1.6%	4.3%	9.0%	6.1%	12.9%	International Expl.
T. Rowe International Discovery	PRIDX	\$57.09	2.8%	5.9%	13.5%	7.3%	13.0%	International Expl.
Hartford Healthcare	HGHAX	\$33.70	1.9%	-3.9%	6.7%	15.2%	21.3%	Health Care
ICON Healthcare	ICHCX	\$15.40	-0.8%	3.2%	9.4%	14.1%	19.9%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$29.21	3.2%	6.9%	17.4%	11.4%	18.1%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$35.56	3.2%	9.8%	21.7%	12.7%	22.5%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$25.64	1.0%	8.6%	15.8%	11.3%	16.6%	PRIMECAP Core
Fidelity High Income	SPHIX	\$8.68	0.7%	13.9%	11.0%	4.2%	7.4%	High-Yield Corporate

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

Vanguard's stable, dropping 2.3%. And the Fed had nothing to do with it. Blame Wells Fargo, whose CEO, John Stumpf, was hauled before Congress to explain how thousands of employees had committed fraud, opening millions of checking and credit card accounts without customers' knowledge. Another culprit is Deutsche Bank, whose shares hit a record low as the German bank negotiated a multi-billion settlement with the U.S. Justice Department related to mortgage securities. I doubt there were many investors worried about these issues a month ago. The question: Is Deutsche Bank the next Lehman Bros.? Yes or no, I doubt they are about to put the global markets into a tailspin.

On the other end of the spectrum, **Energy** had a good September, gaining 2.7%, and is having a great year, up 26.2%—second best among all Vanguard funds. **Energy ETF** gained 3.4% in September and is up 19.9% on the year. The latest boost was, obviously, the aforementioned commitment by OPEC to curtail production. I'm a skeptic. The exact agreement still needs to be worked out, and then OPEC's members have to follow the rules—something that hasn't happened in the past. (So why now?) Even before the OPEC announcement, though, Energy's fortunes have benefitted from the rising price of oil, which, after briefly falling below \$30 a barrel in February, has stabilized in the \$40 to \$50 range. While that is well below the \$100-a-barrel level of two years ago, the end to free-falling oil prices has allowed beaten-down energy stocks to rebound.

When it comes to our *Model Portfolios*, energy and financial stocks are not the primary sectors driving returns. **Dividend Growth** has only 3.1% in energy stocks and 15.3% in financial stocks. **Capital Opportunity** has even less, with just 0.6% in energy and 3.9% in financials. The health care sector is a bigger piece of the *Model Portfolios*, and—let's not beat around the bush—it's been a tough year. **Health Care**, down 3.2% so far in 2016, has been the worst-performing Vanguard fund. While that's certainly frustrating, and I feel the pain right alongside you, I know there will inevitably be periods when the fund underperforms—no strategy outperforms all the time. If you find yourself questioning a position in Health Care, you should flip directly to my interview with portfolio manager Jean Hynes on page 12.

Now that the third quarter has come to an end, one feature that separates it from the first two quarters of the year is new highs. The Dow Jones Industrial Average and S&P 500 both hit all-time highs for the first time this year in mid-July, and those indexes went on to hit eight and nine subsequent highs, respectively, after that date. At the end of the quarter, the indices were within 1.0% (the S&P) to 1.8% (the Dow) of those peaks. And it wasn't just U.S. markets (including the NASDAQ Composite, by the way) making new highs, as markets in Mexico and Russia also set new apexes in the third quarter.

Among Vanguard's 60 stock funds with Investor shares, fully 25% are within 1% of their all-time highs, with all three PRIMECAP Management-run funds the closest to their prior

peaks, down just 0.09% to 0.22%. Half of the 60 funds are within 2% of their all-time highs. The funds that still have the most catching up to do, despite a strong 2016, are **Precious Metals & Mining**, which is 57.4% below its high, Energy, 26.5% below, and **Emerging Markets Stock Index**, off 18.6% from its prior peak.

Long-term shareholders may not be smiling, but at least they've cut their losses a bit. Precious Metals & Mining is up 80.0% this year (though it was up 102.6% in early August). Energy's 26.2% return is just shy of its best gain for the year, a 28.0% rise hit in early September. Emerging Markets Stock Index, up 16.0%, is less than three percentage points below its 2016 peak, also hit in early September.

As we move into October, you can expect to hear the fear mongers spewing silliness over the fact that the Chinese yuan has officially been recognized as a "reserve currency" by the IMF beginning on the first of the month. No, this is not going to destroy the dollar's position as the single strongest global currency. But given the penchants of the worst pundits for finding reasons to sell stocks and buy gold or other esoterica, this is bound to become part of the popular meme for a week or two. Keep your wits about you and drown it out—it's nonsense.

Speaking of dollars and cents, yields on municipal money market funds have caught up to their taxable siblings. In mid-September, **Tax-Exempt Money Market's** yield went ahead of **Prime Money Market's**, and at the end of the month, the muni fund's yield was 10

SEE **RECORD** PAGE 16 >

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to make (though the bulls were still charging), but it was spot on. As you can see in the table below, all of Vanguard's large-cap growth funds delivered decent returns over the past three years—the only fund that failed to advance at a double-digit pace was **STAR LifeStrategy Growth**, which faced twin headwinds, holding 20% of its assets in bonds and a third of its portfolio in foreign stocks—but all fell far short of a near-20% annual pace.

Now, before jumping too far ahead: I always think it's important to comment on the "growth" and "value" labels that investors (particularly mutual fund investors) like to toss around. Dan and I don't pay much heed to growth or value labels when it comes to funds and managers. Take the PRIMECAP Management team as an example. While often considered "growth" managers, their modus operandi is to buy undervalued stocks facing near-term issues and hold onto them for years and years—attributes typically associated with value investors. The one thing they don't do is pay to chase rapid earnings gains. So don't get too caught up in whether a manager is labelled "growth" or "value." What is far more important is whether they have a disciplined, repeatable investment process that has outperformed over the long run.

In my book, a growth fund is one where the emphasis is on capital appreciation, not generating income. Some



fund managers aim to accomplish this by searching for companies with businesses where profits are growing rapidly. Other managers look for companies whose assets are undervalued, believing a catalyst will unlock that value and other investors will recognize what they've missed, leading to great price appreciation. To my way of thinking, those are two different roads to the same destination. Or, in simple terms, a growth fund should be the engine that produces gains in your portfolio over five, 10 or even 20 years.

Room to Grow

As I said at the outset, there certainly is room for growth funds to continue to run, but I'm a bit less optimistic than I was in prior years. One factor that gives me pause is the valuation picture, which is mixed.

Let's take **Growth Index** as our proxy for large growth funds. Its price-to-earnings (p-e) ratio—or the amount an investor pays for each dollar of earnings—of 27.3 is expensive on its own. Over the past 21 years or so, the p-e for Growth Index has only been higher 30% of the time, much of which was during the tech boom, when its p-e jumped above 50—an unsustainable and unprecedented level. Over the past 10 years, what I regard as a more normal period, the average p-e ratio for Growth Index comes in at 21.3. So, at a current 27.3, one could reasonably say that large growth stocks are absolutely not on sale.

However, after a nearly 250% run for the stock market over the past seven and a half years, nothing is particularly

cheap today, which means we need to consider large growth stocks in the context of the broader stock market. The chart on the left looks at the ratio of the Growth Index's p-e to that of **Total Stock Market's**. Growth stocks typically sell at higher p-es because investors are willing to pay more for above-average earnings growth rates. On average, Growth Index's p-e is about 1.25 times that of Total Stock Market's. But today it's a bit below that average. In this light, based strictly on earnings, prices look relatively reasonable.

While valuations don't look cheap by any measure, one big element in favor of growth funds and the stocks they invest in is investors' relative lack of enchantment with them. When it comes to investor sentiment, I look for areas of the market where investors have piled into stocks, and for areas they may be neglecting. When everyone agrees that growth stocks, for example, are the place to be, then the party may be over for that asset class or strategy. You have to wonder, who is left to buy? Opportunity lies in finding pockets of the market that investors are avoiding.

This year, the hot ticket has been low-volatility strategies and anything with a decent dividend yield. That does not describe the funds in this space, and it's safe to say investors have not shown large growth funds much love these past few years.

The strongest signal investors can give is by voting with their feet—or rather, their wallets. When looking at fund flows of large-cap growth funds, there are a few points to keep in mind: A number of these funds are multimanaged messes—more on this below. The best fund in the space, **PRIMECAP**, is closed to new investors. And finally, there has been a general trend away from actively managed funds toward index funds.

All of that said, consider the table on page 5, which compares annual net fund flows (this year's numbers are through August) for several dividend-oriented funds and Vanguard's large-cap growth funds. Investors have added billions to dividend-oriented funds, both active and passive, while generally exiting growth funds. Growth Index and **Social**

	3-Yr Return Through Aug. '13	3-Yr Return Through Aug. '16	Diff.
Growth Index	19.0%	12.7%	-6.4%
S&P 500 Growth ETF*	18.8%	13.9%	-5.0%
Russell 1000 Gro. ETF*	19.1%	13.2%	-5.9%
MegaCap Growth ETF	19.1%	13.2%	-5.9%
Morgan Growth	18.1%	12.1%	-6.1%
PRIMECAP	18.2%	14.5%	-3.8%
PRIMECAP Core	18.6%	13.5%	-5.1%
Social Index	19.4%	12.5%	-6.8%
STAR LifeStrategy Gro.	12.6%	7.9%	-4.7%
Adm Tax-Mg. Cap. App.	18.8%	12.1%	-6.7%
U.S. Growth	19.3%	13.4%	-5.9%

*3-Year returns through 8/31/13 are for underlying indexes as the ETFs did not yet have three years of history.

Index are the exceptions among growth funds, but both benefit from the trend toward indexing.

An important reminder: **Dividend Growth** is not a high-yield play. It is also not a low-volatility fund. Wellington's Don Kilbride favors companies that can grow their dividends, not necessarily those with the highest yields. Still, the fund has benefited from investors' focus on dividends and funds with a history of downside protection, plus confusion over its name. Vanguard having to close Dividend Growth due to strong cash inflows reflects what investors are seeking—and it's not large growth funds.

So, how should Vanguard investors like us play the large-cap growth fund options at our disposal?

Without a doubt, the best growth manager at Vanguard, large or small, is PRIMECAP Management. I'll get into the team's individual funds in a moment. But let's also call out the turkeys. Unfortunately, in instances when Vanguard has hired other good managers, they are mostly buried in multimanaged funds, where their lights are dimmed. And as good as PRIMECAP is, Vanguard has picked some real losers among growth managers—Growth Equity's abysmal track record under Turner Investments was swept under the rug when Vanguard merged the fund into **U.S. Growth** in early 2014. And we can all remember how long Vanguard gave the team at AllianceBernstein a pass before finally admitting the error of their ways.

With a handful of ETFs in the mix, only about half of the large-cap growth funds in the Vanguard stable are actively managed, and only the PRIMECAP-run funds have a single outside adviser running the portfolio. Let's take a closer look at what Vanguard has to offer in the space to see what our options are.

Growth Index, Buy

S&P 500 Growth ETF, Buy

Russell 1000 Growth ETF, Hold

MegaCap Growth ETF, Buy

Whatever happened to indexing simplicity? I don't blame investors who feel overwhelmed by the investment choices they face. Vanguard doesn't make

Investors Flock to Dividend Strategies

	2009	2010	2011	2012	2013	2014	2015	2016	Total
Dividend App. Index	\$1,041	\$2,806	\$4,575	\$2,234	\$3,969	(\$90)	(\$1,683)	\$2,530	\$15,382
Dividend Growth	\$533	\$1,475	\$2,507	\$3,105	\$3,781	\$1,290	\$1,985	\$3,242	\$17,917
Equity Income	(\$153)	\$242	\$1,145	\$2,056	\$2,607	\$1,499	\$23	\$2,939	\$10,357
High Dividend Yield Idx.	\$231	\$637	\$1,646	\$2,054	\$2,453	\$2,756	\$1,122	\$3,746	\$14,645
Growth Index	\$249	\$818	\$1,298	\$2,549	\$1,419	\$2,851	\$3,349	\$1,665	\$14,198
Morgan Growth	(\$186)	(\$548)	(\$437)	(\$631)	(\$876)	(\$757)	(\$233)	(\$825)	(\$4,493)
PRIMECAP	(\$661)	(\$1,800)	(\$2,448)	(\$2,444)	(\$1,105)	(\$873)	(\$1,159)	(\$1,786)	(\$12,277)
PRIMECAP Core	\$781	(\$252)	(\$368)	(\$619)	(\$155)	(\$23)	\$344	\$39	(\$252)
Social Index	(\$19)	\$18	(\$9)	\$19	\$117	\$378	\$486	\$135	\$1,124
STAR Growth	(\$461)	(\$196)	(\$468)	(\$244)	\$526	(\$138)	\$518	\$42	(\$421)
Adm. Tax-Mgd. Cap. App.	(\$149)	(\$98)	(\$177)	(\$174)	\$108	\$85	\$151	\$54	(\$199)
U.S. Growth	(\$264)	(\$691)	(\$405)	(\$155)	(\$351)	\$562	\$410	(\$279)	(\$1,174)

Note: Numbers are in millions.

indexing easy when they offer four large-cap growth index funds (or ETFs) based on four different benchmarks.

Unfortunately, performance isn't much of a help in differentiating among the options. From the end of September 2010 (when Vanguard launched the S&P and Russell index-based ETFs) through August 2016, gains ranged from Growth Index's 117.9% to **S&P 500 Growth ETF's** 124.9%. That's a difference of about half a percent a year. Performance has been even tighter since Growth Index and **MegaCap Growth ETF** changed their underlying bogeys from MSCI to CRSP benchmarks.

MegaCap Growth ETF at least sounds distinct from the others, but as Shakespeare wrote, "What's in a name?" As the table on page 6 shows, S&P 500 Growth ETF is also "mega cap," since its median company is \$88.9 billion in size, which isn't far behind MegaCap Growth's \$95.8 billion median.

The table pretty much confirms that the portfolios of all four index funds look awfully similar. Technology and consumer-related companies make up about half of the portfolios, while energy, telecom and utility companies barely make the cut. Apple and Alphabet (formerly Google) are the top two holdings across the board. In fact, the same six companies make up the top six holdings in each fund.

Where the rubber meets the road, in the *Growth Index Model Portfolio*, Dan and I recommend S&P 500 Growth ETF. Yes, at 0.15%, it isn't the cheapest of the options. In isolation this might be a deal breaker. But there are a few

aspects that lead us to choose S&P 500 Growth ETF. Standard & Poor's, which controls the index benchmark, is more selective when constructing its indexes, and this tends to result in a portfolio of higher-quality companies. And these companies are also cheaper and somewhat larger than peers. S&P devotes more of its portfolio to tech and, importantly, health care stocks than its siblings. For my money, I prefer to partner with the team from PRIMECAP Management, but the S&P 500 Growth ETF will do in a pinch.

Morgan Growth

Hold. Morgan Growth took a tiny step in the right direction when one of its managers, Kalmar Investment Advisers, was handed a pink slip in January.

Kalmar's departure left four different sub-advisers sharing duties at Morgan Growth—Wellington, Jennison, Frontier and a team at Vanguard. I applaud the move to thin the manager ranks, but Kalmar was only managing 10% of the portfolio, and you'd be hard pressed to notice much of a change in the portfolio since they left. The number of holdings dropped from 342 to 303 in the first month after Kalmar's exit, and the slice of the fund in the top 10 holdings only moved from 24% up to 25%—not exactly a seismic shift.

With four firms still stirring the pot, no one can do too much damage on their own—but they can't really drive performance higher, either. What investors are left with is a middle-of-the-road, no-conviction mid- to large-cap growth stock amalgam. ➤

> Morgan Growth's low expenses make it an able competitor in the broad mutual fund universe, as is the case with most of Vanguard's multimanager funds, but that doesn't mean the fund is deserving of your money. Over the past nearly 30 years, Morgan Growth may have matched the Russell 3000 Growth index, but it has lagged steadily over the past decade.

Even former Vanguard Chairman Jack Bogle said years ago that Morgan Growth is "an average fund. It's not a star." If I'm not buying a star, why continue to pay active management fees if you are just going to receive index-like or worse performance?

PRIMECAP

Buy. Let's make it simple. A dollar invested in **500 Index** at the end of 1984 when this fund was launched would be worth \$26.12 today. A dollar invested in Morgan Growth and one in U.S. Growth over that same period would be worth \$23.60 and \$13.91, respectively, today. A dollar in PRIMECAP? \$54.06!

How do they do it? Independent

thinking and patience combined with a distinct approach to picking stocks and managing a fund is how.

The PRIMECAP Management team's approach can be simplistically called growth-at-a-reasonable-price, or GARP. The managers look for companies with the potential for strong earnings growth, but which are currently selling for less than comparable growth companies are—most likely because there's some negative factor influencing most investors' perception of the company's value. Because they are buying stocks facing near-term uncertainty, it often takes time for their ideas to work out. But in contrast to many other growth managers, the PRIMECAP team is willing to wait, and on average holds onto a stock for a decade.

Also in contrast to other growth managers, there is no single star manager here. The PRIMECAP team eschews the limelight. Each of its five managers is responsible for managing a slice of the fund. If two managers own the same stock, it will result in a larger position in the portfolio, but each man-

ager is accountable for his own decisions. The end result of this approach is a high-conviction portfolio with 131 stocks and over 40% of the assets in its 10 largest holdings.

While the long-term track record is impressive, keep in mind that the fund does not beat the market month in and month out. In fact, since the fund's inception, it has only outperformed 500 Index 56% of the time. But it's those periods of outperformance that have created such a stunning long-term track record.

PRIMECAP remains closed to new investors, but its near-clone, *PRIMECAP Odyssey Growth* (POGRX), is wide open. Because of its smaller size, it's nimbler, and it has substantially outperformed its granddaddy since its introduction in November 2004. Through August 2016, the new fund is up 225.7% versus 206.2% for gramps.

The *Odyssey* funds are available through Vanguard's brokerage service, and as I have long recommended, unless the taxes you'll pay selling your Vanguard holdings are a concern, you have no excuse for sticking with the original, which is still great, but not *as great*. At a minimum, I'd take any distributions from PRIMECAP and invest them in the *Odyssey* fund.

PRIMECAP Core

Buy. The youngest PRIMECAP Management-run fund at Vanguard has been closed to new investors longer than it was ever open to all comers. Too bad. This slightly less growthy version of PRIMECAP has a lot going for it.

In fact, it's the only PRIMECAP-run fund at Vanguard that's outperformed its *Odyssey* sibling, mainly because it has a lower expense ratio and both funds are nearly identical, having been birthed at virtually the same time. The expense difference is key. Since their December 2004 inceptions through August 2016, PRIMECAP Core outperformed *Odyssey Stock* (POSKX) by a narrow margin, 189.6% versus 182.0%

With about 150 stocks, and one-third of its assets among its 10 largest holdings, this fund has all the hallmarks of a typical PRIMECAP Management offering. Though, as the name implies,

Growth Index Funds

	Growth Index	S&P 500 Growth ETF	Russell 1000 Growth ETF	MegaCap Growth Index
	8/31/16	8/31/16	8/31/16	8/31/16
Number of Stocks	330	316	605	144
P/E	27.3	24.3	24.8	26.2
P/Book	4.8	4.9	5.7	5.0
Median Market Cap.	\$70.3	\$88.9	\$70.3	\$95.8
Expense Ratio	0.22% / 0.08%*	0.15%	0.12%	0.09%
Sector Allocations				
Consumer Services	21.2%	17.3%	22.3%	22.8%
Consumer Goods	11.3%	9.8%	9.1%	11.5%
Oil & Gas	3.1%	1.6%	0.6%	3.0%
Financials	12.5%	8.2%	9.8%	11.2%
Health Care	14.8%	17.2%	16.7%	15.1%
Industrials	11.4%	9.1%	11.1%	9.0%
Technology	24.3%	33.2%	25.1%	25.6%
Basic Materials	1.0%	2.4%	4.1%	1.7%
Telecom	0.4%	0.9%	—	0.1%
Utilities	0.0%	0.3%	1.2%	0.0%
Top-10	27%	30%	26%	33%
1	Apple	Apple	Apple	Apple
2	Alphabet	Alphabet	Alphabet	Alphabet
3	Amazon.com	Microsoft	Microsoft	Amazon.com
4	Facebook	Amazon.com	Amazon.com	Facebook
5	Coca-Cola	Facebook	Facebook	Coca-Cola
6	Home Depot	Home Depot	Home Depot	Home Depot
7	Comcast	Johnson & Johnson	Visa	Comcast
8	Philip Morris Int'l	General Electric	Walt Disney	Philip Morris Int'l
9	Visa	Visa	Comcast	Visa
10	Walt Disney	Walt Disney	Pepsi	Walt Disney

*Investor shares and ETF shares. Admiral shares are also 0.08%. Note, Vanguard's Russell and CRSP indexes use different definitions for the "sectors" their indexes are allocated to, so comparisons are approximate.

Active Large-Cap Growth Funds

	Morgan Growth 8/31/16	PRIMECAP 8/31/16	PRIMECAP Core 8/31/16	U.S. Growth 8/31/16	Social Idx 8/31/16	T-M Cap App 8/31/16
Number of Stocks	312	131	152	159	413	954
P/E	26	20.6	19.3	31.2	21.0	23.0
P/Book	5.0	3.8	3.3	5.0	2.8	2.9
Median Market Cap.	\$51.2	\$66.9	\$51.2	\$51.2	\$69.8	\$60.2
Foreign	4.6%	9.6%	11.0%	1.4%	0.4%	0.1%
Cash	0.9%	3.0%	4.5%	0.5%	0.0%	0.0%
Turnover	41.2%	8.6%	9.9%	38.5%	19.7%	9.8%
Sector Allocation						
Consumer Discretionary	20.3%	8.2%	12.8%	19.2%	10.4%	14.3%
Consumer Staples	6.9%	0.4%	0.8%	5.6%	10.9%	8.3%
Energy	1.7%	1.5%	1.1%	0.5%	3.0%	6.8%
Financials	4.4%	7.0%	8.6%	9.2%	23.7%	19.7%
Health Care	16.5%	27.6%	25.0%	17.6%	18.9%	14.0%
Industrials	9.3%	15.5%	17.6%	7.8%	6.9%	10.2%
Information Technology	37.2%	36.9%	30.3%	36.8%	23.4%	17.5%
Materials	1.8%	1.9%	2.7%	1.0%	2.0%	3.6%
Telecom	1.6%	1.0%	1.1%	0.4%	0.2%	—
Utilities	0.3%	0.0%	0.0%	0.1%	0.6%	5.6%
Top-10	23%	42%	32%	30%	24%	17%
1	Alphabet	Biogen	Amgen	Alphabet	Apple	Apple
2	Apple	Amgen	Southwest Airlines	Facebook	Alphabet	Alphabet
3	Facebook	Eli Lilly	Eli Lilly	Amazon.com	Microsoft	Microsoft
4	Amazon.com	Microsoft	Alphabet	Visa	Johnson & Johnson	ExxonMobil
5	Visa	Alphabet	Biogen	MasterCard	Facebook	Johnson & Johnson
6	Microsoft	Texas Instruments	Roche	Microsoft	Wells Fargo	Amazon.com
7	Home Depot	Adobe Systems	Texas Instruments	Allergan	JPMorgan Chase	Berkshire Hathaway
8	Amgen	FedEx	JPMorgan Chase	Celgene	Procter & Gamble	Facebook
9	Pepsi	Roche	CarMax	PayPal	Pfizer	General Electric
10	Bristol-Myers Squibb	Southwest Airlines	Microsoft	Biogen	Merck	Procter & Gamble

being a bit more “core” than its siblings, it has less of a focus on growth. This also makes it the least risky of the PRIMECAP Management-run funds. Dan and I both own it, but if you can tolerate a bit more risk, you may be able to reap higher returns in *Odyssey Growth* (a fund we also both own).

Social Index

Hold. Social Index is a large-cap growth fund with a portfolio of brand-name stocks, including Johnson & Johnson, Apple and Microsoft. In its early years, the fund tracked a Calvert index, but switched to a FTSE benchmark in late 2005.

The idea here is that companies in FTSE’s index have been screened for attractive social characteristics, and as such, will win out over their dirtier, more socially irresponsible competitors. I’m a skeptic, and believe that you should first invest to profit, and then support organizations whose missions match your own social goals rather than assuming that

because this fund’s \$2.3 billion in assets aren’t invested in “bad” companies, this will somehow make a difference. It won’t.

Plus, how do you define a socially good company? Wells Fargo, a top-10 holding, was just fined \$185 million for fraudulently opening some two million accounts for unsuspecting savers. Where’s the social good there?

In fact, historically, Social Index has had a much larger allocation to financial stocks compared to Growth Index—as it does today, with 23.7% in financial stocks versus 12.5% for Growth Index. This difference has led to periods when there were stark performance divergences between the two index funds. Notably, during the credit crisis, that big allocation to financial stocks hurt Social Index—a lot. Over the past seven years, performance has been roughly a wash between the two growth-oriented index funds.

If you believe that investing in Social Index will make the world better or makes you feel better about your

investments, go ahead and invest here, but as I said, I’m skeptical.

STAR LifeStrategy Growth

Sell. Just because it’s a fund of index funds doesn’t mean this is a static portfolio. For the past three years, this fund has held just four index funds, but in 2015, Vanguard increased the allocation to both foreign stocks and bonds.

Today its holdings are divided among **Total Stock Market** (48% of assets), **Total International Stock** (32%), **Total Bond Market II** (14%) and **Total International Bond** (6%). For those counting, that’s 80% in stock funds and 20% in bond funds. Foreign stocks now make up 40% of the allocation to stocks and foreign bonds account for 30% of the bond sleeve.

Owning index funds can be a sound strategy, and this fund certainly makes diversified investing easy, particularly for those just starting out, but I think

SEE **FOCUS** PAGE 12 ➤

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	9/30 Price	Sept. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.61	-0.9%	5.4%	8.5%	—	—	0.4%	—
Energy (51)	VGENX	\$3K	—	Hold	\$51.83	2.7%	26.2%	25.4%	-3.5%	3.6%	2.1%	1.92
Precious Metals & Mining (53)	VGPMM	\$3K	—	Sell	\$11.23	5.7%	80.0%	69.8%	2.9%	-8.7%	1.4%	3.43
Health Care (52)	VGHGX	\$3K	—	Buy	\$208.04	0.7%	-3.2%	5.2%	15.8%	19.8%	0.8%	1.15
REIT Index (123)	VGSIX	\$3K	—	Hold	\$28.83	-1.8%	11.7%	19.5%	13.8%	15.5%	3.8%	1.40
Global ex-U.S. Real Estate Index (738)	VGXR	\$3K	0.25% f/0.25% r	Hold	\$22.38	0.7%	10.5%	13.2%	3.4%	10.7%	2.9%	1.08
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$54.99	2.3%	7.0%	15.2%	12.0%	19.5%	0.5%	1.19
Explorer (24)	VEXPX	\$3K	—	Hold	\$88.30	1.2%	9.8%	13.3%	6.1%	15.5%	0.3%	1.25
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$31.56	0.0%	10.9%	15.8%	7.3%	16.3%	0.7%	1.15
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$22.39	0.2%	-0.3%	2.2%	6.3%	13.6%	0.3%	1.14
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$37.08	0.5%	9.1%	12.9%	5.9%	15.5%	0.9%	1.17
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$58.53	0.4%	11.4%	14.8%	7.8%	16.6%	1.4%	1.12
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$26.54	0.3%	13.4%	16.4%	9.4%	17.3%	1.8%	1.11
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$30.41	0.3%	7.5%	10.6%	10.2%	18.2%	1.5%	1.06
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$31.45	1.0%	8.5%	11.2%	8.5%	17.4%	1.1%	1.08
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$49.83	0.6%	13.2%	17.2%	9.0%	17.7%	1.1%	1.13
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$11.50	1.2%	5.3%	11.4%	3.0%	14.2%	1.1%	1.43
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$69.27	0.9%	9.9%	13.3%	7.3%	16.2%	1.2%	1.15
Growth Index (9)	VIGRX	\$3K	—	Buy	\$57.83	0.7%	6.5%	13.4%	11.2%	16.4%	1.2%	1.10
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$41.85	0.3%	7.2%	10.2%	8.6%	15.2%	0.7%	1.10
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$35.34	0.4%	8.8%	12.5%	9.8%	16.4%	1.3%	1.04
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$36.85	0.4%	10.3%	14.6%	10.8%	17.4%	1.8%	1.00
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$25.74	0.6%	3.3%	10.5%	10.6%	15.7%	0.6%	1.08
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$107.60	1.8%	7.9%	17.4%	13.3%	18.5%	1.0%	1.08
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$22.55	1.4%	8.3%	16.8%	12.4%	17.6%	1.0%	1.06
Selected Value (934)	VASVX	\$3K	—	Hold	\$27.63	0.7%	6.9%	10.5%	6.3%	15.2%	1.5%	1.10
Social Index (213)	VFTSX	\$3K	—	Hold	\$13.87	-0.1%	6.4%	13.1%	11.2%	17.1%	1.7%	1.07
STAR Growth (122)	VASGX	\$3K	—	Sell	\$29.00	0.5%	7.5%	11.6%	6.7%	11.2%	2.0%	0.80
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$110.10	0.0%	7.5%	14.6%	10.8%	16.5%	1.7%	1.01
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$30.58	0.9%	2.7%	11.2%	11.8%	17.2%	0.4%	1.10
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$200.21	0.0%	7.7%	15.3%	11.0%	16.2%	1.9%	1.00
Convertible Securities (82)	VCVXS	\$3K	—	Buy	\$12.71	0.9%	6.0%	6.2%	3.5%	8.9%	1.8%	0.65
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$31.53	0.4%	5.6%	11.6%	9.2%	15.9%	1.1%	1.06
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$33.58	-1.0%	9.5%	16.1%	8.6%	13.8%	2.0%	0.89
Dividend Growth (57) (CLOSED)	VDIGX	\$3K	—	Buy	\$23.60	-1.1%	6.5%	13.7%	10.1%	14.7%	1.7%	0.87
Equity Income (65)	VEIPX	\$3K	—	Buy	\$31.69	-0.4%	9.5%	17.2%	10.2%	15.6%	2.7%	0.91
Growth & Income (93)	VGNPX	\$3K	—	Hold+	\$42.16	0.1%	7.7%	14.8%	11.5%	16.8%	1.8%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$28.58	-0.4%	10.4%	18.7%	11.2%	15.7%	2.9%	0.93
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$40.06	0.1%	7.5%	14.8%	10.6%	16.1%	1.8%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$11.72	0.5%	-3.3%	-3.7%	3.4%	2.7%	0.0%	0.48
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$24.49	0.4%	7.3%	10.3%	6.2%	9.3%	2.0%	0.60
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$54.18	0.2%	8.1%	14.9%	10.3%	16.2%	1.8%	1.01
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$17.25	0.2%	5.8%	11.1%	9.6%	16.6%	2.0%	0.93
Value Index (6)	VIVAX	\$3K	—	Hold	\$33.95	-0.5%	8.6%	16.1%	10.2%	15.9%	2.4%	0.95
Windsor (22)	VWNDX	\$3K	—	Hold	\$20.05	0.1%	5.5%	10.4%	7.7%	16.0%	1.5%	1.17
Windsor II (73)	VWNFX	\$3K	—	Buy	\$35.55	-0.6%	7.3%	12.1%	8.1%	14.7%	2.1%	1.02
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$30.95	0.1%	7.4%	11.1%	7.8%	10.9%	1.9%	0.59
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$18.01	0.4%	7.1%	9.2%	5.8%	9.1%	3.8%	0.55
STAR (56)	VGSTX	\$1K	—	Hold	\$24.77	0.5%	7.1%	10.8%	6.7%	10.4%	1.9%	0.68
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$18.82	0.3%	7.0%	8.8%	5.7%	7.3%	2.0%	0.41
STAR Income (723)	VASIX	\$3K	—	Sell	\$15.32	0.1%	6.6%	7.3%	5.0%	5.3%	2.0%	0.27
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$27.96	-0.2%	5.7%	9.7%	7.7%	10.0%	2.0%	0.45
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$26.13	-0.3%	8.8%	11.6%	7.3%	8.7%	2.8%	0.40
Wellington (21)	VWELX	\$3K	—	Buy	\$38.83	-0.1%	7.6%	11.9%	7.9%	11.5%	2.5%	0.67
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$29.25	0.6%	7.5%	12.1%	6.8%	—	1.7%	0.91
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$33.15	0.6%	7.5%	12.1%	6.8%	12.1%	1.8%	0.90
Target Retirement 2050 (699)	VFFIX	\$1K	—	—	\$30.63	0.6%	7.5%	12.1%	6.9%	12.1%	1.9%	0.90
Target Retirement 2045 (306)	VTVIX	\$1K	—	—	\$19.12	0.6%	7.5%	12.2%	6.9%	12.1%	2.0%	0.90
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$30.59	0.6%	7.5%	12.1%	6.8%	12.1%	2.0%	0.90
Target Retirement 2035 (305)	VTHX	\$1K	—	—	\$18.09	0.5%	7.4%	11.6%	6.8%	11.8%	2.0%	0.82
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$29.77	0.5%	7.4%	11.1%	6.6%	11.1%	2.0%	0.74
Target Retirement 2025 (304)	VTVVX	\$1K	—	—	\$16.77	0.4%	7.4%	10.7%	6.5%	10.4%	2.0%	0.67
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$29.09	0.3%	7.1%	10.0%	6.2%	9.6%	2.0%	0.59
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$15.19	0.4%	6.7%	9.0%	5.7%	8.6%	1.9%	0.49
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$26.45	0.3%	6.3%	7.8%	5.1%	7.3%	1.7%	0.36
Target Retirement Income (308)	VTINX	\$1K	—	—	\$13.08	0.3%	6.3%	7.5%	4.7%	5.9%	1.7%	0.32
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$9.30	1.4%	3.9%	7.9%	—	—	2.7%	1.11
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$23.70	1.3%	16.0%	15.6%	0.0%	3.3%	2.2%	1.50
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$18.19	2.0%	19.5%	19.3%	-0.6%	4.3%	1.6%	1.58
European Index (79)	VEURX	\$3K	—	Hold	\$26.16	0.6%	0.3%	2.5%	-0.3%	7.9%	3.3%	1.15
Global Equity (129)	VHGEX	\$3K	—	Hold	\$25.18	1.6%	6.5%	12.1%	6.4%	12.5%	1.6%	1.00
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$12.21	0.2%	8.1%	11.0%	—	—	1.7%	0.62
International Dividend Appreciation Index (2015)	VIAIX	\$3K	—	Hold	\$22.69	1.1%	—	—	—	—	—	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$17.37	2.8%	2.5%	8.0%	5.2%	10.8%	1.5%	1.07
International Growth (81)	VWIGX	\$3K	—	Buy	\$23.01	2.8%	9.1%	16.7%	3.1%	9.8%	1.3%	1.28
International High Dividend Yield Index (1530)	VIHIX	\$3K	—	Hold	\$22.41	1.0%	—	—	—	—	—	—
International Value (46)	VTRIX	\$3K	—	Hold	\$32.84	1.6%	5.6%	8.3%	-0.5%	7.3%	2.0%	1.20
Pacific Index (72)	VPACX	\$3K	—	Hold	\$11.54	2.8%	8.2%	15.6%	2.4%	7.6%	2.2%	1.16
Total International Stock Index (113)	VGTSX	\$3K	—	Hold	\$15.14	1.4%	6.7%	9.5%	0.8%	6.7%	2.7%	1.11
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$24.79	0.7%	7.5%	12.3%	5.5%	11.1%	2.2%	1.02
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$17.88	1.3%	6.5%	9.2%	0.6%	6.5%	2.7%	1.13
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$37.85	2.1%	8.3%	12.3%	2.7%	7.8%	2.4%	1.07

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	9/30 Price	Sept. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk	
												25%	28%	36.8%*	38.8%*	43.4%*		
TAXABLE INCOME																		
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.3	\$10.01	0.1%	1.1%	1.0%	—	—	0.9%	0.99%	—	—	—	—	—	—	
Short-Term Treasury (32)	VFISX	Sell	2.3	\$10.76	0.2%	1.7%	1.1%	0.9%	0.8%	0.9%	0.65%	—	—	—	—	—	0.39	
Short-Term Federal (49)	VSGBX	Sell	3.1	\$10.84	0.3%	2.0%	1.5%	1.3%	1.1%	1.0%	0.93%	—	—	—	—	—	0.37	
Short-Term Inflation Index (1967)	VTIPX	Hold	2.8	\$24.83	0.7%	2.9%	2.5%	0.4%	—	0.0%	-0.40%	—	—	—	—	—	0.64	
Short-Term Investment-Grade (39)	VFSTX	Buy	3.2	\$10.78	0.1%	3.6%	3.3%	2.3%	2.5%	2.0%	1.55%	—	—	—	—	—	0.45	
Short-Term Bond Index (132)	VBISX	Hold	2.9	\$10.59	0.2%	2.6%	1.9%	1.6%	1.4%	1.3%	1.06%	—	—	—	—	—	0.49	
Inflation-Protected Sec. (119)	VIPSX	Hold	8.9	\$13.79	0.7%	7.4%	6.5%	2.3%	1.8%	0.7%	-0.11%	—	—	—	—	—	1.38	
Intermed. Treasury (35)	VFITX	Sell	5.6	\$11.65	0.3%	4.8%	3.5%	3.1%	2.2%	1.6%	1.10%	—	—	—	—	—	1.23	
Intermed. Investment-Grade (71)	VFICX	Buy	6.5	\$10.10	0.1%	7.0%	6.8%	4.9%	4.7%	2.9%	2.20%	—	—	—	—	—	1.05	
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.3	\$11.85	0.2%	7.2%	6.2%	4.8%	4.0%	2.5%	1.94%	—	—	—	—	—	1.35	
Total Bond Market (84)	VBMFX	Hold	8.3	\$11.07	-0.1%	5.9%	5.2%	3.9%	2.9%	2.3%	1.81%	—	—	—	—	—	1.00	
Core Bond (1320)	VCORX	Buy	7.7	\$10.26	-0.0%	—	—	—	—	—	1.81%	—	—	—	—	—	—	
GNMA (36)	VFHIX	Hold	4.9	\$10.87	0.4%	3.8%	3.7%	3.7%	2.6%	2.3%	1.98%	—	—	—	—	—	0.53	
Long-Term Treasury (83)	VUUSTX	Sell	24.7	\$13.76	-1.3%	15.1%	13.2%	11.0%	5.3%	2.4%	2.01%	—	—	—	—	—	3.95	
Long-Term Investment-Grade (28)	VWESX	Hold	23.4	\$11.04	-1.0%	15.3%	15.4%	10.5%	7.4%	4.0%	3.34%	—	—	—	—	—	2.77	
Long-Term Bond Index (522)	VBLTX	Sell	24.3	\$14.91	-1.0%	16.1%	15.0%	10.1%	6.2%	3.6%	3.20%	—	—	—	—	—	2.97	
High-Yield Corporate (29)	VWEHX	Buy	7.1	\$5.87	0.6%	10.4%	9.8%	5.5%	7.6%	5.3%	4.97%	—	—	—	—	—	1.81	
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	10.1	\$10.18	0.2%	13.6%	15.3%	6.8%	—	4.4%	3.94%	—	—	—	—	—	1.86	
Emerging Markets Bond (1431)	VEMBX	—	9.9	\$11.06	0.8%	—	—	—	—	—	4.20%	—	—	—	—	—	—	
Total International Bond Index (1231)	VTIBX	Hold	9.5	\$11.17	-0.1%	6.8%	7.3%	5.6%	—	1.5%	0.44%	—	—	—	—	—	1.05	
MONEY MARKET																		
Treasury MM (11)	VUSXX	—	48	\$1.00	0.0%	0.2%	0.2%	0.1%	0.0%	0.2%	0.26%	—	—	—	—	—	—	
Federal MM (33)	VMFXX	—	42	\$1.00	0.0%	0.2%	0.2%	0.1%	0.1%	0.2%	0.30%	—	—	—	—	—	—	
Prime MM (30)	VMMXX	—	57	\$1.00	0.0%	0.3%	0.4%	0.1%	0.1%	0.4%	0.56%	—	—	—	—	—	—	
Tax-Exempt Money Market (45)	VMSXX	—	31	\$1.00	0.0%	0.2%	0.2%	0.1%	0.1%	0.2%	0.66%	0.9%	0.9%	1.0%	1.1%	1.2%	—	
CA Tax-Exempt MM (62)	VCTXX	—	18	\$1.00	0.0%	0.2%	0.2%	0.1%	0.0%	0.1%	0.63%	0.9%	1.0%	1.1%	1.1%	1.2%	—	
NJ Tax-Exempt MM (95)	VNJXX	—	52	\$1.00	0.0%	0.2%	0.2%	0.1%	0.0%	0.1%	0.54%	0.8%	0.8%	0.9%	1.0%	1.0%	—	
NY Tax-Exempt MM (163)	VYFXX	—	37	\$1.00	0.0%	0.2%	0.2%	0.1%	0.0%	0.2%	0.65%	1.0%	1.0%	1.1%	1.2%	1.3%	—	
OH Tax-Exempt MM (96)	VOHXX	—	42	\$1.00	0.0%	0.2%	0.2%	0.1%	0.1%	0.2%	0.62%	0.9%	0.9%	1.0%	1.1%	1.2%	—	
PA Tax-Exempt MM (63)	VPTXX	—	22	\$1.00	0.0%	0.2%	0.2%	0.1%	0.0%	0.1%	0.63%	0.9%	0.9%	1.0%	1.1%	1.1%	—	
TAX-FREE INCOME																		
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.4	\$15.81	-0.2%	0.7%	0.7%	0.7%	0.7%	0.8%	0.79%	1.1%	1.1%	1.3%	1.3%	1.4%	0.14	
Limited-Term Tax-Exempt (31)	VMLTX	Buy	2.8	\$11.05	-0.2%	1.4%	1.8%	1.7%	1.5%	1.5%	0.97%	1.3%	1.3%	1.5%	1.6%	1.7%	0.38	
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.3	\$14.46	-0.4%	3.5%	4.9%	4.7%	4.0%	2.7%	1.34%	1.8%	1.9%	2.1%	2.2%	2.4%	0.70	
Tax-Exempt Bond Index (1491)***	VTEBX	Buy+	5.6	\$10.44	-0.4%	3.9%	5.7%	—	—	—	1.4%	1.41%	1.9%	2.0%	2.2%	2.3%	0.76	
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.4	\$12.00	-0.5%	4.8%	7.0%	6.7%	5.3%	3.5%	1.76%	2.3%	2.4%	2.8%	2.9%	3.1%	0.89	
High-Yield Tax-Exempt (44)	VWAHX	Hold	6.6	\$11.64	-0.5%	5.6%	7.9%	7.2%	5.8%	3.6%	2.23%	3.0%	3.1%	3.5%	3.6%	3.9%	0.87	
STATE TAX-FREE																		
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.5	\$12.03	-0.5%	3.5%	4.9%	5.0%	4.5%	2.6%	1.24%	1.8%	1.9%	2.2%	2.3%	2.4%	0.72	
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.8	\$12.48	-0.7%	4.8%	7.0%	7.1%	5.8%	3.3%	1.62%	2.4%	2.5%	2.9%	3.0%	3.2%	0.94	
MA Tax-Exempt (168)	VMATX	Sell	6.4	\$11.14	-0.6%	4.3%	6.2%	6.3%	4.6%	2.9%	1.60%	2.3%	2.3%	2.7%	2.8%	3.0%	0.92	
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.4	\$12.47	-0.4%	5.8%	8.5%	6.2%	5.0%	3.4%	2.12%	3.1%	3.2%	3.7%	3.8%	4.1%	1.01	
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.2	\$12.16	-0.6%	4.5%	6.6%	6.6%	5.0%	3.1%	1.52%	2.2%	2.3%	2.6%	2.7%	2.9%	0.84	
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.1	\$12.94	-0.7%	4.7%	6.8%	6.8%	5.2%	3.2%	1.75%	2.5%	2.6%	3.0%	3.1%	3.3%	0.92	
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	6.1	\$11.92	-0.6%	4.5%	6.4%	6.6%	5.0%	3.5%	1.88%	2.6%	2.7%	3.1%	3.2%	3.4%	0.84	

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "b" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1). **3-year and 5-year returns** are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	9/30 Price	Sept. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.1%	0.1%	-0.1%	-0.1%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$19.15	0.2%	3.5%	3.1%	2.1%	2.2%	0.47
Total Bond Market Annuity (67)	Hold	\$38.92	-0.1%	5.6%	4.9%	3.6%	2.6%	1.00
High-Yield Bond Annuity (146)	Buy	\$31.83	0.5%	10.3%	9.5%	5.1%	7.2%	1.77
Conservative Allocation Annuity (801)	Hold	\$27.50	0.1%	6.7%	8.6%	5.5%	—	0.41
Moderate Allocation Annuity (803)	Hold	\$29.77	0.3%	7.1%	10.2%	6.1%	—	0.60
Balanced Annuity (69)	Buy	\$88.46	-0.2%	7.4%	11.6%	7.6%	11.2%	0.67
Capital Growth Annuity (603)	Buy	\$42.94	1.7%	7.9%	16.7%	12.8%	18.0%	1.05
Diversified Value Annuity (145)	Buy	\$29.95	-1.4%	6.8%	11.8%	7.5%	13.9%	0.97
Equity Income Annuity (8)	Buy	\$77.40	-0.4%	9.4%	17.0%	10.0%	15.3%	0.92
Equity Index Annuity (68)	Buy	\$86.41	-0.0%	7.5%	15.0%	10.7%	15.9%	1.00
Growth Annuity (10)	Hold	\$43.45	0.7%	2.2%	10.3%	11.5%	16.9%	1.09
MidCap Index Annuity (143)	Buy	\$50.21	0.3%	8.6%	12.2%	9.4%	16.0%	1.04
REIT Index Annuity (147)	Hold	\$60.75	-1.9%	11.5%	19.2%	13.5%	15.2%	1.40
Small Company Growth Annuity (160)	Hold	\$70.38	1.7%	11.6%	16.3%	7.5%	16.3%	1.33
Total Stock Market Annuity (604)	Hold	\$31.49	0.2%	7.9%	14.5%	10.0%	15.8%	1.01
International Annuity (86)	Buy	\$39.97	2.8%	8.9%	16.5%	2.7%	9.5%	1.31

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	9/30 Price	Sept. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$65.09	-0.2%	3.7%	8.3%	10.0%	19.4%	1.4%	—	1.12
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$67.50	-1.6%	7.8%	15.6%	12.9%	15.6%	2.3%	—	0.87
Energy (551)	VGELX	\$50K	—	Hold	\$97.29	2.7%	26.3%	25.4%	-3.4%	3.7%	2.1%	—	1.91
Energy Index (5480)	VENAX	\$100K	—	—	\$48.80	3.4%	19.8%	18.5%	-3.7%	5.1%	2.6%	—	1.84
Financials Index (5486)	VFAIX	\$100K	—	—	\$24.73	-2.3%	3.3%	8.9%	8.7%	17.1%	2.2%	—	1.18
Health Care (552)	VGHAX	\$50K	—	Buy	\$87.78	0.7%	-3.2%	5.2%	15.8%	19.8%	0.9%	—	1.15
Health Care Index (5485)	VHCIX	\$100K	—	—	\$66.47	0.1%	1.0%	9.9%	14.2%	20.4%	1.4%	—	1.25
Industrials Index (5482)	VINAX	\$100K	—	—	\$56.94	-0.1%	11.4%	19.1%	9.7%	17.8%	1.9%	—	1.10
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$61.65	2.5%	12.4%	22.0%	16.1%	17.8%	1.3%	—	1.39
Materials Index (5481)	VMIAX	\$100K	—	—	\$54.49	-0.6%	15.0%	24.9%	6.5%	13.2%	1.8%	—	1.60
REIT Index (5123)	VGSLX	\$10K	—	Hold	\$122.98	-1.8%	11.8%	19.7%	14.0%	15.7%	3.9%	—	1.41
Global ex-U.S. Real Estate Index (1758)	VGR LX	\$10K	0.25% ^f /0.25% ^r	Hold	\$33.90	0.7%	10.7%	13.5%	3.6%	10.8%	3.1%	—	1.14
Telecom Svcs. Index (5488)	VTCAX	\$100K	—	—	\$48.10	0.0%	14.8%	23.2%	9.8%	13.5%	2.7%	—	1.07
Utilities Index (5489)	VUIAX	\$100K	—	—	\$53.70	0.5%	16.6%	18.8%	13.2%	12.4%	3.1%	—	1.22
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$127.00	2.3%	7.0%	15.3%	12.1%	19.6%	0.6%	—	1.21
Explorer (5024)	VEXRX	\$50K	—	Hold	\$82.15	1.2%	9.9%	13.5%	6.2%	15.6%	0.4%	—	1.25
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$46.35	0.5%	9.2%	13.0%	6.0%	15.6%	1.0%	—	1.17
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$58.55	0.4%	11.5%	15.0%	7.9%	16.7%	1.5%	—	1.12
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$47.56	0.3%	13.5%	16.6%	9.5%	17.5%	1.9%	—	1.11
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$69.24	0.9%	10.0%	13.4%	7.5%	16.3%	1.3%	—	1.15
Growth Index (509)	VIGAX	\$10K	—	Buy	\$57.82	0.7%	6.6%	13.5%	11.3%	16.5%	1.3%	—	1.10
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$45.81	0.3%	7.2%	10.3%	8.7%	15.3%	0.8%	—	1.10
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$160.30	0.4%	8.9%	12.6%	9.9%	16.5%	1.4%	—	1.04
MidCap Value Index	VMVAX	\$10K	—	Hold	\$48.48	0.4%	10.4%	14.7%	11.0%	17.6%	1.9%	—	1.00
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$79.80	0.7%	3.4%	10.6%	10.7%	15.9%	0.8%	—	1.07
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$111.52	1.8%	8.0%	17.5%	13.4%	18.6%	1.1%	—	1.08
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$79.21	0.9%	2.8%	11.3%	12.0%	17.4%	0.6%	—	1.10
500 Index (540)	VFIAX	\$10K	—	Buy	\$200.21	0.0%	7.8%	15.4%	11.1%	16.3%	2.0%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$22.77	-1.0%	9.5%	16.2%	—	—	2.1%	—	0.90
Equity Income (565)	VEIRX	\$50K	—	Buy	\$66.43	-0.4%	9.6%	17.3%	10.3%	15.7%	2.8%	—	0.91
Growth & Income (593)	VGIAX	\$50K	—	Hold+	\$68.83	0.1%	7.7%	14.9%	11.6%	16.9%	1.9%	—	0.97
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$50.09	0.1%	7.7%	14.9%	10.8%	16.2%	2.0%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$54.20	0.2%	8.2%	15.0%	10.4%	16.3%	1.9%	—	1.00
Value Index (506)	VVIAX	\$10K	—	Hold	\$33.95	-0.4%	8.7%	16.3%	10.3%	16.0%	2.5%	—	0.95
Windsor (5022)	VWNEX	\$50K	—	Hold	\$67.65	0.2%	5.7%	10.5%	7.8%	16.1%	1.6%	—	1.16
Windsor II (573)	VWNAX	\$50K	—	Buy	\$63.09	-0.6%	7.4%	12.2%	8.2%	14.8%	2.2%	—	1.02
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$30.95	0.1%	7.5%	11.2%	8.0%	11.0%	2.1%	—	0.61
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$63.30	-0.3%	8.8%	11.6%	7.4%	8.8%	2.9%	—	0.41
Wellington (521)	VWENX	\$50K	—	Buy	\$67.06	-0.1%	7.7%	12.0%	8.0%	11.6%	2.6%	—	0.67
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$12.01	1.4%	3.9%	8.0%	1.1%	8.1%	2.8%	—	1.09
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$31.12	1.3%	16.2%	15.8%	0.2%	3.4%	2.4%	—	1.50
European Index (579)	VEUSX	\$10K	—	Hold	\$60.90	0.6%	0.5%	2.7%	-0.1%	8.1%	3.4%	—	1.15
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$24.44	0.2%	8.1%	11.1%	—	—	1.7%	—	0.63
International Dividend Appreciation Index (515)	VIAAX	\$10K	—	Hold	\$27.57	1.1%	—	—	—	—	—	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$73.20	2.8%	9.2%	16.9%	3.3%	10.0%	1.4%	—	1.28
International High Dividend Yield Index (530)	VIHAX	\$10K	—	Hold	\$27.12	0.9%	—	—	—	—	—	—	—
Pacific Index (572)	VPADX	\$10K	—	Hold	\$74.86	2.8%	8.3%	15.8%	2.5%	7.7%	2.3%	—	1.14
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$25.33	1.4%	6.7%	9.7%	0.9%	6.8%	2.8%	—	1.11
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$28.18	1.4%	6.6%	9.4%	0.7%	6.7%	2.8%	—	1.14
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSEX	\$50K	—	Buy	\$20.03	0.2%	1.2%	1.2%	—	—	1.0%	1.09%	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.76	0.2%	1.8%	1.2%	1.0%	0.9%	1.0%	0.75%	0.74
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.84	0.3%	2.1%	1.6%	1.4%	1.2%	1.1%	1.02%	0.37
Short-Term Gov't Index (1942)	VBSBX	\$10K	—	Sell	\$20.39	0.1%	1.2%	0.8%	0.8%	0.6%	0.8%	0.74%	0.30
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.88	0.7%	2.9%	2.5%	0.4%	—	0.0%	-0.31%	0.63
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.78	0.1%	3.7%	3.4%	2.4%	2.6%	2.1%	1.65%	0.45
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.88	0.1%	3.6%	3.2%	2.5%	3.0%	2.1%	1.72%	0.52
Short-Term Bond Idx. (5132)	VBIRX	\$10K	—	Hold	\$10.59	0.2%	2.6%	2.0%	1.6%	1.5%	1.4%	1.14%	0.50
Inflation-Protected Securities (5119)	VAIPIX	\$50K	—	Hold	\$27.09	0.8%	7.5%	6.6%	2.4%	1.9%	0.8%	-0.01%	1.36
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.65	0.3%	4.8%	3.6%	3.2%	2.3%	1.7%	1.19%	1.22
Interm.-Term Gov't Index (1943)	VSI GX	\$10K	—	Sell	\$22.49	0.3%	4.7%	3.5%	3.2%	2.2%	1.5%	1.20%	1.21
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$10.10	0.1%	7.1%	6.9%	5.0%	4.8%	3.0%	2.30%	1.06
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25% ^f	Buy	\$24.05	0.1%	9.0%	8.5%	6.0%	5.7%	3.2%	2.74%	1.32
Intermed.-Term Bond Idx. (5314)	VBILX	\$10K	—	Hold	\$11.85	0.2%	7.3%	6.3%	4.9%	4.1%	2.5%	2.02%	1.35
Total Bond Market (584)	VBTLX	\$10K	—	Hold	\$11.07	-0.1%	6.0%	5.3%	4.0%	3.0%	2.4%	1.89%	1.01
Core Bond (1520)	VCOBX	\$50K	—	Buy	\$20.53	0.0%	—	—	—	—	—	1.91%	—
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.87	0.4%	3.8%	3.8%	3.8%	2.7%	2.4%	2.08%	0.55
Mortgage-Backed Sec. Idx (1948)	VMBSX	\$10K	—	Hold	\$21.53	0.3%	3.5%	3.4%	3.4%	2.5%	1.8%	1.43%	0.51
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$13.76	-1.3%	15.2%	13.3%	11.2%	5.4%	2.5%	2.11%	3.95
Long-Term Gov't Index (1944)	VLGSX	\$10K	—	Sell	\$28.32	-1.3%	15.0%	13.2%	11.1%	5.4%	2.4%	2.15%	3.88
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$11.04	-1.0%	15.4%	15.5%	10.6%	7.5%	4.0%	3.44%	2.72
Long-Term Corp. Index (1947)	VLTCX	\$10K	1.00% ^f	Hold	\$25.50	-0.8%	17.2%	15.9%	9.7%	7.4%	4.1%	4.00%	2.93
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.87	0.6%	10.4%	9.9%	5.6%	7.7%	5.4%	5.07%	1.86
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75% ^f	Buy	\$20.36	0.2%	13.6%	15.4%	7.0%	—	4.5%	4.12%	1.87
Emerging Markets Bond (1531)	VEGBX	—	—	—	\$22.71	0.8%	—	—	—	—	—	4.35%	—
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$22.34	-0.0%	6.8%	7.4%	5.7%	—	1.5%	0.47%	1.02
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.81	-0.2%	0.8%	0.8%	0.8%	0.8%	0.9%	0.91%	0.18
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.05	-0.2%	1.5%	1.9%	1.8%	1.6%	1.6%	1.09%	0.53
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.46	-0.4%	3.5%	5.0%	4.8%	4.0%	2.8%	1.46%	0.70
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25% ^f	Buy+	\$20.87	-0.5%	3.9%	5.7%	—	—	1.6%	1.52%	0.79
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$12.00	-0.5%	4.9%	7.1%	6.8%	5.4%	3.6%	1.88%	0.89
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.64	-0.5%	5.7%	8.0%	7.3%	5.9%	3.7%	2.36%	0.87
CA Intermed. Tax-Exempt (5100)	VCADX	\$50K	—	Buy	\$12.03	-0.4%	3.6%	5.0%	5.1%	4.6%	2.7%	1.36%	0.72
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.48	-0.7%	4.8%	7.1%	7.2%	5.9%	3.4%	1.74%	0.94
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.47	-0.4%	5.9%	8.6%	6.3%	5.1%	3.5%	2.24%	1.01
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$12.16	-0.6%	4.6%	6.7%	6.7%	5.1%	3.2%	1.64%	0.84
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$11.92	-0.5%	4.5%	6.5%	6.6%	5.1%	3.6%	2.00%	0.84

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	9/30 Price	Sept. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$131.78	0.5%	9.2%	13.0%	6.0%	15.7%	1.0%	—	1.16
S&P SmallCap 600 Growth	VIQG	Buy	\$118.01	0.6%	11.2%	16.0%	9.3%	17.4%	1.0%	—	1.11
Russell 2000 Growth	VTWG	Hold	\$108.07	1.3%	6.7%	12.2%	6.6%	16.1%	0.9%	—	1.43
SmallCap	VB	Hold	\$122.18	0.4%	11.5%	15.0%	7.9%	16.7%	1.5%	—	1.12
S&P SmallCap 600	VIOO	Hold	\$112.90	0.4%	13.9%	17.9%	8.9%	17.7%	1.1%	—	1.15
Russell 2000	VTWO	Hold	\$99.58	1.1%	11.4%	15.3%	6.7%	15.8%	1.4%	—	1.25
SmallCap Value	VBR	Hold	\$110.66	0.3%	13.5%	16.6%	9.5%	17.5%	1.9%	—	1.11
S&P SmallCap 600 Value	VIOV	Hold	\$107.82	1.1%	16.0%	21.1%	8.5%	17.9%	1.2%	—	1.21
Russell 2000 Value	VTWV	Hold	\$90.79	0.4%	15.2%	18.6%	6.6%	15.2%	1.7%	—	1.20
Extended Market	VXF	Sell	\$91.27	0.9%	10.0%	13.4%	7.5%	16.4%	1.3%	—	1.15
Growth	VUG	Hold	\$112.29	0.6%	6.5%	13.5%	11.3%	16.5%	1.3%	—	1.14
S&P 500 Growth	VOOG	Buy	\$109.16	0.4%	6.3%	14.6%	12.6%	16.4%	1.4%	—	1.07
Russell 1000 Growth	VONG	Hold	\$106.82	0.3%	5.9%	13.7%	11.7%	16.4%	1.5%	—	1.07
MegaCap Growth	MGK	Buy	\$87.48	0.8%	6.5%	14.2%	11.7%	16.7%	1.5%	—	1.12
MidCap Growth	VOT	Buy	\$106.39	0.3%	7.3%	10.3%	8.7%	15.3%	0.8%	—	1.10
S&P MidCap 400 Growth	IVOG	Buy	\$108.37	-1.4%	9.5%	12.7%	9.1%	15.4%	1.0%	—	0.98
MidCap	VO	Hold	\$129.44	0.4%	8.9%	12.6%	9.9%	16.5%	1.4%	—	1.09
S&P MidCap 400	IVOO	Buy	\$104.56	-0.4%	12.5%	15.3%	9.3%	16.1%	1.3%	—	1.01
MidCap Value	VOE	Hold	\$93.57	0.4%	10.4%	14.7%	10.9%	17.6%	1.9%	—	1.00
S&P MidCap 400 Value	IVOV	Buy	\$101.71	-0.0%	15.0%	18.1%	9.0%	17.1%	1.4%	—	1.11
S&P 500	VOO	Buy	\$198.69	0.0%	7.9%	15.5%	11.1%	16.3%	2.0%	—	1.00
Russell 1000	VONE	Buy	\$99.63	0.4%	7.9%	15.0%	10.7%	16.3%	1.9%	—	1.02
Dividend Appreciation	VIG	Buy	\$83.93	-1.0%	9.6%	16.3%	8.7%	13.9%	2.1%	—	0.90
High Dividend Yield	HYM	Hold	\$72.14	-0.4%	10.5%	18.8%	11.2%	15.8%	3.0%	—	0.93
LargeCap	VV	Buy	\$99.16	0.1%	7.6%	14.9%	10.8%	16.2%	2.0%	—	1.01
MegaCap	MGC	Buy	\$73.75	-0.0%	7.5%	15.5%	11.0%	16.2%	2.2%	—	1.01
Total Stock Market	VTI	Hold	\$111.33	0.2%	8.2%	15.0%	10.4%	16.3%	1.9%	—	1.01
Russell 3000	VTHR	Hold	\$99.41	0.2%	7.7%	15.0%	10.3%	16.1%	1.9%	—	1.02
Value	VTV	Hold	\$87.00	-0.5%	8.7%	16.3%	10.9%	16.4%	2.5%	—	0.95
S&P 500 Value	VOOV	Hold	\$91.53	-0.4%	9.3%	16.0%	9.2%	15.7%	2.3%	—	0.98
Russell 1000 Value	VONV	Hold	\$92.41	-0.1%	9.8%	16.0%	9.6%	16.0%	2.4%	—	0.99
MegaCap Value	MGV	Hold	\$62.67	-0.7%	8.3%	16.6%	10.4%	15.8%	2.6%	—	0.95
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$37.63	2.0%	17.4%	16.6%	0.6%	4.1%	2.4%	—	1.48
Developed Markets	VEA	Sell	\$37.41	1.6%	4.2%	8.0%	1.1%	8.2%	2.8%	—	1.09
European	VGK	Hold	\$48.73	0.8%	0.7%	2.5%	-0.2%	8.1%	3.4%	—	1.13
Int'l Dividend Appreciation	VIGI	Hold	\$57.03	1.4%	—	—	—	—	—	—	—
Int'l High Dividend Yield	VYMI	Hold	\$56.41	1.3%	—	—	—	—	—	—	—
Pacific	VPL	Hold	\$60.58	3.0%	8.4%	15.7%	2.5%	7.9%	2.3%	—	1.17
Total International Stock	VXUS	Hold	\$47.21	1.7%	6.9%	9.6%	1.0%	6.8%	2.8%	—	1.13
Total World Stock	VT	Hold	\$60.85	0.8%	7.4%	12.6%	5.6%	11.3%	2.2%	—	1.05
World ex-U.S.	VEU	Sell	\$45.43	1.6%	6.9%	9.7%	0.7%	6.9%	2.8%	—	1.14
World ex-U.S. SmallCap	VSS	Hold	\$99.53	2.9%	8.6%	12.7%	2.8%	8.2%	2.6%	—	1.09
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$125.74	-0.2%	3.7%	8.3%	10.0%	19.4%	1.4%	—	1.15
Consumer Staples	VDC	—	\$136.88	-1.6%	7.8%	15.5%	12.8%	15.5%	2.3%	—	0.87
Energy	VDE	—	\$97.69	3.4%	19.9%	18.6%	-3.6%	5.1%	2.6%	—	1.85
Financials	VFH	—	\$49.36	-2.3%	3.4%	9.1%	8.7%	17.1%	2.2%	—	1.17
Health Care	VHT	—	\$132.89	0.2%	1.0%	9.9%	14.3%	20.4%	1.4%	—	1.24
Industrials	VIS	—	\$110.90	-0.1%	11.4%	19.1%	9.7%	17.8%	1.9%	—	1.10
Information Tech.	VGIT	—	\$120.37	2.5%	12.3%	22.1%	16.0%	17.8%	1.3%	—	1.41
Materials	VAV	—	\$106.92	-0.7%	15.0%	24.8%	6.5%	13.2%	1.8%	—	1.58
REIT	VNQ	Hold	\$86.74	-1.8%	11.8%	19.6%	13.9%	15.6%	3.9%	—	1.41
Global ex-U.S. Real Estate	VNQI	Hold	\$56.17	1.1%	11.8%	13.9%	3.7%	11.0%	3.1%	—	1.10
Telecom Services	VOX	—	\$94.39	0.2%	14.8%	23.1%	9.7%	13.4%	2.7%	—	1.08
Utilities	VPU	—	\$106.96	0.5%	16.5%	18.7%	13.2%	12.3%	3.1%	—	1.26
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.21	0.2%	1.3%	0.8%	0.8%	0.6%	0.8%	0.74%	0.32
Short-Term Inflation Bond	VTIP	Hold	\$49.65	0.8%	2.7%	2.6%	0.5%	—	0.0%	-0.29%	0.70
Short-Term Corporate	VCSH	Buy	\$80.55	-0.0%	3.4%	3.3%	2.5%	2.9%	2.1%	1.72%	1.06
Short-Term Bond	BSV	Hold	\$80.83	0.2%	2.6%	2.0%	1.6%	1.5%	1.4%	1.15%	0.62
Int.-Term Government Bond	VGIT	Sell	\$66.78	0.4%	4.7%	3.6%	3.2%	2.3%	1.5%	1.20%	1.17
Int.-Term Corporate	VCIT	Buy	\$89.58	0.2%	8.8%	8.3%	6.1%	5.7%	3.2%	2.74%	1.34
Int.-Term Bond	BIV	Hold	\$87.66	0.2%	7.3%	6.3%	5.0%	4.0%	2.5%	2.02%	1.31
Total Bond Market	BND	Hold	\$84.14	0.1%	5.9%	5.3%	4.0%	3.0%	2.4%	1.89%	1.03
Mortgage-Backed Securities	VMBS	Hold	\$53.96	0.4%	3.6%	3.4%	3.6%	2.6%	1.8%	1.43%	0.57
Long-Term Government	VGLT	Sell	\$84.46	-1.2%	15.0%	13.3%	11.1%	5.4%	2.4%	2.15%	3.81
Long-Term Corporate	VCLT	Hold	\$95.70	-0.4%	16.9%	16.2%	9.8%	7.2%	4.1%	4.00%	3.15
Long-Term Bond	BLV	Sell	\$98.60	-0.9%	16.5%	14.9%	10.4%	6.3%	3.6%	3.29%	3.07
Ext. Duration Treasury	EDV	Sell	\$136.47	-2.4%	22.7%	19.6%	17.3%	7.1%	2.5%	2.33%	6.34
Emerging Mkts. Gov't Bond	VWOB	Buy	\$81.63	0.3%	13.8%	15.4%	7.0%	—	4.5%	4.12%	2.03
Total International Bond	BNDX	Hold	\$56.04	0.0%	6.8%	7.5%	5.8%	—	1.5%	0.47%	1.00
Tax-Exempt Bond	VTEB	Buy+	\$52.20	-0.6%	3.4%	5.6%	—	—	1.6%	1.51%	0.90

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

DISTRIBUTIONS

Fund	Dist.
SEPTEMBER REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.00
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.01
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.01
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.02
Total Bond Market Index	\$0.02
Core Bond	\$0.02
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.04
High-Yield Corporate	\$0.03
Emerging Markets Gov't Bond	\$0.04
Emerging Markets Bond	\$0.04
Total International Bond	\$0.01
Treasury MM	\$0.00021
Federal MM	\$0.00024
Prime MM	\$0.00045
Tax-Exempt MM	\$0.00047
CA Tax-Exempt MM	\$0.00044
NJ Tax-Exempt MM	\$0.00039
NY Tax-Exempt MM	\$0.00045
OH Tax-Exempt MM	\$0.00044
PA Tax-Exempt MM	\$0.00044
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.01
Long-Term Tax-Exempt	\$0.03
High-Yield Tax-Exempt	\$0.03
CA Int.-Term Tax-Exempt	\$0.02
CA Long-Term Tax-Exempt	\$0.03
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.04
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.03
PA Long-Term Tax-Exempt	\$0.03
ETF DISTRIBUTIONS	
Short-Term Government Bond	\$0.05
Short-Term Corporate Bond	\$0.14
Short-Term Bond	\$0.10
Intermed.-Term Government Bond	\$0.08
Intermed.-Term Corporate Bond	\$0.24
Intermediate-Term Bond	\$0.18
Total Bond Market	\$0.17
Mortgage-Backed Securities Bond	\$0.08
Long-Term Government Bond	\$0.16
Long-Term Corporate Bond	\$0.32
Long-Term Bond	\$0.30
Emerging Markets Gov't Bond	\$0.30
Total International Bond	\$0.06
Tax-Exempt Bond	\$0.08

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

investors can do better following one of my *Model Portfolios* and making strategic changes to their holdings. My *Conservative Growth Model Portfolio* allocates a little more than 80% of assets to stocks and has beaten the pants off of this option since inception through August, up 655.1% versus 425.9%. The *Growth Model Portfolio*

has doubled this fund's return since inception. Heck, even the *Income Model Portfolio*, which takes on less risk, has outpaced STAR *LifeStrategy Growth*. I guess my bottom line is that you shouldn't bother investing here.

Admiral Tax-Managed Capital Appreciation

Sell. Good in concept, this fund is now showing its age.

Tax-Managed Capital Appreciation aims to track the Russell 1000 index while minimizing taxes. Typically, Vanguard's indexing group buys a selection of the Russell index's stocks that pay little or no dividends while still trying to mimic the overall index in terms of industry allocation, market capitalization and the like.

The fund has historically held about 650 stocks, though there have been two

INTERVIEW > JEAN M. HYNES

Innovation Ahead



EVERY SECTOR HAS ITS TIME in the sun. The past year has been one of the worst relative 12-month periods for **Health Care** in its history, making now an excellent time to check in with Jean Hynes, 47, of Wellington Management, who's been a part of the Health Care team for more than two decades, and solo manager of the fund since 2012. Is it time to give up on health care stocks? I don't think so, but read on to see what Hynes thinks.

Jean, in your most recent letter to shareholders, you write that you expect to see greater divergence between winners and losers in the health care arena, which of course plays right into my belief that active management will win out. Can you expand on that?

I've been at Wellington for 25 years, and I've been investing in health care for almost that whole time, so I've seen different cycles. The 1990s and the 2000s were about an expansion of health care through more insurance and more coverage of drugs, and everyone did well. Of course, there were parts of the market that had better drugs or innovation or drugs gained market share, but the pie was growing for all players.

Going forward, absolutely the pie will grow. There is almost no way it doesn't grow, given demographics, but we are at a tipping point—there are going to be a lot more people over the age of 75—that's going to put enormous pressure on volumes over a 10-year period. This means government and payers can't allow health care to grow unchecked. People over the age of 75 use three or four times the health care services that they do when they are younger, and people are living longer—some believe there will be a million people over 100 years old within 10 or 20 years. So that is going to put a tremendous amount of pressure on systems, and health care as a percentage of GDP probably can't grow much more in many countries.

Health care systems around the world need to change how they do things and need to change incentives. It's starting in the U.S. with digital health care; electronic medical records allow payers and the government to change how health care is delivered. And it will happen more slowly, but it will definitely happen, as the rest of the world digitizes health care. That's the very big picture. As choices have to be made, how does the health care system make those choices?

We are in the golden age of understanding biology. At the same time the population is hitting a tipping point and governments and payers are

able to use data, you have this explosion in biology which is going to bring many more advancements to the drug world than we've seen in any other period. The point about winners and losers is that the pie can't grow beyond a certain level, so how does that pie get split?

The pie will have to be split in a way that benefits the innovators. And it will benefit companies that really help to reduce health care costs or deliver health care in a much more efficient way. This is a long-term evolution which started a couple of years ago. That's not a widely held view yet. There will be surprises, for example, in biosimilars and how fast they will be adopted by payers and health insurers around the world.

Why would you think that adoption of biosimilars will be a surprise?

If you look at the history of oral drugs when they first started losing their patents, it took five years for the volume to go away. Prozac was the first patent expiration in the industry for a long time, and its erosion to generics surprised people. Management teams and the market were surprised by how fast the erosion curve was for oral solid pills.

When you hear people write about biosimilars, they expect a 20%–30% price cut and maybe a 20% erosion—a slow erosion. But with new drugs that treat Alzheimer's or the immuno-oncology drugs, there is going to be pressure to move more quickly. Payers will become much more creative than people are thinking. If you look at the stocks of companies that have a significant amount of potential biosimilar-erosion, it's not yet reflected in the stocks at all.

It has been a tough year for health care stocks, particularly relative to the broader market. Your 12-month returns through August were the sixth worst relative to the S&P 500 since the fund's inception in 1984, and the worst since the year ending December 1999. Why should I continue to invest in a health care sector fund?

First of all, it would be interesting to know how many of the periods [of underperformance] were around election years. With health care being such a large part of the market and of the economy, it is always volatile during election years. And 2015–2016 is no exception—there is this overhang of what will happen with drug pricing.

If you look at how many drugs and companies have had super-large price increases, it's a very small absolute number. When it comes to the dynamics of health care pricing, what's reported in newspapers and the reality of the system are very different. There are four different markets—you have the commercial payers, Medicare, Medicaid and

exceptions. In June 2014, the number of holdings went from 654 to 805. The managers gradually worked that down towards the 650 range, but in May of this year the number of holdings jumped from 652 to 1,021. Today, the fund holds 954 stocks. Vanguard says the recent spike is related to an in-kind transaction to facilitate a shareholder purchase, and noted that nearly 300 positions are under \$10,000 in size. In

other words, Vanguard accepted a lot of tiny stock positions from an investor instead of making that investor sell those stocks to raise cash for the purchase of the fund. I expect we'll see the number of holdings drift back toward that 650 level, unless Vanguard accepts another large in-kind transfer.

Of course there's absolutely nothing wrong with trying to minimize taxes. But with the introduction of the

Russell 1000 ETF—which by its nature should be highly tax-efficient and has just barely underperformed T-M Capital Appreciation, before taxes, through the end of August—what's the real value here? Why do the minimums remain so high (\$10,000 versus \$3,000 for most index funds and nothing for ETFs)? Why not just invest in an already tax-efficient ETF or index fund? Don't let the tax tail wag the investment dog, or let a tax- ➤

then exchanges. All of those channels have different levels of pricing, so there's no one price. Medicaid and Medicare get significant discounts from the pharmaceutical industry. Large payers, depending on their strength, get large discounts. So the list price, which has been the focus of all the attention, is very different than the net price, and it's very different in different channels. There have been some outliers, but when you look at the net growth of the industry, it has been much more subdued.

Why health care? I was visiting a lot of companies in Europe last week, and this is a special time in health care, particularly for the biopharmaceutical sector, which is the vast majority of our opportunity set—this is an unheralded time of scientific discovery.

When you think about what in the economy is going to create value, I feel very strongly that these companies are going to create so much value for patient outcomes.

All the discoveries that happened in the last five years are just the beginning. We are going to see significant innovation, and that innovation will be paid for. That's where we are trying to tilt the portfolio. Vanguard Health Care investors are getting a portfolio of companies heavily skewed toward high innovation while hopefully avoiding companies that we think will be facing a lot of biosimilar competition or just don't have the pipelines that will create the value.

In the last year and a half, we hired two PhDs to our team because the amount of research we had to do—the science is double or triple what I did over the last 20 years. So we added resources to our team to make sure that we are looking at the science completely.

Politics has always played a role in the health sector, but recently the failures of certain parts of the ACA have been particularly evident. Insurers are pulling back, and many of the original non-profit “co-op” health insurers have failed. Is the ACA achieving its objective, and will insurers eventually find a way to make it work, or is it, as one consultant wrote, in a “death spiral”?

The ACA can definitely be a functioning market, and many of the health insurers were hoping it would be a functioning market, but it's definitely at a point where things need to be tweaked—some parts of the law have to be tightened. This is a very large bill, and what normally happens when you have a very large bill like this is that as you go along, you correct things that aren't functioning right. Think of 2014 and 2015 as years of working out all the kinks, and now we know there are things that need to be changed in the ACA, but those cannot be changed during election years. That's the main issue.

If you can get 20 million people in the risk pool with many different

kinds of risks, it should be a very functioning market, but right now there are too many people coming in with very high risks. What's unsustainable is for people to be losing so much money. The structure of the ACA is likely to stay, but the question is, will it become more like the exchanges or will it become more like Medicaid? That depends on whether we have a Democrat or a Republican in the White House. We do believe the ACA will stay—you can't take a benefit away from 20 million people without giving something in return.

The portfolio has become more concentrated over the past year, both in terms of fewer holdings and a larger allocation toward the top 10. You mentioned in your recent letter that you consolidated “during a time of intense volatility,” but you didn't say why this would be.

From September 2015 through March 2016, everything went down—the companies that are well-positioned and those that were not well-positioned. So that made us more intensely focused. Also, there was more fundamental news in the past year that made the winners more clear. We bought companies where we have the highest conviction in part due to the price movement and partly due to fundamentals moves.

Also, if you look back a couple of years, we had bought a basket of medical device and tools companies. That sector has done well, so we sold more individual companies in that sector. There's so much innovation happening in a lot of companies under \$5 billion. As those companies grow, I would suspect that the number of names [in the portfolio] will go back up again.

When you can't sleep, what worries keep you up at night?

I have to tell you, I am a notoriously good sleeper. What would make this fund not investable? If you had a U.S. health care system that was a single-payer system, it would not be positive for our investment opportunity because it would materially reduce profitability. So that would be number one. Number two would be if all the innovation was happening only at the small company level, it would be hard [for us] to invest. But the good news is that the large companies have a tremendous amount of innovation. And number three, if companies weren't able to price innovation in the U.S.—if new drugs coming to market weren't able to be priced at levels that create blockbuster drugs—that would reduce the opportunity set. So it's all about what would reduce the opportunity set—you can rest assured, if that happens, we'll let everyone know.

Glad to hear that. Thank you, Jean.

▶ saving name blind you to the other options available at lower minimums.

U.S. Growth

Hold. Has U.S. Growth been reborn, and is it worthy of your dollars? The short answer is that it's moving in the right direction, but still hasn't earned a place in your (or my) portfolio.

It's true that U.S. Growth has stabilized. Since Vanguard finally fired AllianceBernstein in the fall of 2010 and replaced them with Delaware Investments

(since rebranded as Jackson Square Partners) and Wellington Management, the fund's 124.8% return through August 2016 compares favorably to Growth Index's 117.9% gain and isn't far behind PRIMECAP's 127.0% advance.

But in February 2014, U.S. Growth picked up two additional sub-advisers, Baillie Gifford and Jennison, when assets from the abysmal Growth Equity were merged into the fund. As you can see in the table on page 7, U.S. Growth simply isn't that different from the bulk

of Vanguard's other large-cap growth funds. It's no longer the dog that it once was, and hence Dan and I raised its rating to a Hold at the end of last year, but under its plethora of managers, the fund doesn't stand out as a market-beater, either. It's a shame this fund can't be juiced up by trimming its management structure, because Vanguard could use a good, well-managed large-cap growth fund that's open to new shareholders. As it stands, this one doesn't fit that bill. ■

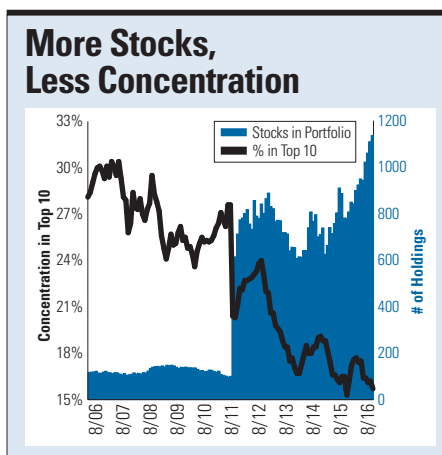
MANAGEMENT

Growth & Income Is Back

SEPTEMBER'S END marks five years since Vanguard completely revamped **Growth & Income**, a quant fund that had once produced strong, long-term market outperformance and then fell off the rails. It was September 2011 when Vanguard fired long-time manager Mellon Capital Management (formerly Franklin Portfolio Assoc.) and replaced them with a trio of quantitative managers—D.E. Shaw, LA Capital and Vanguard's quant group.

The change to the portfolio was immediate. As the chart on the left shows, the number of stocks in the portfolio almost quintupled in one month and concentration in top holdings fell from 28% to 20%. The portfolio has doubled again, with more than 1,100 stocks at the end of August. Not surprisingly, then, concentration has continued to fall, and now is hovering around 16% of assets in the top 10 holdings.

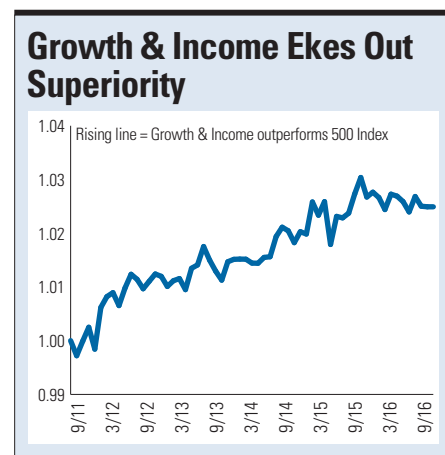
Performance has improved, though the argument boils down to basis points. You can see in the chart on the right that Growth & Income's relative outperformance is small. In the chart, the line rises when Growth & Income (which is benchmarked against the S&P 500 index) outperforms **500 Index**. Over the five years the new management triad has been in place, the fund has only outpaced 500 Index by about 5.5%. Its five-year annualized return of 16.8% is just 60 basis points better than the index fund's 16.2% return.



When I looked at performance on a more granular level I found that on a monthly basis Growth & Income beat 500 Index about 50% of the time, by about 12 basis points on average. Still, that's enough to outpace the index fund, which, when it outperforms, only gains about eight basis points on the active fund, on average. As I said, this is a basis-point argument.

Many years ago, when Growth & Income was in its index-beating heyday, I used to recommend that investors only use the fund in tax-deferred accounts, because its after-tax returns weren't able to match the index fund's returns.

That's still the case. 500 Index has a tax efficiency of a bit more than 97%, which means that after taxes on distributions, shareholders keep about 97% of the fund's returns. Growth &



Income's tax efficiency over the past five years has run a bit under 88%. And that makes a difference. In fact, over the five years ending in the second quarter, Growth & Income's 4.2-percentage-point advantage over 500 Index turned into a 3.5-percentage-point deficit once taxes were considered.

Investors in higher tax brackets should absolutely choose 500 Index over Growth & Income. Tax-exempt investors can use Growth & Income as a substitute for the index fund, and if history is repeated, will earn a slightly better return over long periods of time.

It's your pick, and with five years under their belts, I'm going to change my rating on the fund from Sell to Hold. It would be a Buy if it significantly outperformed its benchmark, but it doesn't. ■

Early Success for Tax-Exempt Index Fund

IT'S EARLY DAYS STILL, and the bond markets are roiled by questions about just how long interest rates will remain at low, low levels, and the bull could turn at any moment.


Regardless, **Tax-Exempt Bond Index** has proven to be a worthy competitor to **Intermediate-Term Tax-Exempt** since its inception just over one year ago. With its slightly higher yield and slightly longer duration (a measure of interest-rate risk), the index fund has managed to outperform over the last 12 months, up 5.7% versus 4.9%.

Of course, a reversal in the bond market could bring the returns for the siblings closer to one another, since the index fund's greater interest-rate exposure will work against it as yields rise. But, as I said, it's early days, and we have little evidence of how the index fund will operate in real life when rates

are rising. Over its first year-plus, there have only been two months, July and September, when both funds lost money. The difference in return each time was less than four basis points, or 0.04%.

So how do you choose? Should you favor the index fund over the actively managed intermediate-term muni fund? In my view, it's really a toss-up. Jeff and I have had a "Hold" rating on the fund since inception as we waited for the portfolio to be built

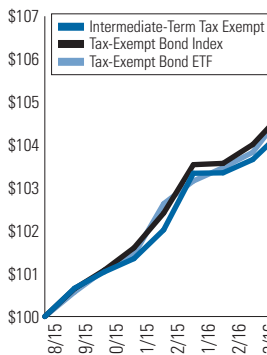
out and for Vanguard's fixed-income team to settle in with the fund. With this issue, we're raising that rating to "Buy" to match the active fund, but with one important caveat: Until Vanguard removes the 0.25% front-end load from the fund's Investor and Admiral shares, I'd only be a buyer of the fund's ETF shares, if you're inclined to go in this direction.

And that's how most investors in the new fund have played it. Through 

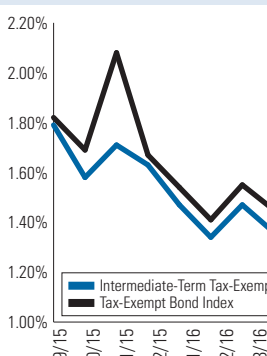
Special Distributions

500 Index	\$0.8520	@	\$199.17	MidCap Growth ETF	\$0.2200	@	\$105.40
Admiral T-M Balanced	\$0.1460	@	\$27.73	MidCap Growth Index	\$0.0730	@	\$41.04
Admiral T-M Capital Appreciation	\$0.4830	@	\$108.46	MidCap Index	\$0.1280	@	\$34.65
Admiral T-M SmallCap	\$0.1230	@	\$48.72	MidCap Value ETF	\$0.4930	@	\$92.78
Balanced Index	\$0.1520	@	\$30.60	MidCap Value Index	\$0.1820	@	\$36.13
Consumer Discretionary ETF	\$0.4740	@	\$125.08	Pacific ETF	\$0.2130	@	\$58.70
Consumer Discretionary Index	\$0.2470	@	\$64.00	Pacific Index	\$0.0360	@	\$11.34
Consumer Staples ETF	\$0.8440	@	\$136.47	REIT ETF	\$0.5980	@	\$85.38
Consumer Staples Index	\$0.4180	@	\$66.81	REIT Index	\$0.1890	@	\$28.74
Convertible Securities	\$0.0670	@	\$12.52	Russell 1000 ETF	\$0.4980	@	\$98.82
Developed Markets ETF	\$0.1750	@	\$36.74	Russell 1000 Growth ETF	\$0.4470	@	\$106.55
Developed Markets Index	\$0.0420	@	\$9.27	Russell 1000 Value ETF	\$0.5850	@	\$91.62
Dividend Appreciation ETF	\$0.3930	@	\$83.12	Russell 2000 ETF	\$0.4070	@	\$99.33
Dividend Appreciation Index	\$0.1510	@	\$33.46	Russell 2000 Growth ETF	\$0.4120	@	\$108.25
Emerging Markets Stock ETF	\$0.4500	@	\$37.27	Russell 2000 Value ETF	\$0.5030	@	\$90.50
Emerging Markets Stock Index	\$0.2800	@	\$23.63	Russell 3000 ETF	\$0.4980	@	\$98.99
Energy ETF	\$0.6120	@	\$93.41	S&P 500 ETF	\$0.8830	@	\$196.90
Energy Index	\$0.3060	@	\$46.36	S&P 500 Growth ETF	\$0.4130	@	\$108.74
Equity Income	\$0.2210	@	\$31.26	S&P 500 Value ETF	\$0.5670	@	\$90.79
Europe ETF	\$0.2650	@	\$48.16	S&P MidCap 400 ETF	\$0.4780	@	\$103.69
European Index	\$0.1310	@	\$26.32	S&P SmallCap 600 Growth ETF	\$0.2830	@	\$117.98
Extended Market ETF	\$0.3060	@	\$89.73	S&P SmallCap 600 Value ETF	\$0.4230	@	\$106.68
Extended Market Index	\$0.2120	@	\$68.47	SmallCap ETF	\$0.5720	@	\$121.64
Financials ETF	\$0.2910	@	\$49.17	SmallCap Growth ETF	\$0.3060	@	\$131.83
Financials Index	\$0.1470	@	\$24.68	SmallCap Growth Index	\$0.0740	@	\$36.63
Global ex-U.S. Real Estate ETF	\$0.3790	@	\$55.19	SmallCap Index	\$0.2560	@	\$57.61
Global ex-U.S. Real Estate Index	\$0.1410	@	\$22.33	SmallCap Value ETF	\$0.6550	@	\$109.79
Growth ETF	\$0.3760	@	\$111.29	SmallCap Value Index	\$0.1490	@	\$26.05
Growth Index	\$0.1790	@	\$57.15	Social Index	\$0.0660	@	\$13.71
Health Care ETF	\$0.4980	@	\$133.91	STAR Cons. Gro.	\$0.0890	@	\$18.62
Health Care Index	\$0.2490	@	\$66.25	STAR Income	\$0.0710	@	\$15.19
High Dividend Yield ETF	\$0.4830	@	\$71.61	Target Retirement Income	\$0.0480	@	\$12.96
High Dividend Yield Index	\$0.1860	@	\$28.58	Telecom Services ETF	\$0.8110	@	\$94.84
Industrials ETF	\$0.5690	@	\$109.21	Telecomm. Svcs. Index	\$0.4140	@	\$47.46
Industrials Index	\$0.2920	@	\$55.52	Total International Stock ETF	\$0.2740	@	\$46.45
Information Technology ETF	\$0.4030	@	\$118.79	Total International Stock Index	\$0.0850	@	\$15.09
Information Technology Index	\$0.2060	@	\$60.64	Total Stock Market ETF	\$0.5390	@	\$110.21
Int'l Dividend Appreciation ETF	\$0.1420	@	\$56.70	Total Stock Market Index	\$0.2500	@	\$53.84
Int'l Dividend Appreciation Index	\$0.0520	@	\$22.73	Total World Stock ETF	\$0.3110	@	\$60.01
Int'l High Dividend Yield ETF	\$0.3740	@	\$55.35	Total World Stock Index	\$0.1230	@	\$24.67
Int'l High Dividend Yield Index	\$0.1440	@	\$22.48	Utilities ETF	\$0.9190	@	\$111.04
LargeCap ETF	\$0.5500	@	\$98.61	Utilities Index	\$0.4620	@	\$54.41
LargeCap Index	\$0.2090	@	\$39.50	Value ETF	\$0.5580	@	\$86.07
Managed Payout	\$0.0589	@	\$17.75	Value Index	\$0.2090	@	\$33.96
Materials ETF	\$0.5150	@	\$105.52	Wellesley Income	\$0.1750	@	\$25.90
Materials Index	\$0.2620	@	\$53.25	Wellington	\$0.2460	@	\$38.37
MegaCap ETF	\$0.4220	@	\$73.39	World ex-U.S. ETF	\$0.2550	@	\$44.67
MegaCap Growth ETF	\$0.3400	@	\$87.09	World ex-U.S. Index	\$0.0980	@	\$17.84
MegaCap Value ETF	\$0.4310	@	\$62.26	World ex-U.S. SmallCap ETF	\$0.4690	@	\$97.43
MidCap ETF	\$0.5080	@	\$128.20	World ex-U.S. SmallCap Index	\$0.1670	@	\$37.51

Total Return



SEC Yield



Analyze This



When I started this newsletter in 1991, I had to thumb through paper SEC filings and copy fund data by hand. But now, thanks to advances in technology and the efforts of our team at InvestorPlace, Jeff and I are able to bring you an unprecedented research tool for Vanguard investors: **The Independent Vanguard Fund Analyzer**.

The Fund Analyzer takes everything you know from our monthly newsletter and annual guidebook to a whole new level. Like our guidebook, it contains comprehensive data on every Vanguard fund we track. And like our newsletter, it's updated every month. (Some data is even updated daily.)

But unlike either, it gives you direct access to a suite of online, interactive charts, tables, and other analytical tools created directly from our in-house database—and it's designed to work with any computer or mobile device you own. It's like being right there in our office with us, as your own independent fund analyst on our research team, with our proprietary risk and return statistics like rolling returns, relative returns, Maximum Cumulative Loss (MCL), and many more at your fingertips.

And the best part is, you can get the Fund Analyzer for only \$199 a year. For details on how you can try it risk-free for 60 days, visit www.thefundanalyzer.com/JoinNow or call 800/211-7641 and mention code **MT9207**.

> the end of August, fully 88% of Tax-Exempt Bond Index's \$544 million in assets are planted in the ETF shares. I should note, by the way, that Tax-Exempt Bond Index remains a tiny fund compared to the \$53.1 billion Intermediate-Term Tax-Exempt.

As I said, there's no compelling reason to pick the index fund over the

active fund. And there's no reason not to. Should interest rates continue rising, the active fund may show a slight advantage over time, but if the pace of that rate increase is slow, the index fund may be able to make up the difference with its slightly higher yield, without exhibiting significantly larger capital losses. Again, it's kind of a toss-up. ■

> RECORD FROM PAGE 3

basis points higher, at 0.66% versus 0.56% for the taxable fund. If you're a high-tax-bracket investor who's been looking at the taxable money funds with envy, well, now's your chance to gloat. That 0.66% tax-exempt yield is roughly equivalent to a taxable yield of 1.2%. You can find all this data on page 9 in the *Performance Review*.

By the way, because of the reforms that have been foisted upon money markets, Vanguard is now calculating net asset values to four decimal points, and you can see that number at vanguard.com. Prime Money Market's NAV, for example, wasn't actually \$1.00, but ended the month at \$1.0002, which is a whole lot better than if it was \$0.9998. As long as the money fund's NAV stays incrementally above (or even incremen-

tally below) its official one-dollar share price, I'll be comfortable. If the number expands too far from its base (and I don't think it will, given Vanguard's historic aversion to risk) then we've got a problem.

Finally, for those of you still trying to get some resolution on problems with the consolidation of your fund and brokerage accounts, or bounced checks or misdirected distributions, I heard that Kenneth Agostinelli's extension was changed after I told you that he in particular was very good at resolving issues for Vanguard shareholders. The Resolution Services department number is (800) 896-7309, and Ken can currently be found at ext. 19767. No doubt Vanguard will play cat-and-mouse with Ken's extension again, and if it goes dark, the 800 number should still help. ■

DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ A large cap-growth fund should drive portfolio returns for years to come. The PRIMECAP Management team is among the best in the business. (See page 1)
- ✓ **Health Care** has hit a rough patch, but stick with the fund. Portfolio manager Jean Hynes is concentrating on her highest conviction picks. (See page 12)
- ✓ **Tax-Exempt Bond Index** has held its own in its first year. Buy the ETF shares if you are interested. (See page 15)



Daniel P. Wiener is America's leading expert on the Vanguard family of funds. He is founder of the Fund Family Shareholder Association and chairman and chief executive officer of Adviser Investments, LLC, a Newton, Massachusetts, investment advisory firm (800-492-6868). As

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Jeffrey D. DeMaso, Editor/Director of Research, works directly with Dan Wiener researching and writing the multiple-award winning *Independent Adviser for Vanguard Investors* newsletter. He also leads the analyst team for Adviser Investments, LLC. Jeff gradu-

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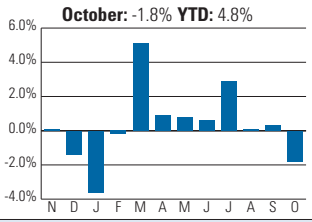
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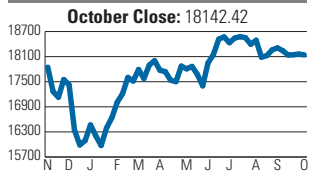
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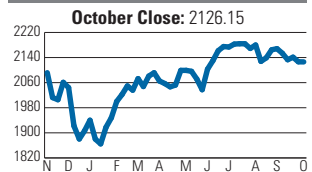
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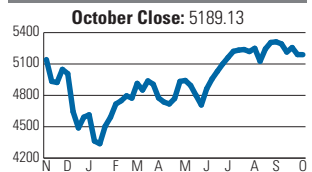
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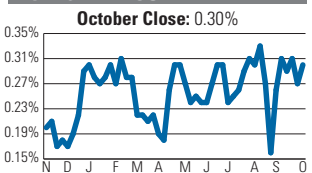
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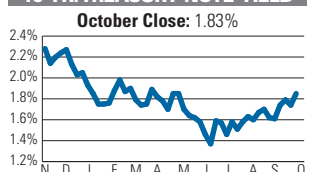
NASDAQ COMPOSITE



3-MO. TREASURY BILL YIELD



10-YR. TREASURY NOTE YIELD



Single-Digit Math

OCTOBER LIVED UP TO ITS REPUTATION as the worst month to invest in stocks. (That reputation is undeserved, by the way—September has been the worst month on average.) In October, the Dow index fell 0.9%, while the S&P 500 index dropped 1.9%. But it was a divided market, with the tech-heavy NASDAQ 100 hitting a high late in the month before succumbing to selling pressure. Small stocks were particularly hard hit, with the Russell 2000 falling 4.8%.

Most funds fell, including bond funds, which reacted to rising interest rates. But the biggest headaches were reserved for health care stocks. Some investors fear that biotechnology and pharmaceutical companies will be unable to continue to raise prices at the rate they've done in the past, hurting earnings growth. **Health Care** and **Health Care ETF** fell 7.7% and 7.2%, respectively. I can't say it enough—these are buying opportunities, not reasons to sell. The active fund's managers are actively responding by selectively purchasing additional shares of the best bargains this market dislocation has created. While there are no guarantees when it comes to investing, I believe any dollar you add to the pressured sector now, particularly to Health Care, will yield robust returns over the next three to five years.

Speaking of pressure, you may notice a change in the *Performance Review* on pages 8 through 11 this month. No, we didn't change anything, but the three-year return numbers for many equity funds did change—falling into the single digits. With a drop in its three-year return from 11.0% last month to 8.7% this month, **500 Index** has returned to a single-digit percentage for the first time since September 2011. Other funds seeing

SEE **MATH** PAGE 3 >

FUNDS FOCUS > MID-CAP GROWTH FUNDS

Don't Overlook the Middle Child

COMMON WISDOM SAYS that the stocks of smaller companies outperform those of larger ones and that achieving those higher returns requires you to take on more risk. But stocks of mid-sized companies turn both those chestnuts upside down.

Longtime FFSA members know that Dan and I consider the stocks of mid-sized companies to be in the sweet spot for growth. Newer members heard this story in the September newsletter as well, but when battling accepted narratives, a little repetition is required.

We'll start at the top: Do small-cap stocks outperform? Let's go to the videotape, or the table on page 5, where I've compared return and risk stats for the Russell indexes over the past 38 years. Over this stretch, small-cap stocks (represented by the Russell 2000 index) have indeed outpaced large-cap stocks (the Russell Top 200 index).

SEE **MIDDLE** PAGE 4 >

GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	7,632	\$22.86	\$174,478	21%	-3.1%
Capital Opportunity	VHCOX	3,193	\$52.74	\$168,417	21%	-4.1%
S&P MidCap 400 Value ETF	IVOV	1,521	\$99.75	\$151,766	18%	-1.9%
S&P MidCap 400 Growth ETF	IVOG	1,445	\$104.71	\$151,285	18%	-3.4%
International Growth	VWIGX	4,504	\$22.30	\$100,432	12%	-3.1%
Health Care	VGHCX	302	\$192.11	\$57,945	7%	-7.7%
Short-Term Inv.-Grade	VFSTX	2,403	\$10.76	\$25,854	3%	-0.0%

TOTAL \$830,177

CURRENT PERFORMANCE	Oct.	YTD	1-yr	3-yr	5-yr
	-3.4%	3.6%	2.6%	7.0%	12.2%
Risk last 24 months	0.96		Risk since inception	0.97	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.4%	2002:	-17.8%
2014:	10.9%	2001:	-6.4%
2013:	34.2%	2000:	20.4%
2012:	14.3%	1999:	36.3%
2011:	-1.4%	1998:	23.5%
2010:	14.3%	1997:	23.2%
2009:	34.4%	1996:	16.6%
2008:	-38.4%	1995:	26.1%
2007:	10.0%	1994:	-0.2%
2006:	18.4%	1993:	16.6%
2005:	11.4%	1992:	6.1%
2004:	15.7%	1991:	28.9%
2003:	32.0%		

THIS MONTH'S CHANGES

None.

About our Model Portfolios The Growth portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Most appropriate for younger investors who continue to add money as markets gyrate. Since inception the model has been slightly less volatile than the stock market. The **Conservative Growth** portfolio is appropriate for investors seeking to match the market's risk-adjusted returns over time. Since inception it has been just 80% as volatile as the stock market. The **Income** portfolio is designed for investors who desire a higher level of income plus the opportunity for capital growth with low risk, such as retirees or near-retirees. Since inception the model has been only two-thirds as volatile as the stock market. Returns have been substantially higher than the bond market. The **Growth Index** model is designed for young investors who wish to index exclusively. All *Model* relative volatility figures are measured against the stock market.

When trades are recommended we will announce them on our *Hotline* and they will also appear on this page.

Our Average Vanguard Investor index (see page 1) measures the monthly performance of the typical Vanguard fund investor. The average Vanguard Investor index (VII) is a dollar-weighted performance measure for the entire Vanguard fund group, including stock, bond, balanced and money market funds. It provides a yardstick against which to measure an individual portfolio's performance.

NOTE: All returns are total returns with distributions reinvested. Flagship investors may be able to open new accounts in closed funds in the *Model Portfolios* though some may only allow a maximum of \$25,000 per year. If you don't qualify, here are some alternatives. For **Dividend Growth**, use **Dividend Appreciation Index**. With **Capital Opportunity** (and *PRIMECAP Aggressive Growth*) closed I recommend investors consider *PRIMECAP Odyssey Growth* (POGRX) as a replacement. *PRIMECAP Odyssey Stock* (POSKX) is the preferred replacement for **PRIMECAP Core**. Both Odyssey funds can be purchased directly at www.OdysseyFunds.com or for a fee through Vanguard Brokerage.

CONSERVATIVE GROWTH MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	5,727	\$22.86	\$130,915	23%	-3.1%
Capital Opportunity	VHCOX	2,421	\$52.74	\$127,704	22%	-4.1%
S&P MidCap 400 Value ETF	IVOV	764	\$99.75	\$76,174	13%	-1.9%
S&P MidCap 400 ETF	IVOO	692	\$101.57	\$70,336	12%	-2.9%
International Growth	VWIGX	2,291	\$22.30	\$51,083	9%	-3.1%
High-Yield Corporate	VVHEX	7,832	\$5.86	\$45,893	8%	0.3%
Health Care	VGHCX	216	\$192.11	\$41,417	7%	-7.7%
Short-Term Inv.-Grade	VFSTX	3,014	\$10.76	\$32,427	6%	-0.0%

TOTAL \$575,948

CURRENT PERFORMANCE	Oct.	YTD	1-yr	3-yr	5-yr
	-3.1%	4.1%	3.0%	6.9%	11.5%
Risk last 24 months	0.88		Risk since inception	0.83	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.2%	2002:	-16.4%
2014:	10.8%	2001:	-3.5%
2013:	29.8%	2000:	14.0%
2012:	13.8%	1999:	19.7%
2011:	1.0%	1998:	15.2%
2010:	12.0%	1997:	22.6%
2009:	29.1%	1996:	17.6%
2008:	-33.6%	1995:	21.5%
2007:	8.6%	1994:	1.1%
2006:	15.8%	1993:	14.9%
2005:	8.8%	1992:	6.5%
2004:	13.0%	1991:	26.0%
2003:	28.9%		

INCOME MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
Dividend Growth	VDIGX	4,562	\$22.86	\$104,297	25%	-3.1%
PRIMECAP Core	VPCCX	4,355	\$21.87	\$95,237	23%	-3.0%
Int-Term Investment-Grade	VFICX	7,832	\$10.02	\$78,478	19%	-0.6%
High-Yield Corporate	VVHEX	7,316	\$5.86	\$42,874	10%	0.3%
Short-Term Inv.-Grade	VFSTX	2,815	\$10.76	\$30,294	7%	-0.0%
Health Care	VGHCX	142	\$192.11	\$27,280	7%	-7.7%
International Growth	VWIGX	1,154	\$22.30	\$25,735	6%	-3.1%
MidCap Index	VIMSX	347	\$34.25	\$11,898	3%	-3.1%

TOTAL \$416,093

CURRENT PERFORMANCE	Oct.	YTD	1-yr	3-yr	5-yr
	-2.4%	4.1%	3.2%	6.6%	9.4%
Risk last 24 months	0.65		Risk since inception	0.61	

Beg. Value: \$50,000 (1/1/91)

PAST PERFORMANCE

2015:	1.9%	2002:	-4.5%
2014:	11.1%	2001:	-1.1%
2013:	18.6%	2000:	-3.5%
2012:	11.5%	1999:	9.9%
2011:	5.1%	1998:	18.2%
2010:	11.2%	1997:	22.5%
2009:	21.9%	1996:	18.4%
2008:	-24.1%	1995:	28.4%
2007:	3.8%	1994:	-1.2%
2006:	10.6%	1993:	10.8%
2005:	6.2%	1992:	6.3%
2004:	8.4%	1991:	22.4%
2003:	19.1%		

GROWTH INDEX MODEL

	Ticker	Shares	Price	Value	%	Mo. Return
S&P MidCap 400 Growth ETF	IVOG	772	\$104.71	\$80,829	23%	-3.4%
Dividend Appreciation ETF	VIG	843	\$82.31	\$69,350	20%	-1.9%
S&P MidCap 400 Value ETF	IVOV	679	\$99.75	\$67,720	20%	-1.9%
S&P 500 Growth ETF	VOOG	509	\$106.83	\$54,342	16%	-2.1%
Total International Stock ETF	VXUS	821	\$46.31	\$38,022	11%	-1.9%
Health Care ETF	VHT	198	\$123.35	\$24,370	7%	-7.2%
Short-Term Corporate ETF	VCSH	142	\$80.32	\$11,413	3%	-0.1%

TOTAL \$346,045

CURRENT PERFORMANCE	Oct.	YTD	1-yr	3-yr	5-yr
	-2.6%	6.0%	4.1%	6.9%	11.7%
Risk last 24 months	0.93		Risk since inception	1.05	

Beg. Value: \$50,000 (3/1/95)

PAST PERFORMANCE

2015:	-0.5%	2005:	12.1%
2014:	10.6%	2004:	15.1%
2013:	30.7%	2003:	28.2%
2012:	14.8%	2002:	-16.9%
2011:	-0.3%	2001:	-2.4%
2010:	18.8%	2000:	-15.6%
2009:	33.2%	1999:	21.4%
2008:	-40.3%	1998:	26.7%
2007:	11.7%	1997:	25.8%
2006:	16.0%	1996:	19.9%

PAST ALTERNATIVES TO CLOSED/HIGH MINIMUM FUNDS

Fund	Ticker	10/31 Price	Oct. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Alternative For
Artisan MidCap	ARTMX	\$39.28	-5.0%	-1.8%	-2.4%	3.7%	10.6%	Capital Opp.
Artisan MidCap Value	ARTQX	\$21.06	-1.6%	12.3%	6.9%	2.3%	9.4%	Selected Value
Polaris Global Value	PGVFX	\$22.16	-1.5%	4.7%	3.9%	5.5%	12.1%	Global Equity
Fidelity International SmallCap	FISMX	\$24.23	-2.7%	9.5%	9.4%	4.4%	10.6%	International Expl.
Fidelity International SmallCap Opp.	FSCOX	\$15.00	-3.6%	0.5%	1.6%	3.8%	10.0%	International Expl.
T. Rowe International Discovery	PRIDX	\$55.73	-2.4%	3.4%	5.4%	5.5%	10.9%	International Expl.
Hartford Healthcare	HGHAX	\$30.96	-8.1%	-11.7%	-8.1%	10.7%	17.8%	Health Care
ICON Healthcare	ICHCX	\$14.36	-6.8%	-3.8%	-1.7%	9.2%	16.7%	Health Care
PRIMECAP Odyssey Growth	POGRX	\$27.90	-4.5%	2.1%	4.3%	8.9%	14.4%	PRIMECAP
PRIMECAP Odyssey Aggressive Growth	POAGX	\$33.78	-5.0%	4.3%	7.9%	10.1%	18.1%	Capital Opp.
PRIMECAP Odyssey Stock	POSKX	\$24.84	-3.1%	5.2%	3.5%	8.7%	13.7%	PRIMECAP Core
Fidelity High Income	SPHIX	\$8.63	-0.1%	13.8%	8.1%	3.4%	6.1%	High-Yield Corporate

The Alternative Funds in the table to the left are both current and past recommendations I've made for Vanguard funds that either closed or were saddled with high minimums. Some of these funds have subsequently closed, but many of you own them, so I've provided this performance data for your interest. Note that HGHAX is typically sold with a front-end load, though clients of private money managers can sometimes buy the fund no-load. **Please refer to the note above for my current alternative recommendations.**

three-year returns fall from double-digit territory include **Strategic Equity**, which slipped from 10.2% to 7.5% and **Dividend Growth**, which dipped from 10.1% to 7.6%. What happened? Blame it on the math, as some strong months in 2013 rolled off the three-year calculation and recent weaker months rolled on. I don't want to make too big a deal about this because, frankly, you know that my focus has always been on "rolling returns," using multiple return periods to get a true sense of long-term performance, rather than "point-in-time" returns.

That said, the three-year number carries weight with rating agencies and the press, which often uses it as a criteria for ranking funds, setting the three-year return up as a de-facto benchmark. I believe some investors may see the return to single digits as a canary in the coal mine, signaling a negative turn in the markets. I don't see it that way—the economy remains strong, as do consumer balance sheets. The first estimate for third quarter GDP growth came in at 2.9%, the fastest pace in two years and a significant improvement over the 1.1% pace the economy grew at during the first half of the year.

Even if the Fed hikes the fed funds rate in December, which I think they'll do, interest rates will remain extremely "accommodative," which means low to any consumer or corporation looking to borrow money. "Easy" money is a lubricant for economic growth.

And don't look now, but, even after taking inflation into account, the median income of the full-time American worker hit an all-time high in the third

quarter. Yes, low inflation has helped, but workers, and not just those at the top, have regained some buying and bargaining power.

Earnings reporting season is a little more than half over, and nearly three-quarters of companies in the S&P 500 earned more than expected in July, August and September. At this pace, we'll see the first year-over-year increase in earnings since the first quarter of 2015.

Add that all together, and in spite of the election and pending Fed action, Jeff and I may be on the cusp of upgrading our outlook from "slow growth, not no growth" to "moderate growth, not slow growth."

Malvern Odds and Ends

Jeff and I got the answer on why those September distributions on **Short-Term Investment-Grade** and some of the other Vanguard funds, particularly those with short maturities, dropped so precipitously. This is a bit complicated, but in essence, the formula that is used to calculate what a bond fund pays out each month is not simply based on the interest it takes in each month. The month's earned interest is annualized, divided by 365 and then accrued daily into the fund for eventual payout at month's end. Because the TIPS in the funds' portfolio had a severe cut to their distributions and because those distributions made up a disproportionate part of September's income, annualizing the much smaller income stream yielded a much smaller month-end distribution. Got that? It makes sense, but it took several backs-and-forths with Vanguard to get a reasonable answer. In October, Short-Term Investment-Grade's distribution bounced back closer to where it was before.

Speaking of distributions, year-end is approaching rapidly, and while Vanguard won't be providing estimates of potential capital gains distributions until November 10, we can get a sense of which funds are poised to make payouts by looking at realized capital gains through September. Among stock funds, those with realized gains of 3% or more of quarter-end NAV are **Alternative Strategies, Capital Opportunity, Diversified Equity, Explorer, Growth & Income, Health Care, Morgan Growth, PRIMECAP, PRIMECAP Core, Selected Value and Windsor II**. Income funds with realized gains of 1% or more include **Intermediate-Term Treasury, Long-Term Investment-Grade and Long-Term Treasury**. And while most ETFs will probably avoid paying out capital gains, **Extended-Duration Treasury ETF** does have realized gains of about 1.9% of quarter-end NAV.

Remember that these figures can and do change between initial estimates and final payouts. But this should give you a good sense of where the biggest capital gains could be coming from.

For those following the *October Hot Hands* strategy, the *October Hot Hands* fund, which you'd buy now and hold until the end of October 2017, is **High-Dividend Yield Index**. Last year's *October Hot Hands* fund, **U.S. Growth**, underperformed, gaining just 0.1% over the past 12 months versus 4.4% and 4.1% returns for **500 Index** and **Total Stock Market Index** respectively. Hopefully you followed my recommendation to stick with a PRIMECAP-run fund instead of U.S. Growth as **PRIMECAP** gained 4.7%, and *PRIMECAP Odyssey* >

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> *Growth* (POGRX), the alternative for those closed out of PRIMECAP, returned 4.3% over the past year. I'll have a full description of the strategy and its performance history in next month's issue.

> **FOCUS** FROM PAGE 1

However, the Russell MidCap index outpaced both those indexes by over 2% per annum—an advantage that compounds to significant gains over time.

One hundred dollars invested in the Russell MidCap index at the end of 1978 would have grown to \$11,152 by the end of September 2016. That's more than double the return for large-cap stocks, which would have grown to just \$5,446. And it's over 70% greater than the \$6,491 gain you'd have earned from small-caps. Check out the rolling return stats in the table as well. Mid-caps' performance edge was not the result of one outstanding period, as these stocks held their advantage on average over rolling three- and five-year time periods as well.

What about the risk side of the equation? Well, as you can see in the table, the Russell MidCap index hasn't been any more anxiety-producing to hold than its large- or small-cap siblings. Yes, its steepest decline, a loss of 54.2% reached during the financial crisis of 2008–2009, was deeper than that experienced by small- and large-cap stocks, but not by much. And if we exclude the financial crisis, mid-cap stocks have actually produced smaller drawdowns. Or consider that the worst five-year stretch for mid-cap stocks was better than the worst five-year period for large- or small-cap stocks.

To what can we attribute the success of these middle children? Mid-sized companies combine the growth characteristics of small companies with the financial stability of large ones, yet they still fly under the radar of many analysts who are focused only on the biggest companies in the marketplace. This doesn't mean mid-cap stocks will outperform year in and year out—nothing in the investment world is so reliable—but for investors willing to invest

And finally, in case you missed it, Vanguard is changing the name on several “tax-free” funds to “municipal” in the wake of the money market reforms that took effect in October. The change goes into effect sometime

in the first quarter of 2017. So, don't be surprised when you see new names early next year. We'll try to get everything changed in our files, but if we miss a name change, please don't hold it against us. We'll get them fixed. ■

in this often-overlooked part of the market, the rewards are meaningful extra returns without significantly more risk.

With that said, let's turn to Vanguard's mid-cap index options and then its actively-managed ones for specific recommendations.

Extended Market Index

Sell. **Extended Market Index** is a vestige of the days when Vanguard was looking for a “completion” index to combine with **500 Index** as a means of indexing the entire U.S. stock market. I struggle to see where this fund fits in today.

If you want to own the entire U.S. stock market, why not just hold **Total Stock Market** and be done with it? And if you want mid-cap stocks, then just buy a mid-cap index. Holding near-

ly 3,300 stocks, this sprawling portfolio is really a smid-cap (small-cap plus mid-cap) index that Vanguard has lumped in with purer mid-cap funds.

Despite offering exposure to both small and mid-cap stocks, Extended Market Index's annual gain of 7.2% over the past 10 years trails both **MidCap Index** and **SmallCap Index**'s 7.3% pace. And MidCap Index has outperformed by just over 2% per annum since its inception.

For my money, I want to control how much I have invested in large-caps versus mid- and small-caps. Well, you can do that with various Vanguard index funds, and for mid-caps, MidCap Index is a better choice. And if you are an index purist, you are probably looking for the one-and-done option of Total

Many Ways to Index Mid-Cap Stocks

	Extended Market Index	MidCap Growth Index	S&P MidCap 400 Growth ETF
Number of Stocks	3274	157	226
P/E	34.4	33.9	26.9
P/Book	2.4	4.7	3.6
Median Mkt. Cap. (billions)	\$3.7	\$12.8	\$5.2
Foreign	0.3%	0.0%	0.0%
Cash	0.0%	0.0%	0.0%
Sector Allocation			
Consumer Discretionary	14.1%	13.5%	12.7%
Consumer Staples	3.5%	10.5%	5.6%
Energy	4.1%	5.1%	0.0%
Financials	15.8%	14.9%	13.7%
Health Care	11.9%	12.2%	13.8%
Industrials	12.8%	23.6%	10.2%
Information Technology	18.0%	17.8%	22.6%
Materials	5.2%	0.4%	5.5%
Real Estate	10.0%	not reported	14.2%
Telecommunication	1.2%	2.0%	0.0%
Utilities	3.4%	0.0%	1.7%
Top 10	5%	14%	12%
1	Liberty Global	Ross Stores	IDEXX Laboratories
2	Tesla Motors	Edwards Lifesciences	WhiteWave Foods
3	LinkedIn	Equinix	ResMed
4	Las Vegas Sands	Electronic Arts	CDK Global
5	FleetCor Technologies	Fiserv	Regency Centers
6	Incyte	Amphenol	ANSYS
7	BioMarin Pharmaceutical	Concho Resources	Broadridge Financial Sol.
8	Palo Alto Networks	Cerner	MSCI
9	SBA Communications	Roper Technologies	Packaging of America
10	Twitter	Moody's	Cadence Design Systems

Stock Market. There is an ETF share class of this fund, if that's your preference, but then, Vanguard's other index funds also have ETF shares. So I ask again, where does this fund fit in?

MidCap Growth Index, Buy

S&P MidCap 400 Growth ETF, Buy

Vanguard doesn't offer mid-cap index funds based on the Russell indexes. As a result, investors looking for a mid-

cap growth index fund have just two options: **MidCap Growth Index** and **S&P MidCap 400 Growth ETF**. Dan and I rate both a Buy—though when it comes down to it, my preference is for the S&P MidCap 400 Growth ETF.

Despite similar names, these two funds cover the mid-cap space in different ways. MidCap Growth Index has about 70 fewer holdings than the S&P-based fund, and the two portfolios have

no top-10 holdings in common. As you can see in the bottom table to the left, the sector allocations are fairly different, and the average stock in S&P MidCap 400 Growth ETF is less than half the size of the average in its sibling fund.

While the stock selection in the CRSP indexes is rules-based and computer-driven, S&P's indexes are constructed by a committee looking for companies with seasoned operating track records. It's fair to describe the S&P indexes built by this committee as actively managed indexes—as demonstrated by turnover of over 35% for S&P MidCap 400 Growth ETF.

Somehow, it seems to work. S&P's growth indexes simply outperform. If you are willing to own an ETF, even though its 20-basis-point (or 0.20%) expense ratio is higher than MidCap Growth ETF's 8-basis-point cost, go with S&P MidCap 400 Growth ETF. If don't want an ETF, and you still want an index fund in this space, well, there is only an Institutional mutual fund share class of S&P MidCap 400 Growth, which requires a \$5 million minimum investment and is out of reach to us mere mortals, but MidCap Growth Index remains a good option.

	Large Stocks Russell Top 200	Mid-Sized Stocks Russell MidCap	Small Stocks Russell 2000
Return Since 1978	5346.2%	11052.2%	5954.3%
Annualized	11.2%	13.3%	11.5%
Max Cumulative Loss	-50.1%	-54.2%	-52.9%
MCL ex-Financial Crisis	-49.1%	-30.3%	-35.5%
Rolling 36-Month Returns			
Min	-18.4%	-17.3%	-17.9%
Average	11.6%	13.3%	11.1%
Max	34.6%	32.3%	33.9%
Rolling 60-Month Returns			
Min	-6.8%	-5.2%	-6.7%
Average	11.2%	12.9%	10.5%
Max	30.6%	28.6%	26.7%
Return Since Feb. 2009	233.9%	300.6%	257.4%
Annualized	17.2%	20.1%	18.3%

MidCap Index	S&P MidCap 400 ETF	MidCap Value Index	S&P MidCap 400 Value ETF
343	400	210	305
27.4	25.3	23.4	23.8
2.7	2.4	1.9	1.8
\$11.6	\$4.6	\$11.2	\$4.1
0.3%	0.0%	0.5%	0.0%
0.0%	0.0%	0.0%	0.0%
12.1%	11.6%	11.0%	10.7%
13.7%	4.2%	16.6%	3.1%
5.2%	3.9%	5.3%	7.4%
20.4%	15.0%	25.2%	16.3%
8.3%	8.2%	4.7%	3.1%
16.7%	14.2%	10.7%	17.7%
13.0%	18.0%	8.8%	13.9%
4.3%	7.2%	7.7%	8.7%
not reported	11.9%	not reported	9.8%
1.1%	0.2%	0.3%	0.3%
5.2%	5.6%	9.7%	9.0%
7%	6%	11%	9%
Ross Stores	IDEXX Laboratories	Newell Brands	Alleghany
Edwards Lifesciences	WhiteWave Foods	Newmont Mining	Westar Energy
Equinix	Ingredion	ConAgra Foods	Everest Re Group
Newell Brands	Duke Realty	Molson Coors Brewing	UGI
Electronic Arts	ResMed	WEC Energy Group	Computer Sciences
Fiserv	Synopsys	Nielsen Holdings	New York Comm. Bancorp
Newmont Mining	CDK Global	Willis Towers Watson	Reinsurance Group
ConAgra Foods	Alexandria Real Est. Equ.	Eversource Energy	Carlisle Cos.
Amphenol	Alleghany	Dr Pepper Snapple Group	OGE Energy
Concho Resources	Regency Centers	DTE Energy	Steel Dynamics

MidCap Index, Hold

S&P MidCap 400 ETF, Buy

You'll find both MidCap Index and **S&P MidCap 400 ETF** in the *Model Portfolios*.

The two funds have their differences: In a pattern similar to what you'll see in the growth funds, the S&P-based fund has more stocks, and the average company therein is smaller. Also, the two funds have completely distinct top-10 holdings, and sector weights are meaningfully different.

Looking over the past 15 years, the CRSP mid-cap index has lagged those from other providers—not just S&P, but also MSCI and Russell. The differences haven't been enormous, and over the past five years, the CRSP index has slightly edged out the S&P index.

If I had to choose just one, I'd go with S&P MidCap 400 ETF. That said, if switching will increase your tax bill, I wouldn't rush to make that change. ➤

➤ Additionally, Dan and I feel the somewhat larger companies in MidCap Index's portfolio make it a better fit for the lower-risk orientation of the *Income Model*. At the end of the day, both are strong all-around options for getting exposure to the companies in the middle of the stock market's capitalization range.

MidCap Value Index, Hold

S&P MidCap 400 Value ETF, Buy

Selected Value was once our preferred way to invest in higher-yield, low price-to-earnings companies in the mid-cap range of the market; however, the addition of two sub-advisers to the original fund has watered down the stock-picking skills of Jim Barrow and Mark Giambone. Dan and I now recommend **S&P MidCap 400 Value ETF** across all the *Model Portfolios* as a way to access this part of the market.

Again, the CRSP-based index has historically lagged mid-cap value indexes from other providers. As with the growth and broader mid-cap versions, the portfolio selected by the com-

mittee at S&P is different than the portfolio built by the computers at CRSP.

In sum, when it comes to indexing mid-sized companies, I tend to prefer the S&P-based indexes. Now, let's turn to active management.

Capital Opportunity

Buy. Yes, I discussed **Capital Opportunity** in the roundup on aggressive funds in the September newsletter. As I explained then (and I apologize if you are tired of hearing this), since bulking up in size, Capital Opportunity simply hasn't been as aggressive as it once was.

Though all but one of its top holdings can also be found its larger-cap brothers, **PRIMECAP** and **PRIMECAP Core**, Capital Opportunity is still run with an eye toward owning some smaller stocks. The median company here has a market size of about \$40 billion, versus \$69 and \$50 billion for its siblings. That's big compared to most of Vanguard's mid-cap funds—it's over eight times the size of the median stock in S&P MidCap 400 ETF—but it's small compared to large-cap funds. Capital Opportunity

lands somewhere in between large- and mid-caps.

Capital Opportunity remains a top-notch fund. I hope you have followed Dan's and my repeated advice over the years to partner with the PRIMECAP Management team—if there's one fund or series of funds where the "buy the manager" mantra really holds sway, it's the PRIMECAP family of funds. The best way for new investors to access them is through *PRIMECAP Odyssey Growth* (POGRX). Given that health care has been lagging this year, and accounts for a quarter to a third of every PRIMECAP portfolio, now is a great time to be looking to add to your PRIMECAP-run funds. Periods of underperformance by the PRIMECAP team have historically been followed by periods of significant outperformance.

Capital Value

Buy. **Capital Value** has run from below freezing to super-hot, and everything in between. The fund has also been a moving target, now on its fifth manager iteration since its 2001

Actively Covering Mid-Cap Stocks

	Capital Opportunity	Capital Value	MidCap Growth	Selected Value	Strategic Equity
Number of Stocks	135	86	121	119	398
P/E	24.1	28.0	26.8	20.5	17.0
P/Book	3.6	1.7	3.1	1.7	2.3
Median Mkt. Cap. (billions)	\$39.2	\$26.7	\$9.3	\$9.3	\$4.2
Foreign	10.8%	9.8%	0.8%	10.6%	0.9%
Cash	3.0%	1.3%	4.0%	0.8%	0.0%
Sector Allocation					
Consumer Discretionary	9.4%	7.9%	21.0%	15.2%	14.5%
Consumer Staples	0.0%	1.2%	3.1%	3.1%	4.5%
Energy	0.6%	13.6%	2.5%	7.9%	5.2%
Financials	3.9%	22.3%	14.6%	26.3%	13.5%
Health Care	33.1%	14.9%	17.1%	4.4%	10.0%
Industrials	16.8%	8.0%	9.0%	16.1%	14.3%
Information Technology	34.0%	11.2%	26.3%	11.2%	16.4%
Materials	1.8%	5.7%	3.1%	7.5%	6.3%
Real Estate	0.0%	6.7%	1.7%	3.5%	9.2%
Telecommunication	0.4%	1.6%	1.5%	0.1%	0.9%
Utilities	0.0%	6.0%	0.1%	4.7%	5.2%
Top 10	36%	25%	20%	19%	9%
1	Biogen	MetLife	MGM Resorts Int'l	Willis Towers Watson	Regions Financial
2	Amgen	Citigroup	Popular	Stanley Black & Decker	Entergy
3	Eli Lilly	PNC Financial Svc. Group	Brunswick	Royal Caribbean Cruises	CR Bard
4	Alphabet	Principal Financial Group	Centene	Kinross Gold	Best Buy
5	BioMarin Pharmaceutical	Raymond James Financial	BioMarin Pharmaceutical	Cigna	Hologic
6	Southwest Airlines	Cisco Systems	Vantiv	Micron Technology	FirstEnergy
7	FedEx	American Tower	SEI Investments	AerCap Holdings NV	Masco
8	Roche Holding AG	Mylan NV	Agilent Technologies	Owens Corning	Advanced Micro Devices
9	NVIDIA	Anadarko Petroleum	Intercontinental Exchange	Hanesbrands	Quintiles Transnational
10	Adobe Systems	CSX	CoStar Group	Capital One Financial	Computer Sciences

inception. The latest change came in July, when Peter Higgins was dropped from the fund, leaving his Wellington Management colleague David Palmer as the sole manager.

Palmer was originally added to Capital Value in December 2009 to tone down the high-octane opportunistic strategy that Higgins practiced. It is not clear how successful Palmer was in that effort, and under the dual management structure, Capital Value returned 70.8% while Total Stock Market advanced 114.1%.

But since going solo, Palmer has wasted no time in making Capital Value's portfolio his own. In the first month after Higgins' departure, the number of stocks went from 153 down to 88, the percentage of assets in the top-10 holdings increased from 20% to 26%, and the median company size increased from under \$12 billion to over \$26 billion. The first month also saw dramatic changes in sector weights, as financial stocks jumped from 21% of the portfolio to 28% (though, in September, Palmer cut financial stocks back down to 22% of the portfolio), and technology stocks were cut from 17% to 11% of assets.

Given the lack of single-manager funds at Vanguard, Capital Value is one to keep an eye on, but it is not entirely clear how the fund will perform with Palmer steering the ship on his own. Since recommending that investors with a penchant for trading buy the fund at the end of September 2015, Capital Value has rung up a 8.9% return, lagging Total Stock Market Index's 12.3% return. Dan and I are reassessing our three-year trading strategy for Capital Value given the potential for lower volatility, if that's what truly happens. But for now we're sticking with it, and suggest you do as well. Our continuing "Buy" on the fund reflects that thinking.

MidCap Growth

Sell. **MidCap Growth** was overhauled a decade ago when the fund's original manager was shown the exit. As Dan and I discussed in the August newsletter, Vanguard talks about the

fund's track record as if this complete management change didn't take place. Don't be fooled. The relevant track record starts in mid-2006 when the two replacement managers, Chartwell Investment Partners and William Blair & Co., got up to speed.

Since MidCap Growth Index's inception (just a couple months after MidCap Growth came under new management), MidCap Growth has gained 117.0%, while the index fund has gained 108.6%. Sounds good, right? Unfortunately, if it weren't for about 20 weeks from late June 2008 through late November 2008, when this fund went on a short-lived tear (based, I believe, on a few great stock picks), the story of their relative performance would be reversed.

Or consider that the S&P MidCap 400 Growth index (not the fund, which launched in 2010) gained 150.9% since MidCap Growth Index's inception—merely changing the benchmark alters the story. You also would've been better off owning any one of the PRIMECAP-run funds.

Since the reboot, the active fund has outperformed when markets stumbled (such as 2008 and 2011), and lagged when markets rallied. That may appeal to some, but one great 20-week period out of a decade-long track record doesn't convince me this fund is materially better than the index or worthy of our investment dollars.

Selected Value

Hold. Once a standout—if unrecognized—fund, Vanguard watered down Selected Value with too many management teams.

Primary managers Jim Barrow and Mark Giambrone are quintessential value investors looking for stocks whose prices relative to earnings or book-value are below the market's multiples while generating a decent dividend yield. Dividends afford Barrow and Giambrone patience—they are essentially being paid to wait for the market to recognize the value of their holdings.

A decade ago, Donald Smith, of Donald Smith & Co., was added to the mix to handle about one-quarter of the fund's assets. Smith practices a some-

what riskier style, searching for deeper "value" than Barrow. Under Barrow and Giambrone's solo tasking, Selected Value ran with about 40 stocks and a third of assets going to the top-10 holdings. With Smith on board, the portfolio consistently held 60 to 70 stocks, with about 25% of assets in the top holdings.

Then, in March 2014, Vanguard hired a third sub-adviser, Pzena Investment Management. Pzena also manages pieces of **Windsor** and **Emerging Markets Select Stock**, in addition to the overseas *U.S. Fundamental Value* for Vanguard. The firm has quickly become responsible for about 15% of the fund—largely at the expense of Barrow and Giambrone's allocation. Since Pzena joined, the number of holdings has drifted up to 120 or so.

While it's hard to assess who is impacting performance, since Pzena joined Selected Value, the fund's 5.6% gain has trailed MidCap Value Index's 15.6% return and S&P MidCap 400 Value ETF's 13.1% advance. In the past, Selected Value has held up relatively well in down markets, but given Pzena's track record of focusing on financial stocks, which generated large losses in the credit crisis, it is not clear that Selected Value will be as defensive as it once was.

This is a situation where I would've liked to have seen Vanguard close the doors rather than adding managers.

Strategic Equity

Hold. Like Capital Opportunity and MidCap Growth, I discussed **Strategic Equity** in the aggressive growth fund roundup, but it too falls into the mid-cap space. Vanguard's Quantitative Equity Group runs this computer-driven fund, meaning the managers program the computers and the computers do the stock picking. While there have been stretches when the computers picked stocks well, there've also been runs when they haven't. The bottom line is that you would've been better off just owning MidCap Index and not worrying about Vanguard's programming. Of course, you know that I think you can do even better partnering with the stock pickers at PRIMECAP Management. ■

VANGUARD EQUITY FUNDS

Fund (fund #)	Ticker	Minimum	Loads	Advice	10/31 Price	Oct. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	Risk
SECTOR												
Alternative Strategies (1298)	VASFX	\$250K	—	—	\$21.28	-1.5%	3.8%	5.7%	—	—	0.4%	—
Energy (51)	VGENX	\$3K	—	Hold	\$50.29	-3.0%	22.5%	9.8%	-5.9%	-0.5%	2.1%	1.89
Precious Metals & Mining (53)	VGPMM	\$3K	—	Sell	\$10.48	-6.7%	68.0%	50.2%	0.3%	-12.5%	1.5%	3.33
Health Care (52)	VGHGX	\$3K	—	Buy	\$192.11	-7.7%	-10.6%	-8.2%	11.3%	16.8%	0.9%	1.21
REIT Index (123)	VGSIX	\$3K	—	Hold	\$27.18	-5.7%	5.3%	6.5%	10.0%	11.2%	4.0%	1.35
Global ex-U.S. Real Estate Index (738)	VGXR	\$3K	0.25% f/0.25% r	Hold	\$21.35	-4.6%	5.4%	2.7%	1.1%	7.5%	3.1%	1.10
AGGRESSIVE GROWTH												
Capital Opportunity (111) (CLOSED)	VHCOX	\$3K	—	Buy	\$52.74	-4.1%	2.6%	3.1%	9.7%	15.9%	0.5%	1.21
Explorer (24)	VEXPX	\$3K	—	Hold	\$83.91	-5.0%	4.3%	2.5%	3.3%	11.0%	0.3%	1.26
Explorer Value (1690)	VEVFX	\$3K	—	Hold	\$30.44	-3.5%	7.0%	4.7%	5.0%	12.5%	0.7%	1.16
MidCap Growth (301)	VMGRX	\$3K	—	Sell	\$21.75	-2.9%	-3.1%	-5.5%	4.6%	10.4%	0.3%	1.13
SmallCap Growth Index (861)	VISGX	\$3K	—	Buy	\$35.07	-5.4%	3.2%	-2.1%	3.0%	10.8%	0.9%	1.20
SmallCap Index (48)	NAESX	\$3K	—	Hold	\$56.12	-4.1%	6.8%	4.2%	5.1%	12.3%	1.4%	1.12
SmallCap Value Index (860)	VISVX	\$3K	—	Hold	\$25.74	-3.0%	10.0%	6.0%	6.9%	13.5%	1.8%	1.10
Strategic Equity (114)	VSEQX	\$3K	—	Hold	\$29.43	-3.2%	4.0%	1.4%	7.5%	14.1%	1.6%	1.06
Strategic SmallCap Equity (615)	VSTCX	\$3K	—	Hold	\$30.19	-4.0%	4.2%	1.1%	5.7%	12.8%	1.1%	1.07
Admiral Tax-Managed SmallCap (116)	VTMSX	\$10K	—	Sell	\$47.67	-4.3%	8.3%	5.7%	6.1%	13.5%	1.1%	1.10
GROWTH												
Capital Value (328)	VCVLX	\$3K	—	Buy	\$11.25	-2.2%	3.0%	0.4%	1.5%	10.6%	1.2%	1.43
Extended Market Index (98)	VEXMX	\$3K	—	Sell	\$66.58	-3.9%	5.6%	3.2%	5.0%	12.2%	1.3%	1.16
Growth Index (9)	VIGRX	\$3K	—	Buy	\$56.29	-2.7%	3.6%	1.3%	8.7%	13.2%	1.2%	1.10
MidCap Growth Index (832)	VMGIX	\$3K	—	Buy	\$40.27	-3.8%	3.1%	0.4%	6.4%	11.3%	0.8%	1.11
MidCap Index (859)	VIMSX	\$3K	—	Hold	\$34.25	-3.1%	5.4%	2.9%	7.4%	12.8%	1.4%	1.05
MidCap Value Index (835)	VMVIX	\$3K	—	Hold	\$35.93	-2.5%	7.5%	5.1%	8.3%	14.1%	1.8%	1.00
Morgan Growth (26)	VMRGX	\$3K	—	Hold	\$25.16	-2.3%	1.0%	-0.4%	8.4%	12.5%	0.6%	1.08
PRIMECAP (59) (CLOSED)	VPMCX	—	—	Buy	\$104.39	-3.0%	4.7%	4.7%	10.5%	15.3%	1.0%	1.10
PRIMECAP Core (1220) (CLOSED)	VPCCX	—	—	Buy	\$21.87	-3.0%	5.0%	4.0%	9.8%	14.5%	1.1%	1.07
Selected Value (934)	VASVX	\$3K	—	Hold	\$27.24	-1.4%	5.4%	2.2%	4.6%	12.2%	1.6%	1.10
Social Index (213)	VFTSX	\$3K	—	Hold	\$13.61	-1.9%	4.4%	2.9%	9.0%	14.2%	1.7%	1.06
STAR Growth (122)	VASGX	\$3K	—	Sell	\$28.47	-1.8%	5.5%	3.5%	4.9%	9.0%	2.1%	0.80
Admiral Tax-Mgd. Capital App. (5102)	VTCLX	\$10K	—	Sell	\$108.05	-1.9%	5.5%	4.0%	8.5%	13.5%	1.7%	1.01
U.S. Growth (23)	VWUSX	\$3K	—	Hold	\$29.71	-2.8%	-0.3%	0.1%	9.5%	13.9%	0.5%	1.10
GROWTH & INCOME												
500 Index (40)	VFINX	\$3K	—	Buy	\$196.54	-1.8%	5.8%	4.4%	8.7%	13.4%	1.9%	1.00
Convertible Securities (82)	VCVXS	\$3K	—	Buy	\$12.49	-1.7%	4.1%	1.6%	2.2%	7.2%	1.9%	0.66
Diversified Equity (608)	VDEQX	\$3K	—	Sell	\$30.76	-2.4%	3.0%	1.4%	6.9%	12.7%	1.1%	1.07
Dividend Appreciation Index (602)	VDAIX	\$3K	—	Buy	\$32.93	-1.9%	7.4%	6.8%	6.5%	11.3%	2.0%	0.89
Dividend Growth (57) (CLOSED)	VDIGX	\$3K	—	Buy	\$22.86	-3.1%	3.1%	2.4%	7.6%	12.1%	1.8%	0.89
Equity Income (65)	VEIPX	\$3K	—	Buy	\$31.14	-1.7%	7.6%	6.5%	8.1%	13.2%	2.8%	0.91
Growth & Income (93)	VGNPX	\$3K	—	Hold	\$41.24	-2.2%	5.3%	3.9%	9.1%	14.0%	1.8%	0.97
High Dividend Yield Index (623)	VHDYX	\$3K	—	Hold	\$28.20	-1.3%	8.9%	8.1%	9.0%	13.6%	2.9%	0.92
LargeCap Index (307)	VLACX	\$3K	—	Buy	\$39.31	-1.9%	5.5%	4.1%	8.4%	13.2%	1.9%	1.00
Market Neutral (634)	VMNFX	\$250K	—	Sell	\$11.80	0.7%	-2.6%	-2.5%	2.7%	2.6%	0.0%	0.48
STAR Moderate Growth (914)	VSMGX	\$3K	—	Sell	\$24.10	-1.6%	5.6%	4.0%	4.7%	7.6%	2.1%	0.60
Total Stock Market Index (85)	VTSMX	\$3K	—	Hold	\$52.98	-2.2%	5.7%	4.1%	8.0%	13.2%	1.8%	1.01
U.S. Value (124)	VUVLX	\$3K	—	Hold	\$16.90	-2.0%	3.7%	1.9%	7.4%	13.6%	2.0%	0.93
Value Index (6)	VIVAX	\$3K	—	Hold	\$33.56	-1.1%	7.4%	6.7%	8.2%	13.3%	2.4%	0.94
Windsor (22)	VWNDX	\$3K	—	Hold	\$19.70	-1.7%	3.7%	1.3%	5.6%	12.9%	1.5%	1.17
Windsor II (73)	VWNFX	\$3K	—	Buy	\$35.03	-1.5%	5.8%	2.9%	6.1%	12.0%	2.1%	1.02
BALANCED												
Balanced Index (2)	VBINX	\$3K	—	Hold	\$30.43	-1.7%	5.6%	4.4%	6.2%	9.0%	2.0%	0.60
Managed Payout (1498)	VPGDY	\$25K	—	Sell	\$17.72	-1.3%	5.8%	3.9%	4.3%	7.2%	3.8%	0.56
STAR (56)	VGSTX	\$1K	—	Hold	\$24.32	-1.8%	5.2%	3.7%	5.1%	8.4%	1.9%	0.69
STAR Conservative Growth (724)	VSCGX	\$3K	—	Sell	\$18.55	-1.4%	5.5%	4.2%	4.5%	6.1%	2.1%	0.42
STAR Income (723)	VASIX	\$3K	—	Sell	\$15.14	-1.2%	5.4%	4.4%	4.1%	4.5%	2.0%	0.28
Admiral Tax-Managed Balanced (103)	VTMFX	\$10K	—	Sell	\$27.59	-1.3%	4.3%	4.1%	6.3%	8.6%	2.1%	0.46
Wellesley Income (27)	VWINX	\$3K	—	Hold	\$25.81	-1.2%	7.4%	6.6%	6.1%	7.6%	2.8%	0.41
Wellington (21)	VWELX	\$3K	—	Buy	\$38.38	-1.2%	6.4%	4.9%	6.5%	9.7%	2.5%	0.67
TARGET RETIREMENT												
Target Retirement 2060 (1691)	VTSX	\$1K	—	—	\$28.69	-1.9%	5.4%	3.3%	4.9%	—	1.8%	0.91
Target Retirement 2055 (1487)	VFFVX	\$1K	—	—	\$32.52	-1.9%	5.5%	3.3%	4.9%	9.6%	1.8%	0.91
Target Retirement 2050 (699)	VFFIX	\$1K	—	—	\$30.05	-1.9%	5.5%	3.3%	4.9%	9.6%	1.9%	0.91
Target Retirement 2045 (306)	VTIVX	\$1K	—	—	\$18.76	-1.9%	5.5%	3.4%	4.9%	9.6%	2.0%	0.91
Target Retirement 2040 (696)	VFORX	\$1K	—	—	\$30.01	-1.9%	5.5%	3.3%	4.9%	9.6%	2.0%	0.90
Target Retirement 2035 (305)	VTHHX	\$1K	—	—	\$17.76	-1.8%	5.5%	3.4%	4.9%	9.4%	2.0%	0.83
Target Retirement 2030 (695)	VTHRX	\$1K	—	—	\$29.25	-1.7%	5.5%	3.6%	4.9%	8.8%	2.0%	0.75
Target Retirement 2025 (304)	VTVVX	\$1K	—	—	\$16.49	-1.7%	5.6%	3.8%	4.8%	8.3%	2.0%	0.67
Target Retirement 2020 (682)	VTWNX	\$1K	—	—	\$28.64	-1.5%	5.5%	3.9%	4.7%	7.8%	2.0%	0.60
Target Retirement 2015 (303)	VTXVX	\$1K	—	—	\$14.98	-1.4%	5.3%	3.8%	4.4%	7.0%	1.9%	0.50
Target Retirement 2010 (681)	VTENX	\$1K	—	—	\$26.14	-1.2%	5.1%	3.9%	4.0%	5.9%	1.8%	0.37
Target Retirement Income (308)	VTINX	\$1K	—	—	\$12.94	-1.1%	5.2%	4.1%	3.7%	4.9%	1.7%	0.33
INTERNATIONAL/GLOBAL												
Developed Markets Index (1397)	VDVIX	\$3K	—	Sell	\$9.08	-2.4%	1.5%	-1.3%	—	—	2.7%	1.11
Emerging Markets Stock Index (533)	VEIEX	\$3K	—	Hold	\$23.85	0.6%	16.8%	10.2%	-1.3%	0.8%	2.2%	1.48
Emerging Markets Select Stock (752)	VMMSX	\$3K	—	Hold	\$18.27	0.4%	20.0%	13.0%	-2.1%	1.9%	1.6%	1.57
European Index (79)	VEURX	\$3K	—	Hold	\$25.27	-3.4%	-3.1%	-6.6%	-2.7%	4.8%	3.4%	1.16
Global Equity (129)	VHGEX	\$3K	—	Hold	\$24.60	-2.3%	4.1%	2.5%	4.3%	9.9%	1.6%	1.00
Global Minimum Volatility (1194)	VMVFX	\$3K	—	Buy	\$11.93	-2.3%	5.6%	4.3%	—	—	1.7%	0.62
International Dividend Appreciation Index (2015)	VIAIX	\$3K	—	Hold	\$21.77	-4.1%	—	—	—	—	—	—
International Explorer (126)	VINEX	\$3K	—	Hold	\$16.82	-3.2%	-0.8%	-0.1%	2.7%	8.3%	1.5%	1.08
International Growth (81)	VWIGX	\$3K	—	Buy	\$22.30	-3.1%	5.7%	3.6%	0.9%	6.6%	1.3%	1.30
International High Dividend Yield Index (1530)	VIHIX	\$3K	—	Hold	\$22.24	-0.8%	—	—	—	—	—	—
International Value (46)	VTRIX	\$3K	—	Hold	\$32.30	-1.6%	3.9%	-0.7%	-2.4%	4.8%	2.0%	1.20
Pacific Index (72)	VPACX	\$3K	—	Hold	\$11.42	-1.0%	7.1%	6.4%	1.4%	6.3%	2.2%	1.15
Total International Stock Index (113)	VGTSX	\$3K	—	Hold	\$14.88	-1.7%	4.8%	1.3%	-0.9%	4.3%	2.7%	1.12
Total World Stock Index (628)	VTWSX	\$3K	—	Hold	\$24.30	-2.0%	5.3%	2.8%	3.5%	8.4%	2.2%	1.02
World ex-U.S. Index (770)	VFWIX	\$3K	—	Sell	\$17.59	-1.6%	4.8%	1.0%	-1.1%	4.1%	2.7%	1.12
World ex-U.S. SmallCap Index (1684)	VFSVX	\$3K	—	Hold	\$36.74	-2.9%	5.1%	3.9%	0.6%	5.3%	2.5%	1.08

VANGUARD INCOME FUNDS

Fund (fund #)	Ticker	Advice	Avg. Mat.	10/31 Price	Oct. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Tax Equivalent Yield					Risk
												25%	28%	36.8*	38.8*	43.4*	
TAXABLE INCOME																	
Ultra-Short-Term Bond (1492)	VUBFX	Buy	1.3	\$10.01	0.1%	1.2%	1.0%	—	—	0.9%	1.02%	—	—	—	—	—	
Short-Term Treasury (32)	VFISX	Sell	2.4	\$10.74	-0.1%	1.6%	1.1%	0.8%	0.7%	0.8%	0.68%	—	—	—	—	0.38	
Short-Term Federal (49)	VSGBX	Sell	3.1	\$10.82	-0.1%	1.9%	1.6%	1.2%	1.0%	1.0%	0.99%	—	—	—	—	0.36	
Short-Term Inflation Index (1967)	VTIPX	Hold	2.7	\$24.83	0.0%	2.9%	2.5%	0.3%	—	0.0%	-0.70%	—	—	—	—	0.62	
Short-Term Investment-Grade (39)	VFSTX	Buy	3.2	\$10.76	-0.0%	3.6%	3.2%	2.1%	2.3%	1.9%	1.57%	—	—	—	—	0.44	
Short-Term Bond Index (132)	VBISX	Hold	2.9	\$10.55	-0.3%	2.3%	1.8%	1.3%	1.3%	1.4%	1.14%	—	—	—	—	0.49	
Inflation-Protected Sec. (119)	VIPSX	Hold	8.8	\$13.72	-0.5%	6.9%	5.7%	2.0%	1.3%	0.7%	-0.20%	—	—	—	—	1.35	
Intermed. Treasury (35)	VFITX	Sell	5.6	\$11.55	-0.7%	4.0%	3.2%	2.7%	2.1%	1.5%	1.20%	—	—	—	—	1.21	
Intermed. Investment-Grade (71)	VFICX	Buy	6.4	\$10.02	-0.6%	6.4%	5.8%	4.4%	4.3%	2.8%	2.28%	—	—	—	—	1.05	
Intermed.-Term Bond Index (314)	VBIIH	Hold	7.3	\$11.72	-0.9%	6.3%	5.3%	4.2%	3.7%	2.5%	2.04%	—	—	—	—	1.34	
Total Bond Market (84)	VBMFX	Hold	8.3	\$10.96	-0.8%	5.0%	4.3%	3.3%	2.7%	2.3%	1.88%	—	—	—	—	1.00	
Core Bond (1320)	VCORX	Buy	7.6	\$10.17	-0.7%	—	—	—	—	—	1.85%	—	—	—	—	—	
GNMA (36)	VFHIX	Hold	5.5	\$10.83	-0.2%	3.5%	3.6%	3.3%	2.5%	2.3%	1.97%	—	—	—	—	0.49	
Long-Term Treasury (83)	VUUSTX	Sell	24.7	\$13.15	-4.2%	10.2%	9.0%	9.0%	5.1%	2.5%	2.24%	—	—	—	—	4.01	
Long-Term Investment-Grade (28)	VWESX	Hold	23.7	\$10.73	-2.5%	12.4%	11.5%	8.8%	6.5%	4.0%	3.54%	—	—	—	—	2.79	
Long-Term Bond Index (522)	VBLTX	Sell	24.3	\$14.42	-2.9%	12.6%	10.9%	8.3%	5.6%	3.7%	3.38%	—	—	—	—	3.01	
High-Yield Corporate (29)	VWEHX	Buy	7.0	\$5.86	0.3%	10.7%	7.2%	4.7%	6.5%	5.3%	4.99%	—	—	—	—	1.72	
Emerging Mkts. Gov't Bond Idx. (1120)**	VGOVX	Buy	10.0	\$10.04	-1.0%	12.4%	10.7%	5.6%	—	4.5%	4.09%	—	—	—	—	1.84	
Emerging Markets Bond (1431)	VEMBX	—	9.4	\$10.91	-0.9%	—	—	—	—	—	4.35%	—	—	—	—	—	
Total International Bond Index (1231)	VTIBX	Hold	9.5	\$11.02	-1.2%	5.5%	5.4%	4.8%	—	1.4%	0.47%	—	—	—	—	1.11	
MONEY MARKET																	
Treasury MM (11)	VUSXX	—	57	\$1.00	0.0%	0.2%	0.2%	0.1%	0.1%	0.2%	0.26%	—	—	—	—	—	
Federal MM (33)	VMFXX	—	56	\$1.00	0.0%	0.2%	0.3%	0.1%	0.1%	0.3%	0.30%	—	—	—	—	—	
Prime MM (30)	VMMXX	—	52	\$1.00	0.1%	0.4%	0.4%	0.1%	0.1%	0.4%	0.61%	—	—	—	—	—	
Tax-Exempt Money Market (45)	VMSXX	—	31	\$1.00	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%	0.56%	0.7%	0.8%	0.9%	0.9%	1.0%	
CA Tax-Exempt MM (62)	VCTX	—	18	\$1.00	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%	0.51%	0.8%	0.8%	0.9%	0.9%	1.0%	
NJ Tax-Exempt MM (95)	VNJXX	—	47	\$1.00	0.0%	0.2%	0.2%	0.1%	0.1%	0.2%	0.46%	0.7%	0.7%	0.8%	0.8%	0.9%	
NY Tax-Exempt MM (163)	VYFXX	—	41	\$1.00	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%	0.52%	0.8%	0.8%	0.9%	0.9%	1.0%	
OH Tax-Exempt MM (96)	VOHXX	—	24	\$1.00	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%	0.51%	0.7%	0.8%	0.9%	0.9%	1.0%	
PA Tax-Exempt MM (63)	VPTXX	—	24	\$1.00	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%	0.50%	0.7%	0.7%	0.8%	0.8%	0.9%	
TAX-FREE INCOME																	
Short-Term Tax-Exempt (41)	VWSTX	Buy	1.4	\$15.80	0.0%	0.7%	0.6%	0.6%	0.7%	0.8%	0.88%	1.2%	1.2%	1.4%	1.4%	1.6%	0.14
Limited-Term Tax-Exempt (31)	VMLTX	Buy	2.9	\$11.02	-0.1%	1.2%	1.3%	1.4%	1.6%	1.5%	1.08%	1.4%	1.5%	1.7%	1.8%	1.9%	0.37
Intermed.-Term Tax-Exempt (42)	VWITX	Buy	5.4	\$14.31	-0.8%	2.6%	3.6%	4.1%	3.9%	2.7%	1.50%	2.0%	2.1%	2.4%	2.5%	2.7%	0.73
Tax-Exempt Bond Index (1491)***	VTEBX	Buy	5.6	\$10.33	-0.9%	2.9%	4.3%	—	—	1.5%	1.61%	2.1%	2.2%	2.5%	2.6%	2.8%	0.81
Long-Term Tax-Exempt (43)	VWLTX	Hold	6.5	\$11.83	-1.1%	3.6%	5.4%	6.0%	5.2%	3.5%	1.99%	2.7%	2.8%	3.1%	3.3%	3.5%	0.94
High-Yield Tax-Exempt (44)	VWAHX	Hold	6.8	\$11.47	-1.2%	4.4%	6.2%	6.5%	5.7%	3.6%	2.49%	3.3%	3.5%	3.9%	4.1%	4.4%	0.94
STATE TAX-FREE																	
CA Intermed. Tax-Exempt (100)	VCAIX	Buy	5.6	\$11.90	-0.9%	2.6%	3.7%	4.4%	4.4%	2.6%	1.42%	2.1%	2.2%	2.5%	2.6%	2.8%	0.75
CA Long-T. Tax-Exempt (75)	VCITX	Sell	6.9	\$12.29	-1.2%	3.5%	5.3%	6.3%	5.6%	3.3%	1.85%	2.7%	2.9%	3.3%	3.4%	3.6%	1.00
MA Tax-Exempt (168)	VMATX	Sell	6.7	\$10.98	-1.2%	3.0%	4.6%	5.5%	4.5%	2.9%	1.81%	2.5%	2.7%	3.0%	3.1%	3.4%	0.97
NJ Long-T. Tax-Exempt (14)	VNJTX	Sell	6.4	\$12.31	-1.0%	4.7%	6.8%	5.5%	4.9%	3.5%	2.31%	3.4%	3.5%	4.0%	4.1%	4.5%	1.04
NY Long-T. Tax-Exempt (76)	VNYTX	Sell	6.2	\$11.99	-1.1%	3.3%	5.0%	5.9%	4.8%	3.2%	1.74%	2.5%	2.7%	3.0%	3.1%	3.4%	0.90
OH Long-T. Tax-Exempt (97)	VOHIX	Sell	6.0	\$12.77	-1.1%	3.6%	5.4%	6.1%	5.1%	3.2%	1.96%	2.8%	2.9%	3.3%	3.4%	3.7%	0.96
PA Long-T. Tax-Exempt (77)	VPAIX	Sell	6.2	\$11.76	-1.1%	3.4%	5.0%	5.9%	4.9%	3.5%	2.10%	2.9%	3.0%	3.4%	3.5%	3.8%	0.89

Our ratings: BUY: Best choice. Generally funds held in our Model Portfolios or funds with similar objectives. HOLD: Current prospects for the fund are not as good as those with a Buy rating. However, investors who own shares in the fund may wish to assess tax costs of trading into a Buy-rated fund. SELL: The fund's long-term prospects are not as compelling as other funds', or other factors may make the fund unattractive compared to alternatives. "+" is a rating upgrade over the previous month; "-" is a downgrade.

Investors should weigh all tax implications of fund switches before making a sale or purchase. Some closed funds are available for purchase by high-net-worth investors. All funds charge a \$20 annual account fee unless you have \$10,000 in the fund, \$100,000 with Vanguard or accept all paperwork through online means.

Minimum refers to the dollar amount (e.g., \$3K means \$3,000) needed to open a new taxable account. **Loads** are denoted with an "f" for front-end and "r" for back-end. Holding periods are noted for loads imposed on sales of shares held less than two months (<2 mo.) or one year (<1).

3-year and 5-year returns are compound, annualized returns. **Average maturity** is in years for bond funds and days for money market funds. **12-month yields** are based on trailing 12-month dividend/income distributions. **SEC yields** are reported 30-day yields. **Taxable equivalent yields** are based on SEC yields. For state funds, taxable equivalent yields incorporate state taxes. **Risk** is fund volatility measured over the previous 24 months. Equity fund risk is measured against the S&P 500 index. Bond fund risk is measured against the Barclays Aggregate Bond index.

Annuity ratings May differ from taxable funds since choices in the annuity area are more limited.

* Tax equivalent yields incorporate the 3.8% health care surtax into the 33%, 35% and 39.6% tax rates.

** Fund sold with a 0.75% front-end load

*** Fund sold with a 0.25% front-end load

VANGUARD VARIABLE ANNUITIES

Fund (fund #)	Advice	10/31 Price	Oct. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	Risk
Money Market Annuity (64)	—	\$1.90	0.0%	0.1%	0.1%	-0.1%	-0.1%	—
Short-Term Inv.-Grade Annuity (144)	Buy	\$19.13	-0.1%	3.3%	2.9%	1.9%	2.1%	0.46
Total Bond Market Annuity (67)	Hold	\$38.59	-0.8%	4.7%	4.0%	3.1%	2.4%	1.00
High-Yield Bond Annuity (146)	Buy	\$31.90	0.2%	10.5%	7.0%	4.3%	6.1%	1.68
Conservative Allocation Annuity (801)	Hold	\$27.12	-1.4%	5.2%	4.0%	4.3%	5.8%	0.42
Moderate Allocation Annuity (803)	Hold	\$29.28	-1.6%	5.4%	3.8%	4.6%	7.3%	0.61
Balanced Annuity (69)	Buy	\$87.41	-1.2%	6.1%	4.7%	6.2%	9.4%	0.67
Capital Growth Annuity (603)	Buy	\$41.69	-2.9%	4.7%	4.6%	10.1%	14.8%	1.06
Diversified Value Annuity (145)	Buy	\$29.65	-1.0%	5.7%	2.9%	5.6%	11.5%	0.97
Equity Income Annuity (8)	Buy	\$76.05	-1.7%	7.5%	6.3%	7.9%	12.9%	0.92
Equity Index Annuity (68)	Buy	\$84.81	-1.9%	5.5%	4.1%	8.4%	13.1%	1.00
Growth Annuity (10)	Hold	\$42.24	-2.8%	-0.7%	-0.4%	9.2%	13.6%	1.09
MidCap Index Annuity (143)	Buy	\$48.64	-3.1%	5.2%	2.6%	7.1%	12.5%	1.04
REIT Index Annuity (147)	Hold	\$57.24	-5.8%	5.0%	6.2%	9.7%	10.8%	1.35
Small Company Growth Annuity (160)	Hold	\$66.12	-6.0%	4.8%	3.7%	4.2%	11.5%	1.35
Total Stock Market Annuity (604)	Hold	\$30.79	-2.2%	5.5%	3.8%	7.6%	12.8%	1.01
International Annuity (86)	Buy	\$38.74	-3.1%	5.5%	3.2%	0.5%	6.3%	1.32

VANGUARD ADMIRAL FUNDS

Admiral Fund (fund #)	Ticker	Min.	Loads	Advice	10/31 Price	Oct. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
ADMIRAL SECTOR SHARES													
Consumer Discret. Index (5483)	VCDAX	\$100K	—	—	\$63.47	-2.5%	1.2%	-2.0%	7.7%	16.0%	1.5%	—	1.13
Consumer Staples Index (5484)	VCSAX	\$100K	—	—	\$66.97	-0.8%	7.0%	8.4%	10.4%	14.4%	2.3%	—	0.85
Energy (551)	VGELX	\$50K	—	Hold	\$94.41	-3.0%	22.5%	9.9%	-5.8%	-0.4%	2.2%	—	1.89
Energy Index (5480)	VENAX	\$100K	—	—	\$46.98	-3.7%	15.4%	2.4%	-6.2%	0.8%	2.7%	—	1.83
Financials Index (5486)	VFAIX	\$100K	—	—	\$25.18	1.8%	5.2%	4.8%	8.1%	14.5%	2.1%	—	1.16
Health Care (552)	VGHAX	\$50K	—	Buy	\$81.06	-7.7%	-10.6%	-8.2%	11.4%	16.9%	0.9%	—	1.22
Health Care Index (5485)	VHCIX	\$100K	—	—	\$61.72	-7.1%	-6.2%	-4.4%	10.1%	17.3%	1.5%	—	1.28
Industrials Index (5482)	VINAX	\$100K	—	—	\$55.73	-2.1%	9.0%	7.2%	7.2%	14.1%	1.9%	—	1.09
Info. Technology Index (5487)	VITAX	\$100K	—	—	\$61.30	-0.6%	11.7%	10.0%	14.4%	15.0%	1.3%	—	1.39
Materials Index (5481)	VMIAX	\$100K	—	—	\$53.13	-2.5%	12.1%	7.9%	4.2%	9.0%	1.8%	—	1.60
REIT Index (5123)	VGSLX	\$10K	—	Hold	\$115.97	-5.7%	5.5%	6.7%	10.2%	11.3%	4.1%	—	1.35
Global ex-U.S. Real Estate Index (1758)	VGR LX	\$10K	0.25% ^f /0.25% ^r	Hold	\$32.33	-4.6%	5.6%	2.9%	1.2%	7.7%	3.3%	—	1.16
Telecom Svcs. Index (5488)	VTCAX	\$100K	—	—	\$46.37	-3.6%	10.6%	9.3%	6.0%	11.7%	2.8%	—	1.09
Utilities Index (5489)	VUIAX	\$100K	—	—	\$54.12	0.8%	17.5%	17.5%	12.1%	11.7%	3.1%	—	1.12
ADMIRAL EQUITY SHARES													
Capital Opportunity (5111) (CLOSED)	VHCAX	—	—	Buy	\$121.81	-4.1%	2.7%	3.1%	9.7%	15.9%	0.6%	—	1.23
Explorer (5024)	VEXRX	\$50K	—	Hold	\$78.07	-5.0%	4.4%	2.6%	3.4%	11.2%	0.4%	—	1.27
SmallCap Growth Index (5861)	VSGAX	\$10K	—	Buy	\$43.84	-5.4%	3.3%	2.2%	3.2%	11.0%	1.0%	—	1.20
SmallCap Index (548)	VSMAX	\$10K	—	Hold	\$56.15	-4.1%	6.9%	4.3%	5.3%	12.5%	1.5%	—	1.13
SmallCap Value Index (5860)	VSIAX	\$10K	—	Hold	\$46.13	-3.0%	10.0%	6.1%	7.1%	13.7%	1.9%	—	1.09
Extended Mkt. Index (598)	VEXAX	\$10K	—	Sell	\$66.56	-3.9%	5.7%	3.3%	5.1%	12.4%	1.4%	—	1.16
Growth Index (509)	VIGAX	\$10K	—	Buy	\$56.29	-2.6%	3.8%	1.4%	8.8%	13.4%	1.3%	—	1.10
MidCap Growth Index (5832)	VMGMX	\$10K	—	Buy	\$44.09	-3.8%	3.2%	0.6%	6.5%	11.5%	0.9%	—	1.11
MidCap Index (5859)	VIMAX	\$10K	—	Hold	\$155.37	-3.1%	5.5%	3.0%	7.6%	13.0%	1.5%	—	1.04
MidCap Value Index	VMVAX	\$10K	—	Hold	\$47.28	-2.5%	7.6%	5.2%	8.4%	14.3%	2.0%	—	1.00
Morgan Growth (526)	VMRAX	\$50K	—	Hold	\$77.98	-2.3%	1.0%	-0.3%	8.5%	12.7%	0.8%	—	1.08
PRIMECAP (559) (CLOSED)	VPMAX	—	—	Buy	\$108.19	-3.0%	4.8%	4.7%	10.6%	15.4%	1.1%	—	1.09
U.S. Growth (523)	VWUAX	\$50K	—	Hold	\$76.97	-2.8%	-0.1%	0.3%	9.6%	14.1%	0.6%	—	1.10
500 Index (540)	VFIAX	\$10K	—	Buy	\$196.55	-1.8%	5.8%	4.5%	8.8%	13.5%	2.0%	—	1.00
Dividend Appreciation Index (5702)	VDADX	\$10K	—	Buy	\$22.33	-1.9%	7.4%	6.8%	—	—	2.1%	—	0.89
Equity Income (565)	VEIRX	\$50K	—	Buy	\$65.28	-1.7%	7.7%	6.6%	8.2%	13.3%	2.9%	—	0.91
Growth & Income (593)	VGIAX	\$50K	—	Hold	\$67.34	-2.2%	5.4%	4.0%	9.2%	14.1%	1.9%	—	0.97
LargeCap Index (5307)	VLCAX	\$10K	—	Buy	\$49.15	-1.9%	5.6%	4.2%	8.5%	13.4%	2.0%	—	1.00
Total Stock Market Index (585)	VTSAX	\$10K	—	Hold	\$53.00	-2.2%	5.8%	4.2%	8.1%	13.3%	1.9%	—	1.01
Value Index (506)	VVIAX	\$10K	—	Hold	\$33.56	-1.1%	7.5%	6.8%	8.3%	13.5%	2.5%	—	0.95
Windsor (5022)	VWNEX	\$50K	—	Hold	\$66.48	-1.7%	3.8%	1.4%	5.7%	13.1%	1.6%	—	1.16
Windsor II (573)	VWNAX	\$50K	—	Buy	\$62.18	-1.4%	5.8%	3.0%	6.2%	12.1%	2.2%	—	1.02
Balanced Index (502)	VBIAX	\$10K	—	Hold	\$30.43	-1.7%	5.7%	4.5%	6.4%	9.2%	2.1%	—	0.61
Wellesley Income (527)	VWVIX	\$50K	—	Hold	\$62.53	-1.2%	7.5%	6.7%	6.2%	7.7%	2.9%	—	0.41
Wellington (521)	VWENX	\$50K	—	Buy	\$66.28	-1.2%	6.4%	5.0%	6.6%	9.8%	2.6%	—	0.67
Developed Markets Index (127)	VTMGX	\$10K	—	Sell	\$11.73	-2.3%	1.5%	-1.2%	-0.7%	5.6%	2.8%	—	1.10
Emerging Markets Stock Index (5533)	VEMAX	\$10K	—	Hold	\$31.33	0.7%	17.0%	10.4%	-1.1%	1.0%	2.4%	—	1.48
European Index (579)	VEUSX	\$10K	—	Hold	\$58.85	-3.4%	-2.9%	-6.5%	-2.6%	4.9%	3.5%	—	1.16
Global Minimum Volatility (594)	VMNVX	\$50K	—	Buy	\$23.86	-2.4%	5.6%	4.4%	—	—	1.8%	—	0.63
International Dividend Appreciation Index (515)	VIAAX	\$10K	—	Hold	\$26.45	-4.1%	—	—	—	—	—	—	—
International Growth (581)	VWILX	\$50K	—	Buy	\$70.96	-3.1%	5.8%	3.7%	1.0%	6.8%	1.5%	—	1.29
International High Dividend Yield Index (530)	VIHAX	\$10K	—	Hold	\$26.92	-0.7%	—	—	—	—	—	—	—
Pacific Index (572)	VPADX	\$10K	—	Hold	\$74.10	-1.0%	7.2%	6.6%	1.6%	6.5%	2.4%	—	1.14
Total International Stock Index (569)	VTIAX	\$10K	—	Hold	\$24.89	-1.7%	4.9%	1.4%	-0.8%	4.4%	2.8%	—	1.11
World ex-U.S. Index (570)	VFWAX	\$10K	—	Sell	\$27.72	-1.6%	4.9%	1.1%	-0.9%	4.3%	2.8%	—	1.14
ADMIRAL INCOME SHARES													
Ultra-Short-Term Bond (592)	VUSEX	\$50K	—	Buy	\$20.03	0.1%	1.3%	1.2%	—	—	1.0%	1.12%	—
Short-Term Treasury (532)	VFIRX	\$50K	—	Sell	\$10.74	-0.1%	1.7%	1.2%	0.9%	0.8%	0.9%	0.78%	0.72
Short-Term Federal (549)	VSGDX	\$50K	—	Sell	\$10.82	-0.1%	2.0%	1.7%	1.3%	1.1%	1.1%	1.09%	0.36
Short-Term Gov't Index (1942)	VSB SX	\$10K	—	Sell	\$20.37	-0.0%	1.2%	0.8%	0.7%	0.6%	0.8%	0.80%	0.29
Short-Term Inflation Index (567)	VTAPX	\$10K	—	Hold	\$24.88	0.0%	2.9%	2.5%	0.4%	—	0.0%	-0.59%	0.62
Short-Term Inv.-Grade (539)	VFSUX	\$50K	—	Buy	\$10.76	-0.0%	3.6%	3.3%	2.2%	2.4%	2.0%	1.67%	0.44
Short-Term Corp. Index (1945)	VSCSX	\$10K	—	Buy	\$21.82	-0.1%	3.5%	3.0%	2.2%	2.7%	2.1%	1.80%	0.51
Short-Term Bond Ixd. (5132)	VBIRX	\$10K	—	Hold	\$10.55	-0.3%	2.4%	1.9%	1.4%	1.4%	1.4%	1.23%	0.49
Inflation-Protected Securities (5119)	VAIPX	\$50K	—	Hold	\$26.95	-0.5%	6.9%	5.8%	2.1%	1.4%	0.8%	-0.10%	1.33
Interm.-Term Treasury (535)	VFIUX	\$50K	—	Sell	\$11.55	-0.7%	4.1%	3.3%	2.8%	2.2%	1.6%	1.30%	1.20
Interm.-Term Gov't Index (1943)	VSI GX	\$10K	—	Sell	\$22.29	-0.8%	3.9%	3.2%	2.7%	2.2%	1.6%	1.29%	1.20
Interm.-Term Inv.-Grade (571)	VFIDX	\$50K	—	Buy	\$10.02	-0.6%	6.5%	5.9%	4.5%	4.4%	2.9%	2.38%	1.05
Interm.-Term Corp. Index (1946)	VICSX	\$10K	0.25% ^f	Buy	\$23.82	-0.7%	8.2%	7.2%	5.2%	5.1%	3.2%	2.80%	1.32
Intermed.-Term Bond Ixd. (5314)	VBILX	\$10K	—	Hold	\$11.72	-0.9%	6.3%	5.4%	4.3%	3.8%	2.5%	2.12%	1.33
Total Bond Market (584)	VBTLX	\$10K	—	Hold	\$10.96	-0.8%	5.1%	4.4%	3.4%	2.8%	2.4%	1.97%	1.01
Core Bond (1520)	VCOBX	\$50K	—	Buy	\$20.34	-0.8%	—	—	—	—	—	1.95%	—
GNMA (536)	VFIJX	\$50K	—	Hold	\$10.83	-0.2%	3.6%	3.7%	3.5%	2.6%	2.4%	2.07%	0.52
Mortgage-Backed Sec. Ixd (1948)	VMBSX	\$10K	—	Hold	\$21.45	-0.2%	3.3%	3.1%	3.1%	2.5%	1.8%	1.55%	0.49
Long-Term Treasury (583)	VUSUX	\$50K	—	Sell	\$13.15	-4.2%	10.3%	9.1%	9.1%	5.2%	2.6%	2.34%	4.01
Long-Term Gov't Index (1944)	VLGSX	\$10K	—	Sell	\$27.09	-4.2%	10.2%	9.0%	9.1%	5.2%	2.5%	2.36%	3.94
Long-Term Inv.-Grade (568)	VWETX	\$50K	—	Hold	\$10.73	-2.5%	12.5%	11.6%	8.9%	6.6%	4.1%	3.64%	2.74
Long-Term Corp. Index (1947)	VLTCX	\$10K	1.00% ^f	Hold	\$24.89	-2.1%	14.8%	12.6%	8.2%	6.2%	4.2%	4.14%	2.93
High-Yield Corporate (529)	VWEAX	\$50K	—	Buy	\$5.86	0.3%	10.8%	7.3%	4.8%	6.7%	5.4%	5.09%	1.78
Emerging Markets Gov't Bond Index (520)	VGAVX	\$10K	0.75% ^f	Buy	\$20.09	-1.0%	12.6%	10.9%	5.8%	—	4.6%	4.26%	1.84
Emerging Markets Bond (1531)	VEGBX	—	—	—	\$22.51	-0.9%	—	—	—	—	—	4.50%	—
Total International Bond Index (511)	VTABX	\$10K	—	Hold	\$22.04	-1.2%	5.5%	5.5%	4.9%	—	1.5%	0.50%	1.08
Short-Term Tax-Exempt (541)	VWSUX	\$50K	—	Buy	\$15.80	0.0%	0.8%	0.7%	0.7%	0.8%	0.9%	1.00%	0.17
Limited-Term Tax-Exempt (531)	VMLUX	\$50K	—	Buy	\$11.02	-0.1%	1.3%	1.4%	1.5%	1.6%	1.6%	1.20%	0.52
Interm.-Term Tax-Exempt (542)	VWIUX	\$50K	—	Buy	\$14.31	-0.8%	2.7%	3.7%	4.2%	4.0%	2.8%	1.62%	0.73
Tax-Exempt Bond Index (591)	VTEAX	\$50K	0.25% ^f	Buy	\$20.65	-0.9%	3.0%	4.4%	—	—	1.6%	1.70%	0.83
Long-Term Tax-Exempt (543)	VWLUX	\$50K	—	Hold	\$11.83	-1.1%	3.7%	5.5%	6.1%	5.3%	3.6%	2.11%	0.94
High-Yield Tax-Exempt (5044)	VWALX	\$50K	—	Hold	\$11.47	-1.2%	4.5%	6.3%	6.6%	5.7%	3.7%	2.61%	0.93
CA Intermed. Tax-Exempt (5100)	VCADX	\$50K	—	Buy	\$11.90	-0.9%	2.7%	3.8%	4.5%	4.5%	2.7%	1.54%	0.75
CA Long-T. Tax-Exempt (575)	VCLAX	\$50K	—	Sell	\$12.29	-1.2%	3.5%	5.4%	6.4%	5.7%	3.4%	1.97%	1.00
NJ Tax-Exempt (514)	VNJUX	\$50K	—	Sell	\$12.31	-1.0%	4.8%	6.9%	5.6%	5.0%	3.6%	2.43%	1.04
NY Tax-Exempt (576)	VNYUX	\$50K	—	Sell	\$11.99	-1.1%	3.4%	5.2%	6.0%	4.9%	3.3%	1.86%	0.90
PA Tax-Exempt (577)	VPALX	\$50K	—	Sell	\$11.76	-1.0%	3.4%	5.1%	6.0%	5.0%	3.6%	2.22%	0.88

VANGUARD EXCHANGE-TRADED FUNDS

Fund	Ticker	Advice	10/31 Price	Oct. Return	YTD Return	12-Mo. Return	3-Year Return	5-Year Return	12-Mo. Yield	SEC Yield	Risk
BROAD EQUITY ETFs											
SmallCap Growth	VBK	Buy	\$124.68	-5.4%	3.3%	2.2%	3.2%	11.0%	1.0%	—	1.19
S&P SmallCap 600 Growth	VIQG	Buy	\$111.38	-5.6%	5.0%	3.5%	5.8%	13.0%	1.1%	—	1.12
Russell 2000 Growth	VTWG	Hold	\$101.55	-6.0%	0.2%	-0.3%	3.8%	11.4%	1.0%	—	1.43
SmallCap	VB	Hold	\$117.22	-4.1%	7.0%	4.4%	5.3%	12.5%	1.5%	—	1.13
S&P SmallCap 600	VIQO	Hold	\$107.84	-4.5%	8.8%	6.3%	5.9%	13.2%	1.2%	—	1.13
Russell 2000	VTWO	Hold	\$95.00	-4.6%	6.3%	4.2%	4.2%	11.5%	1.4%	—	1.23
SmallCap Value	VBR	Hold	\$107.43	-2.9%	10.1%	6.1%	7.0%	13.7%	1.9%	—	1.09
S&P SmallCap 600 Value	VIQV	Hold	\$103.06	-4.4%	10.9%	8.8%	5.7%	13.4%	1.3%	—	1.18
Russell 2000 Value	VTWV	Hold	\$87.92	-3.2%	11.5%	8.6%	4.3%	11.1%	1.8%	—	1.17
Extended Market	VXF	Sell	\$87.77	-3.8%	5.8%	3.4%	5.1%	12.4%	1.4%	—	1.15
Growth	VUG	Hold	\$109.38	-2.6%	3.8%	1.4%	8.8%	13.4%	1.3%	—	1.14
S&P 500 Growth	VOOG	Buy	\$106.83	-2.1%	4.0%	2.5%	10.0%	13.8%	1.5%	—	1.07
Russell 1000 Growth	VONG	Hold	\$104.33	-2.3%	3.4%	2.2%	9.2%	13.5%	1.5%	—	1.08
MegaCap Growth	MGK	Buy	\$85.54	-2.2%	4.2%	1.7%	9.2%	13.7%	1.5%	—	1.12
MidCap Growth	VOT	Buy	\$102.46	-3.7%	3.3%	0.6%	6.6%	11.5%	0.9%	—	1.11
S&P MidCap 400 Growth	IVOG	Buy	\$104.71	-3.4%	5.8%	3.4%	6.6%	11.8%	1.0%	—	1.00
MidCap	VO	Hold	\$125.47	-3.1%	5.5%	3.0%	7.6%	13.0%	1.5%	—	1.09
S&P MidCap 400	IVOO	Buy	\$101.57	-2.9%	9.3%	6.2%	6.9%	12.7%	1.4%	—	1.01
MidCap Value	VOE	Hold	\$91.31	-2.4%	7.7%	5.3%	8.4%	14.3%	2.0%	—	0.99
S&P MidCap 400 Value	IVOV	Buy	\$99.75	-1.9%	12.8%	8.7%	6.8%	13.2%	1.5%	—	1.09
S&P 500	VOO	Buy	\$195.13	-1.8%	6.0%	4.6%	8.8%	13.5%	2.0%	—	1.00
Russell 1000	VONE	Buy	\$97.43	-2.2%	5.6%	4.0%	8.3%	13.3%	1.9%	—	1.02
Dividend Appreciation	VIG	Buy	\$82.31	-1.9%	7.5%	6.8%	6.6%	11.4%	2.1%	—	0.90
High Dividend Yield	YYM	Hold	\$71.22	-1.3%	9.1%	8.2%	9.0%	13.7%	3.0%	—	0.93
LargeCap	VV	Buy	\$97.36	-1.8%	5.7%	4.2%	8.5%	13.4%	2.0%	—	1.01
MegaCap	MGC	Buy	\$72.59	-1.6%	5.8%	4.5%	8.7%	13.5%	2.2%	—	1.01
Total Stock Market	VTI	Hold	\$108.89	-2.2%	5.9%	4.2%	8.0%	13.3%	1.9%	—	1.01
Russell 3000	VTHR	Hold	\$97.29	-2.1%	5.4%	3.7%	8.0%	13.2%	1.9%	—	1.02
Value	VTV	Hold	\$86.05	-1.1%	7.5%	6.9%	8.9%	13.9%	2.5%	—	0.95
S&P 500 Value	VOOV	Hold	\$90.12	-1.5%	7.6%	6.3%	7.1%	12.6%	2.4%	—	0.98
Russell 1000 Value	VONV	Hold	\$90.99	-1.5%	8.1%	6.2%	7.5%	13.2%	2.4%	—	0.98
MegaCap Value	MGV	Hold	\$62.01	-1.1%	7.2%	7.0%	8.4%	13.3%	2.6%	—	0.95
INTERNATIONAL ETFs											
Emerging Markets Stock	VWO	Hold	\$37.75	0.3%	17.8%	11.1%	-0.7%	1.1%	2.4%	—	1.47
Developed Markets	VEA	Sell	\$36.51	-2.4%	1.7%	-1.3%	-0.8%	5.7%	2.8%	—	1.09
European	VGK	Hold	\$47.01	-3.5%	-2.9%	-6.6%	-2.7%	4.9%	3.5%	—	1.14
Int'l Dividend Appreciation	VIGI	Hold	\$54.68	-4.1%	—	—	—	—	—	—	—
Int'l High Dividend Yield	YYMI	Hold	\$55.83	-1.0%	—	—	—	—	—	—	—
Pacific	VPL	Hold	\$60.02	-0.9%	7.4%	6.5%	1.6%	6.5%	2.3%	—	1.16
Total International Stock	VXUS	Hold	\$46.31	-1.9%	4.8%	1.2%	-0.9%	4.3%	2.8%	—	1.13
Total World Stock	VT	Hold	\$59.65	-2.0%	5.3%	2.9%	3.6%	8.6%	2.3%	—	1.05
World ex-U.S.	VEU	Sell	\$44.66	-1.7%	5.1%	1.1%	-0.9%	4.2%	2.8%	—	1.14
World ex-U.S. SmallCap	VSS	Hold	\$96.59	-3.0%	5.4%	4.5%	0.6%	5.6%	2.6%	—	1.10
SECTOR ETFs											
Consumer Discretionary	VCR	—	\$122.67	-2.4%	1.2%	-2.0%	7.6%	16.0%	1.5%	—	1.15
Consumer Staples	VDC	—	\$135.81	-0.8%	7.0%	8.3%	10.4%	14.3%	2.3%	—	0.86
Energy	VDE	—	\$94.07	-3.7%	15.5%	2.4%	-6.2%	0.8%	2.7%	—	1.84
Financials	VFH	—	\$50.28	1.9%	5.3%	4.9%	8.1%	14.5%	2.1%	—	1.15
Health Care	VHT	—	\$123.35	-7.2%	-6.2%	-4.5%	10.1%	17.3%	1.5%	—	1.28
Industrials	VIS	—	\$108.47	-2.2%	9.0%	7.2%	7.2%	14.0%	1.9%	—	1.08
Information Tech.	VGIT	—	\$119.72	-0.5%	11.7%	9.9%	14.4%	14.9%	1.3%	—	1.40
Materials	VAW	—	\$104.29	-2.5%	12.2%	7.8%	4.2%	9.0%	1.8%	—	1.58
REIT	VNQ	Hold	\$81.76	-5.7%	5.4%	6.6%	10.1%	11.3%	4.1%	—	1.36
Global ex-U.S. Real Estate	VNQI	Hold	\$53.45	-4.8%	6.4%	3.1%	1.3%	7.6%	3.3%	—	1.11
Telecom Services	VOX	—	\$90.98	-3.6%	10.7%	9.1%	5.9%	11.7%	2.8%	—	1.10
Utilities	VPU	—	\$107.92	0.9%	17.5%	17.5%	12.1%	11.6%	3.1%	—	1.17
INCOME ETFs											
Short-Term Government	VGSH	Sell	\$61.11	-0.1%	1.2%	0.9%	0.7%	0.6%	0.8%	0.80%	0.31
Short-Term Inflation Bond	VTIP	Hold	\$49.66	0.0%	2.7%	2.6%	0.4%	—	0.0%	-0.61%	0.69
Short-Term Corporate	VCSH	Buy	\$80.32	-0.1%	3.3%	3.0%	2.3%	2.7%	2.1%	1.79%	1.04
Short-Term Bond	BSV	Hold	\$80.52	-0.3%	2.3%	1.8%	1.4%	1.4%	1.4%	1.23%	0.61
Int.-Term Government Bond	VGIT	Sell	\$66.08	-0.9%	3.7%	3.3%	2.7%	2.2%	1.6%	1.29%	1.16
Int.-Term Corporate	VCIT	Buy	\$88.56	-0.9%	7.8%	7.1%	5.2%	5.1%	3.2%	2.81%	1.33
Int.-Term Bond	BIV	Hold	\$86.65	-1.0%	6.3%	5.2%	4.2%	3.7%	2.5%	2.12%	1.31
Total Bond Market	BND	Hold	\$83.19	-0.9%	4.9%	4.3%	3.3%	2.8%	2.4%	1.97%	1.04
Mortgage-Backed Securities	VMBS	Hold	\$53.70	-0.4%	3.2%	3.1%	3.2%	2.5%	1.8%	1.54%	0.56
Long-Term Government	VGLT	Sell	\$80.71	-4.2%	10.1%	8.9%	9.1%	5.3%	2.5%	2.37%	3.88
Long-Term Corporate	VCLT	Hold	\$93.00	-2.5%	14.0%	12.3%	8.2%	6.0%	4.2%	4.15%	3.14
Long-Term Bond	BLV	Sell	\$95.30	-3.1%	12.9%	10.6%	8.4%	5.7%	3.7%	3.47%	3.11
Ext. Duration Treasury	EDV	Sell	\$128.03	-6.2%	15.1%	12.6%	14.1%	7.2%	2.6%	2.59%	6.39
Emerging Mkts. Gov't Bond	VWOB	Buy	\$80.21	-1.4%	12.3%	10.7%	5.8%	—	4.6%	4.26%	2.02
Total International Bond	BNDX	Hold	\$55.28	-1.3%	5.5%	5.5%	4.9%	—	1.5%	0.50%	1.06
Tax-Exempt Bond	VTEB	Buy	\$51.72	-0.8%	2.6%	4.2%	—	—	1.6%	1.70%	0.92

Vanguard exchange-traded fund shares can be bought and sold like stocks, anytime markets are open. They are expected to track the performance of Vanguard's like-named index funds closely, though not precisely. Price and performance are based on actual closing prices, not net asset value. Individual investor performance can vary depending on price variability during the trading day. Buy, Sell and Hold ratings may differ from open-end versions of the same index funds listed in the Investor share section of the Performance Review if an alternative ETF is better or worse.

Admiral shares are identical to regular, "investor" shares (and my recommendations are the same as those for "investor" shares) except that their operating expenses are several basis points lower. (One basis point equals one one-hundredth of a percent.) For instance, a fund with an operating expense ratio of, say, 0.25%, might have Admiral shares available with an operating expense ratio of 0.21%.

DISTRIBUTIONS

Fund	Dist.
OCTOBER REGULAR	
Ultra-Short-Term Bond	\$0.01
Short-Term Treasury	\$0.01
Short-Term Federal	\$0.01
Short-Term Investment-Grade	\$0.02
Short-Term Bond Index	\$0.01
Intermediate-Term Treasury	\$0.01
Intermediate-Term Investment-Grade	\$0.02
Intermediate-Term Bond Index	\$0.02
Total Bond Market Index	\$0.02
Core Bond	\$0.02
GNMA	\$0.02
Long-Term Treasury	\$0.03
Long-Term Investment-Grade	\$0.04
Long-Term Bond Index	\$0.04
High-Yield Corporate	\$0.03
Emerging Markets Gov't Bond	\$0.04
Emerging Markets Bond	\$0.05
Total International Bond	\$0.01
Treasury MM	\$0.00022
Federal MM	\$0.00026
Prime MM	\$0.00051
Tax-Exempt MM	\$0.00056
CA Tax-Exempt MM	\$0.00052
NJ Tax-Exempt MM	\$0.00046
NY Tax-Exempt MM	\$0.00053
OH Tax-Exempt MM	\$0.00052
PA Tax-Exempt MM	\$0.00052
Short-Term Tax-Exempt	\$0.01
Limited-Term Tax-Exempt	\$0.01
Intermediate-Term Tax-Exempt	\$0.03
Tax-Exempt Bond Index	\$0.01
Long-Term Tax-Exempt	\$0.03
High-Yield Tax-Exempt	\$0.03
CA Int.-Term Tax-Exempt	\$0.03
CA Long-Term Tax-Exempt	\$0.03
MA Tax-Exempt	\$0.03
NJ Long-Term Tax-Exempt	\$0.04
NY Long-Term Tax-Exempt	\$0.03
OH Long-Term Tax-Exempt	\$0.03
PA Long-Term Tax-Exempt	\$0.03
ETF DISTRIBUTIONS	
Short-Term Government Bond	\$0.04
Short-Term Corporate Bond	\$0.14
Short-Term Bond	\$0.10
Intermed.-Term Government Bond	\$0.09
Intermed.-Term Corporate Bond	\$0.23
Intermediate-Term Bond	\$0.17
Total Bond Market	\$0.16
Mortgage-Backed Securities Bond	\$0.07
Long-Term Government Bond	\$0.17
Long-Term Corporate Bond	\$0.33
Long-Term Bond	\$0.28
Emerging Markets Gov't Bond	\$0.30
Total International Bond	\$0.06
Tax-Exempt Bond	\$0.07

Distributions are per share. All distributions are reinvested at month-end Net Asset Value unless otherwise noted.

Proper Expectations

“We’ve long felt that the only value of stock forecasters is to make fortune tellers look good. Even now, Charlie and I continue to believe that short-term market forecasts are poison and should be kept locked up in a safe place, away from children and also from grown-ups who behave in the market like children.”

—Warren Buffett

THE NEXT PRESIDENT, whether it’s Clinton or Trump, will preside over a bear market. That’s an expectation, *not* a prediction.

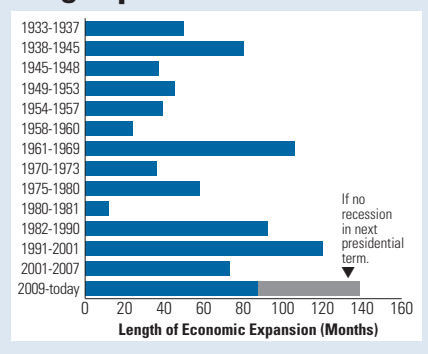
Dictionary.com defines an expectation as the act or state of looking forward. To make a prediction is to declare or tell in advance; prophesy; foretell.

For investors, there’s a subtle but important distinction between expectations and predictions. Expectations shape an investor’s mindset, establishing a baseline or range of outcomes for what might reasonably happen in the future. Predictions are usually specific, time-constrained forecasts that are generally issued with the understanding that they will be acted upon, but whose outcome may not be known until long after you could reasonably do anything about it.

Predictions or Expectations

Consider my opening statement—the next president will preside over a bear market. Why is that an expectation and not a prediction? We would all agree that this is within the realm of the possible, particularly given the fact that the current bull market is already in its eighth year. It is an investment scenario we should expect, or at least consider. But I have not been specific as to the catalyst for the next bear market, nor the severity or length of the downturn. I haven’t even been all that specific about the timing—saying something will happen sometime in the next four years isn’t all that helpful when it comes to trying to trade around it.

Could We Have a Record Long Expansion?



Not to belabor the point, but if you are still unclear on the difference between expectations and predictions, run a Google search on each word. All of the top search hits for “expectation” are websites offering various definitions of the word, while many of the top sites under “prediction” are related to betting on sports events. That seemingly symbiotic relationship with gambling should tell you something about predictions.

Silly Season

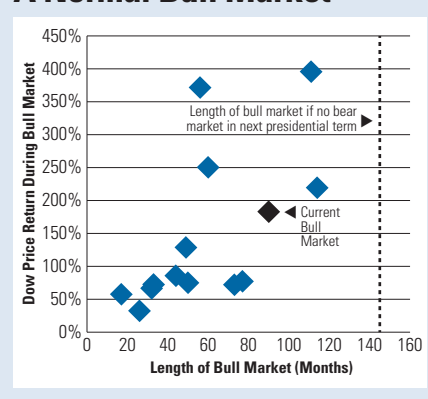
With the Presidential election looming, gold at a recent high, stocks becoming more volatile and, yes, the end of the year upon us, the pundits and their predictions are revving up.

Making wild predictions, whether it’s about politics, the weather or the investment markets, will get you clicks or three minutes of fame on TV, but it rarely provides meaningful or useful advice. So beware.

On the other hand, setting expectations isn’t as flashy as making bold predictions, but approaching the markets and building your portfolio based on reasonable and rational expectations is an often-overlooked key to investment success.

In short, expectations are about preparing for different outcomes, while a prediction is an attempt at guessing the outcome, which often leads investors to

A Normal Bull Market



time the markets. So without making predictions, what expectations should we have for the stock and bond markets and economy going into the end of 2016 and beyond?

First, and maybe most importantly, expect stocks to be the best way to grow your wealth and protect against inflation over the long run. Consider the last few decades: Since **Total Bond Market**’s inception nearly 30 years ago, the bond index fund has returned 498.7%, well ahead of **Prime Money Market**’s gain of 182.8% and inflation, up 117.5%. However, despite some massive bear markets over the period, you’d still have been much better off capturing stocks’ returns over those years. **500 Index**’s 1554.3% gain tells that tale.

Second, expect that owning stocks will not be easy, whether you’re looking to the end of the next month, year or decade—they will not advance in a smooth line. Since 1900, the Dow Jones Industrials Average has experienced a bear market—a decline of 20% or greater—once every five years, on average. Like the stock market, our economy doesn’t advance in a smooth line, either, and we’ve averaged a recession every six years since the end of World War II. Of course, those are just averages—neither stock markets nor the economy are so accommodating as to follow the calendar.

Where do we stand today? Despite what the headlines and political rhetoric may have you believe, the U.S. has been in a stock bull market as well as an economic expansion for about seven and a half years. The proof is in the charts on page 12. The first shows the length of each economic expansion (as defined by the National Bureau of Economic Research) since the Great Depression. The second chart plots each stock bull market with its duration on the x-axis and its price gains (I used the Dow) on the y-axis. Neither the current bull market (which began on March 9, 2009) nor the economic expansion (which started at the end of June 2009) is at an extreme. However, if we get through the next presidential term without a hiccup, the bull market and economic expansion will both have reached record lengths.

It is entirely possible we could set new records—there's no immutable law that we have to experience a stock bear market or recession each decade—but in terms of setting expectations, history suggests that regardless of who wins the presidential election next week, it would not be surprising to see a bear market as well as a recession occur under their watch.

As I said at the outset, I'm not predicting or forecasting a bear market. I'm just saying it is reasonable to expect one to occur at some point during the next presidential term. (Of course, there's always the possibility

that we could also see a bear market before the next president takes office in January!)

Stock returns are notoriously hard to predict, though that doesn't stop many from trying. When it comes to the bond market, it's a different story as a bond fund's yield is a decent predictor of its

It is entirely possible we could set new records—there's no immutable law that we have to experience a stock bear market or recession each decade.

future returns. (Dan and I will dig into this idea in detail in the coming months.) So, with Total Bond Market yielding just 1.88% today, the return prospects from bond funds aren't inspiring.

With all this being said, I don't have any predictions for you. But I do have two additional expectations I'd like to set: First, the next bear market likely won't be as bad as you fear. The past two bear markets have been particularly hard on investors—the bursting of the tech bubble saw 500 Index fall 44.8%, taking 50 months to recover that loss, and in the credit crisis the index fund slid 51.0% and took 42 months to recover to prior highs. It is natural to look at the recent past and to expect the next bear market to match those declines, but the fact is that most bear markets don't turn into crashes. Of the 12 bear markets (defined as a 20% or greater decline) experienced over the past six decades,

the median drawdown was 25.8%, and only three saw the 20% decline turn into a drop of 33% or greater.

Also, just because I expect a bear market down the road, don't expect me to recommend drastic portfolio changes, such as selling out of stocks and hiding in cash. Why not? First, I don't

know when the bear market will happen or what will be the cause of it (though there are any number of pundits who are currently guaranteeing a bear market next month, next quarter or next year). Second, once we do encounter a bear market, I also expect we'll recover any losses suffered and go on to reach new, higher ground—but, again, the timing of and catalyst for those eventualities are unknowable.

And finally, if my expectations are too low, and we avoid a bear market, well, I'll be pleasantly surprised and doubly glad I committed to spending time in the markets rather than trying to time them.

Any way the future plays out, having the proper expectations, rather than basing your portfolio strategy on predictions, will make it easier to handle the inevitable ebbs and flows of the markets. ■

SEASONALITY

Tech Winter: A Cold Wind Blows

WINTER WAS GOOD to tech investors for a couple of years, but last year we got frozen out as *Tech Winter* was a bust.

Most of the time, the November-to-February period I refer to as *Tech Winter* is a four-month market season when tech stocks shine and active managers with large tech holdings shine even brighter. Then there are periods like the last one, when tech was in the tank.

From the end of October 2015 through the end of February 2016, the MSCI Information Technology index fell 8.1% versus **500 Index's** 6.4% decline. **Information Technology ETF** dropped 8.3%. Among the sector funds, only **Financials ETF** and **Energy ETF** fell further, down 11.2% and 16.6% respectively.

Managed funds with large tech holdings didn't hold up their end of the

bargain, either. **PRIMECAP** fell 7.7%, **Growth Index** was off 8.5%, **Morgan Growth** dropped 8.9% and both **Capital Opportunity** and **Explorer** declined 10.1%, for example.

Of the four Fidelity sector funds that cover the tech industry, only *Fidelity Select Electronics* was able to outpace the market, dropping 5.8%. Fidelity's computers, software and broad technology funds all fell further than the >

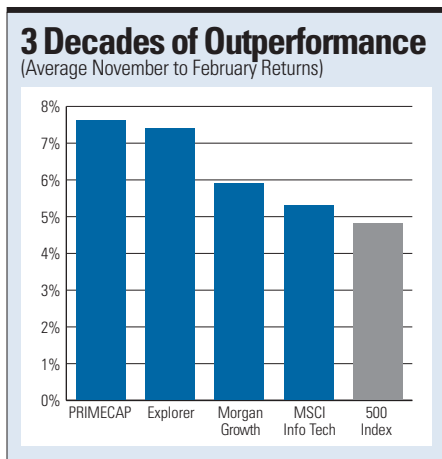
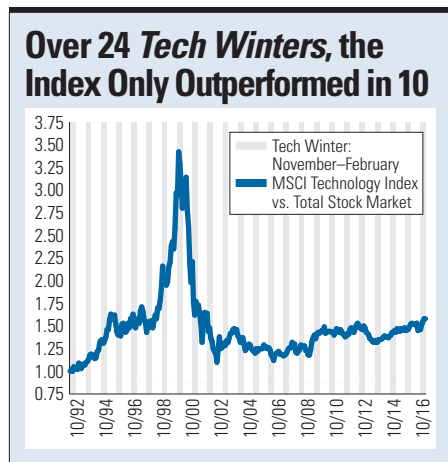
➤ market. I'd call that a big loss for the active-management camp.

The fact that tech-heavy funds didn't even match, much less beat the stock market during last year's *Tech Winter* doesn't mean it's a strategy you should ignore.

I think the evidence is pretty strong that good tech managers can (and do) outperform. But, of course, there are periods when *Tech Winter* freezes up completely, just like last year. As a chill swept through the tech sector during the November 1, 2000 to February 28, 2001 period, for instance, Fidelity's sector funds faced losses ranging from *Select Software's* 33.2% decline to the 45.2% loss for *Select Computers*, compared to a 12.9% drop for the S&P 500. As has been said many times, there's no free lunch and no guarantees when it comes to the stock market.

But if you're betting on *Tech Winter*, I wouldn't necessarily go for Vanguard's tech index fund or its ETF twin. Passive investment strategies tied to technology don't always show their best sides during the seasonally strong *Tech Winter*, even though it's the stocks of companies involved directly in the digital revolution which typically exhibit good relative strength. Based on the record, it pays to go active.

When you look back over 24 different *Tech Winter* periods (the data for MSCI's tech index, the bogey for Information Technology ETF, only goes back that far), it has not paid to be a tech-only indexing investor—Vanguard funds with heavy allocations to tech have consistently outperformed the



market, while Information Technology ETF has not. It may be hard to see in the chart below, but the tech index has nicely outperformed the market over the full 24-year period (by better than two percentage points per annum), despite the calamity of the bursting of the tech bubble in 2000. Still, its record during the four-month *Tech Winter* is not consistent.

Though pronounced prior to the tech bubble, the index's market-beating

years past, I'm loath to make trades to reallocate for the months ahead. Still, it's worth keeping your eye on this seasonal tech ball, since, relative to the overall market, technology can have an outsized impact on our returns.

As always, I want to give you the history of the *Tech Winter* phenomenon. But before I get into the nitty-gritty of the numbers, let's talk a bit about what this *Tech Winter* thing is and why it occurs. Let me start by saying that I take full responsibility for coining the term "Tech Winter" to refer to the four-month period between the end of October and the end of February. I know you won't find it listed on *Wikipedia*, and a quick Google search suggests that others have either ignored or missed the phenomenon completely.

So, you may ask why tech stocks are historically hot during these coolest of months. While it may seem strange that tech stocks follow a seasonal pattern, there are actually a number of factors I've found that can explain the outperformance.

If you're betting on Tech Winter, I wouldn't necessarily go for Vanguard's tech index fund or its ETF twin. Passive investment strategies tied to technology don't always show their best sides.

ways during *Tech Winter* haven't held a candle to the performance posted by some of the active managers running typically tech-heavy Vanguard funds.

Modeling Tech

Does this mean Jeff and I want to bulk up some funds in the *Model Portfolios*? Well, we don't really have to. We have plenty of handpicked technology stocks in our portfolios already. Between Capital Opportunity, **Dividend Growth** and the mid-cap index funds in the *Growth Model Portfolio*, for example, we have fractionally more than **Total Stock Market Index's** 16.5% weight in tech—but don't forget that these are well-chosen tech companies, not the broader collection found in an index. So, as in

The first has to do with fourth-quarter spending by corporations. Information technology managers (the guys and gals who tend to your in-house desktop and myriad other corporate computing functions) usually hold back some of the money in their budgets during the course of the year in case of a late emergency, or to spend on some technological innovation or product that becomes necessary for the company to stay competitive as the year progresses. A company, for instance, may take months to decide that yes, they do want salespeople to carry the newest iPad, or that a new cyber-security system must be put in place, but when the decision is made, the buying must begin immediately, or someone's head goes on the block.

As the calendar draws closer and closer to year-end, there may be unspent money that needs to be used. Why? Because the tech managers know that next year, come budget allocation time, if they have something left over from the previous year, they're likely to see those budgets cut. They don't want that, so they spend liberally in the year's final months, upgrading a server here or an office full of smartphones there. Also, this year in particular, the presidential campaign has made many companies nervous, and spending may have been dialed back a bit until after November 8, though in all honesty, over the past several election cycles there is no discernible pattern for *Tech Winter* underperformance or outperformance.

Finally, corporate spending also has tax implications for companies that want to cut down on what they owe the government. Whatever the rationale, this spending surge, referred to by its practitioners as a "budget flush," is often noticed in the markets. And the tech stocks that are expected to benefit from this seasonal year-end spending begin rising on expectations of increased earnings in the coming year. Whether, in fact, this flush will occur is always a question mark. And by the time the question has been answered, stock prices usually already reflect that—so you want a manager who knows how to get ahead of that move on your team.

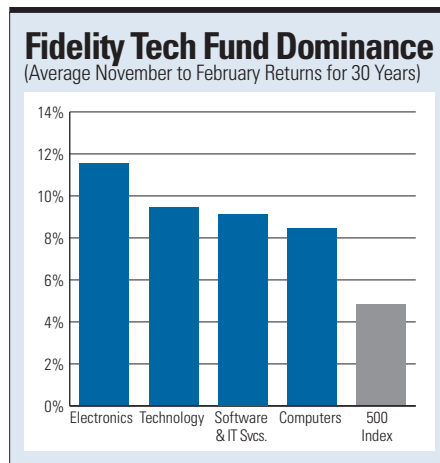
A second and wholly separate factor is Europe. European purchasers have in the past accounted for a significant percentage of U.S. technology orders. It's typically the fourth quarter when they do a lot of buying. In most years, this occurs because of the longer summer vacations European companies give their workers, during which time orders slack off. When workers return, orders begin rising in the fall and through the winter, often hitting a peak in the last few months of the year. Now, given that the EU appears to be on the mend, the European factor could play a bigger part in a tech spurt.

However, let's add in one more catalyst that has typically helped tech stocks late in the year: Discounting. Hardware companies, beginning to retool for new product launches, start offering dis-

counts on existing inventory to speed sales. These discounts allow corporate purchasers looking for proven technology to buy the cheap, well-tested products still sitting on manufacturers' shelves.

The net effect is that technology companies begin to see increased demand, and tech stocks rally in advance of earnings news. *Tech Winter* draws to a close after the start of the new year, when technology companies restock their inventories and a new purchasing cycle commences. As this happens, tech stocks don't necessarily underperform the stock market as a whole, but they do become less predictable in their movements, not following the pattern commonly seen between November and February.

As you know, Vanguard's only tech funds are Information Technology Index and its ETF sibling. But over at Fidelity, where active managers run a



host of tech-oriented funds, the evidence that a smart tech investor can do well during the four months of *Tech Winter* is pretty compelling. Take a look at the chart above showing the average four-month returns for a number of tech-related Fidelity funds. (Jim >

EXPECTATIONS

Law of Small Numbers

I'M GOING TO CALL THIS the "law of small numbers" because, indeed, when yields get tiny, some funny things begin to happen. Take **Ultra-Short-Term Bond**, one of the newest of Vanguard's bond funds, which I think of as a money market alternative, even though Vanguard says it isn't.

The fund's maturity is ultra-short, as the name implies, and comes in two flavors, the Investor shares, with a \$3,000 minimum and a 0.20% expense ratio, and the Admiral shares, for which you need \$50,000 to gain access to a cheaper 0.12% expense ratio.

Now, when you're talking about ultra-short bond funds, I'm sure you realize that every penny, and even every fraction of a penny, counts. Saving 8 basis points on your expense ratio should mean you earn more money, right? Indeed, over the year ending in September, Admiral investors did a bit better than that, with a total return of 1.16% versus 1.01%, which means they actually earned 15 basis points more.

But the route to this advantage is a rocky one. On a monthly basis, the Admiral shares outperform the Investor shares only 58% of the time. Yup, there was even one month early in the fund's life when the Investor shares showed a positive return while the Admiral shares posted a loss. How could that be? Pennies.

Because the Investor shares began life at a \$10 net asset value while the Admiral shares started at \$20, the Admiral shares have more increments in which to move up and down on a daily basis. Through the end of October, there have been 166 days when the Investor shares showed no change in price, but there've only been 145 days when the Admiral shares didn't move. And, depending on whether they moved or didn't at month-end, when performance is tallied and interest is reinvested, well, it's the law of small numbers.

I think Ultra-Short-Term Bond is a great money fund alternative, with a fully taxable SEC yield of 1.02%, which is 41 basis points higher than, say, **Prime Money Market's**. But understand that if you take a short-term view, you may not always like what you see when you buy the Admiral shares. And frankly, you may still be better off using a tax-exempt money fund. At month's end, the taxable-equivalent yield on **Tax-Exempt Money Market** came to 0.99%. Not bad for a fund with absolutely no movement in its price.

Analyze This



When I started this newsletter in 1991, I had to thumb through paper SEC filings and copy fund data by hand. But now, thanks to advances in technology and the efforts of our team at InvestorPlace, Jeff and I are able to bring you an unprecedented research tool for Vanguard investors: **The Independent Vanguard Fund Analyzer**.

The Fund Analyzer takes everything you know from our monthly newsletter and annual guidebook to a whole new level. Like our guidebook, it contains comprehensive data on every Vanguard fund we track. And like our newsletter, it's updated every month. (Some data is even updated daily.)

But unlike either, it gives you direct access to a suite of online, interactive charts, tables, and other analytical tools created directly from our in-house database—and it's designed to work with any computer or mobile device you own. It's like being right there in our office with us, as your own independent fund analyst on our research team, with our proprietary risk and return statistics like rolling returns, relative returns, Maximum Cumulative Loss (MCL), and many more at your fingertips.

And the best part is, you can get the Fund Analyzer for only \$199 a year. For details on how you can try it risk-free for 60 days, visit www.thefundanalyzer.com/JoinNow or call 800/211-7641 and mention code **MT9207**.

> Lowell, editor of *Fidelity Investor*, www.FidelityInvestor.com, supplied me with this information.)

And remember what I said at the start: The MSCI Information Technology index, upon which Vanguard has based its Information Technology Index fund and ETF, has only a bit better than a 40% record of beating the stock market over the four-month *Tech Winter* period. True to form, over the past 10 *Tech Winters*, the technology index has outperformed just four times. So it's not a sure thing, but giving active managers a hand in making technology stock choices increases the odds in your favor.

Weighing the Options

Whenever I speak about this phenomenon, I always say that I don't recommend investors make major portfolio or investment decisions based upon short-term trends, such as those we see during *Tech Winter*.

Should you want to both own great funds run by great managers, and try to make a bet on a good tech season, my favorite choices remain the PRIMECAP Management-run funds: **Capital Opportunity**, **PRIMECAP** and **PRIMECAP Core**. The funds' technology weights stood at 34.0%, 36.8%

and 30.1%, respectively, at quarter-end. Obviously, with all of these funds closed to new investors, I recommend you get yourself some shares in *PRIMECAP Odyssey Growth* (POGRX) before it closes as well.

Would I bet on other tech-heavy active funds in the Vanguard firmament? Nope. Despite heavy tech holdings ranging from 26.2% to 38.5% of assets at Explorer, Morgan Growth and **U.S. Growth**, their multimanager amalgams don't make them particularly attractive over the long haul. (Though as I said last year, the newest management iteration at U.S. Growth seems to be working.) They may outperform during *Tech Winter*, but who'd want to own them for longer than that?

My goal this *Tech Winter* remains consistent with my philosophy as a long-term investor: To stick with the disciplined strategy for long-term growth that I employ in my *Model Portfolios* and take any short-term gains or losses in stride. We can't count on a predictable gain every winter, but we can count on solid management and proven results, which is why I like the PRIMECAP-run options. And if we get a bit of a tailwind over the next four months, then all the better for us. For you traders, have a ball! ■

DO-IT-NOW ACTION RECOMMENDATIONS

- ✓ Mid-sized stocks outperform their smaller and larger brethren. If you don't own them, **Capital Opportunity** or the S&P-based ETFs are your best bets. (See page 1)
- ✓ Distribution season is upon us and funds like **Health Care** and **Long-Term Treasury** are among those with the largest realized gains at the moment. You may not want to add to them in taxable accounts. (See page 3)
- ✓ Make sure you have a decent weighting of tech stocks in your portfolio to take advantage of *Tech Winter*, the seasonal bull market that begins now. (See page 13)



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