

Waiting for Clarity

by Walter S. Frank, Chief Investment Officer

U.S. stock markets continued their 2014 up-and-down pattern during the month of April, and stocks are unlikely to move much higher without some help from the economy. It appears the market is confused as we go to press, and it doesn't know where to go. Without something to kick the economy into a higher gear, the most we can expect to see are small short-term gains, but nothing sustained. This market is not fully valued now, as we see it, but it is fairly valued.

Several recent economic reports have come in above expectations, but have not provided convincing evidence that the economy has broken through its slow-growth pattern. With the frigid winter weather not completely thawed out of the numbers, it has been hard to get a true reading on activity. Winter weather references will dwindle with the April and May reports, and the economic picture for the last 6-7 months of the year will become clearer before long.

The economy

The winter weather had a strong influence on the Bureau of Economic Analysis' advance estimate of 1st Quarter GDP, which was referred to in many articles as "glacial." The 0.1% annualized growth rate fell short of the street's anticipated rate of 1.1%, and was well off last quarter's rate of 2.6%. This should come as no surprise to MONEYLETTER readers, as we have constantly been referring to the negative effects of the weather and the probable "bounce back" which is now underway.

Gross Domestic Product

| | | 2014 | |
|------|------|------|-------|
| | | 1Q: | +0.1% |
| 2013 | | 2012 | |
| 4Q: | +2.6 | 4Q: | +0.1 |
| 3Q: | +4.1 | 3Q: | +2.8 |
| 2Q: | +2.5 | 2Q: | +1.2 |
| 1Q: | +1.1 | 1Q: | +3.7 |

Source: U.S. Commerce Department

Weak exports and inventory adjustments were the big drags on GDP for the first three months of this year, but more recently the numbers point to an economy that is finally enjoying some spring warmth. Durable goods orders—those for items meant to last three years or more—rose 2.6% in March. An important subset of this report which we have referred to often, non-defense capital goods excluding aircraft (core capital goods), were up 2.2% after falling 1.1% in February. Consumer confidence remained strong in April, near its 6-year high. Even housing provided a positive data point, with pending home sales rising in March for the first time in nine months. Housing numbers have been dis-

appointing to most market watchers, and stronger pending home sales hint at momentum for the spring buying season.

Last Friday's employment report was very strong, but it created as many questions as it answered. For example, there was a large jump in employment (288,000 jobs), the most in two years. On the surface, that is great news. But underneath, the labor participation rate declined by 806,000, wiping out almost two-thirds of the gains we had seen in the first quarter. Elsewhere in the report, there was no increase in wages, again with strong hiring.

We alerted subscribers that the April report would include some catch up after the winter's soft numbers. Next month's report will give us a better reading of the actual state of the economy. Still, at the very least, the April employment report is an indication that the economy has retained its momentum despite the winter freeze.

Overseas, things are relatively steady. Concerns over China continued as manufacturing data remained sluggish, but slightly improved in April. Not surprisingly, the emerging markets gyrated in April, but are up about 8.4% since mid-March. One economy has really caught our eye recently—Great Britain. The British economy grew at an annualized rate of more than 3% in the 1st Quarter while the U.S., continental Europe and Japan struggled.

The Fed and interest rates

The Fed statement after their meeting on April 29-30 was reassuring. It is clear that, as fans of an improving economy, the Fed is on our side. They will continue to do what they can to keep the U.S. economy moving in the right direction.

While most of the statement can be considered "boilerplate," the language regarding the fed funds rate is particularly important. The Fed expects the target rate to remain at 0 to ¼ percent, and "the Committee continues to anticipate...that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends." As part of our longer-term outlook, it appears we can count on the Fed to maintain its accommodative policy for a long time.

One further observation regarding interest rates: We saw an interesting piece by Bill Gross, PIMCO's bond market guru. In his latest commentary, Gross speculates that we may be facing a "new normal" world of slower growth and lower interest rates. "If future cash returns are 2% (our belief) instead of 4%, then other assets such as stocks and real estate must be assumed to be more fairly priced as well. Current fears of asset bubbles would be unfounded," said Gross. A result of this new normal, if he is correct, would be lower overall returns across asset classes according to Gross. To bring this analysis to today's markets, if Gross' view is indeed true, U.S. (and world) stock markets are currently undervalued.

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Our portfolios, looking ahead

Subscribers who have followed our Hotlines in April have seen the rotation from growth to value-oriented funds in our domestic list. Small caps, biotech and high-beta technology stocks have been victims of profit taking and have underperformed, with the large cap value funds filling the void. We have made a conscious decision not to turn over our model portfolios entirely; rather we've used this rotation as an opportunity to balance our models with growth and value.

Overall, we view the current economic situation as positive. We expect the market to wiggle some in the short-term as it waits for new data, but that the slowly improving economy will carry over to the markets. For the second half of 2014 we expect modest gains at a minimum, and if there is a surprise it is likely to be to the upside.

Digging Deeper into ETFs

One of the fastest growing segments of the fund world has been the explosion in assets and number of Exchange Traded Funds (ETFs). ETFs are not new to *MONEYLETTER* readers; we integrated them into our fund lists and model portfolios in 2006. Since then we have been astonished by the incredible growth of the ETF universe, not only in size but also in the range of investment choices. Name what you would like to invest in, and the odds are there is an ETF that covers your need. The creators of ETFs have been ingenious in slicing and dicing the investment universe.

ETFs—the basics

Before we go further, even though many of you are very familiar with ETFs, we think it is useful to review some details. Simply put, Exchange Traded Funds are certificates of ownership over a portion of a basket of stocks. An institutional investment firm such as Vanguard, iShares (distributed by Black Rock), or PowerShares (part of Invesco) typically manages the ETF's stocks, and in most cases the basket is designed to track a particular market index or niche. Also involved are a "market maker" who actually assembles the basket of stocks, and a custodial bank which holds the stocks in the fund's account.

Although ETFs fall under many of the same SEC rules that traditional mutual funds do, there are significant differences. For example, traditional mutual funds take orders for purchase and sale during the day, and the trades are actually executed after the close of the market. The Net Asset Value of the fund is thus calculated based on the closing prices of the securities owned at the end of the trading day.

With an ETF, you can trade any time during the day and receive a quote immediately, just like an individual stock. This is important for active investors looking for a way to respond to inter- and intra-day volatility. Shares of ETFs may be purchased and sold on a stock exchange such as the New York Stock Exchange or NASDAQ (with the associated brokerage fee/commission) at any time. Of course, using a discount broker can reduce transaction costs.

ETFs have low expense ratios and, due to their construction, offer attractive tax benefits versus traditional

mutual funds.

From institutions to you

As we mentioned earlier, ETFs are the growth story of the investment world. Originally designed to provide liquidity for institutional investors, they became available to individual investors in 1993 with the launching of SPDR S&P 500 (ticker: SPY). Look at the table below to get a feel for that explosive growth:

ETF Growth in 20 Years

| | | |
|------|-----------------------|-----------------|
| 1993 | SPDR S&P 500 launched | |
| 2003 | 119 funds | \$151 Billion |
| 2013 | 1,500+ funds | \$1.7+ Trillion |

Source: Investment Company Institute; ETF.com

ETF.com estimates ETF assets will hit \$15.5 Trillion in the next 10 years, eclipsing the assets of traditional mutual funds.

Tips for trading

Since ETFs trade like stocks and their prices move during the course of any trading day, there are some precautions an investor should take to avoid a negative surprise. Here are five common tips for controlling results of your ETF trading:

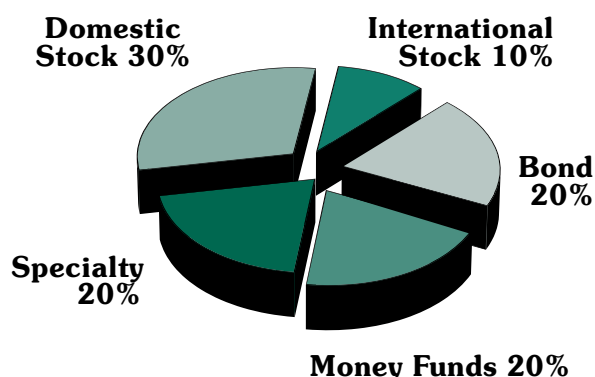
1. **Limit Orders.** This is very important. You should place a "limit order" instead of a "market order" to ensure your order will be filled at the best possible price. Unless you absolutely have to trade a fund—without regard for the price—a limit order removes most of the price risk associated with a market order.
2. **Stop-Loss.** This allows you to place an automatic sell order at a predetermined price, providing downside protection. A trailing stop-loss follows the ETF's price as it advances.
3. **Trading Volume.** Although the liquidity of the underlying securities is considered "primary market liquidity," the average daily volume of an ETF is known as "secondary market liquidity." High trading volume means that a reasonably-sized limit order will be filled quickly and the bid-asked spread will be narrow.
4. **Open Markets.** Trading an ETF invested in European securities? Try to execute the trade early in the day when the underlying market(s) are open to avoid uncertainty.
5. **Watch the Clock.** ETFs are typically more volatile in the first 30 minutes and last 30 minutes of the trading day. Beware.

The Select ETF Model

Those of you who receive our companion newsletter—*MONEYLETTER* Plus—are already familiar with the Select ETF Model Portfolio. This portfolio is targeted to active investors who watch the market closely and are willing to trade aggressively to take advantage of opportunities. The ML Plus Select ETF Portfolio is not an asset allocation portfolio like the nine that are tracked in *MONEYLETTER*; rather, it is a fund upgrading

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The Conservative Model Portfolios seek steady long-term growth of capital with limited short-term volatility



New Advice

| Hotline 4/9 | Sell | Buy |
|-----------------------|---|--|
| Fidelity Conservative | Fidelity NASDAQ Comp Index Tracking ONEQ 118 shares @ \$159.60 | Fidelity Value Discovery FVDFX 851 shares @ \$22.18 |
| Vanguard Conservative | Vanguard Explorer VEXPX 255 @ \$99.90 | Vanguard Mid Cap Value Index VMVIX 799 @ \$31.87 |
| Hotline 4/16 | Sell | Buy |
| Fidelity Conservative | Fidelity Int'l Small Cap FISMX 636 @ \$26.61 | Fidelity Europe FIEUX 429 @ \$39.50 |

MONEYLETTER

| Fund Name | Ticker Symbol | Purchase Date | Shares | NAV | Value | Portfolio Percent | Monthly Return |
|--|---------------|---------------|--------|--------|------------------|-------------------|----------------|
| Schwab Investor MF | SWRXX | — | 45,054 | \$1.00 | \$45,054 | 19% | 0.0% |
| Guggenheim S&P 500 Pure Value | RPV | 11/23/12 | 672 | 52.25 | 35,093 | 15% | 1.7% |
| Turner Midcap Growth | TMGFX | 03/20/14 | 1,027 | 36.28 | 37,251 | 16% | -4.5% |
| Oakmark Global | OAKGX | 10/10/13 | 786 | 30.62 | 24,058 | 10% | -0.1% |
| Eaton Vance Floating Rate | EVBLX | 04/04/13 | 4,510 | 9.43 | 42,532 | 18% | -0.2% |
| Berwyn Income | BERIX | 12/13/13 | 1,484 | 14.37 | 21,328 | 9% | 1.0% |
| Fidelity Balanced | FBALX | 04/24/08 | 1,125 | 23.09 | 25,969 | 11% | -0.1% |
| TOTAL (as of 04/30/14) | | | | | \$231,285 | | -0.5% |
| 2014 YTD Performance (as of 04/30/14): 1.5% | | | | | | | |

2004: 1.4% 2005: 7.6% 2006: 8.6% 2007: 12.6% 2008: -29.7% 2009: 23.3% 2010: 14.5% 2011: 0.1% 2012: 7.9% 2013: 20.2%

Fidelity

| | | | | | | | |
|--|-------|----------|--------|--------|------------------|-----|--------------|
| Fidelity Cash Reserves | FDRXX | — | 34,631 | \$1.00 | \$34,631 | 19% | 0.0% |
| Fidelity Growth Discovery | FDSVX | 09/19/13 | 861 | 21.53 | 18,530 | 10% | -2.5% |
| Fidelity OTC Portfolio | FOCPX | 06/13/13 | 264 | 76.04 | 20,070 | 11% | -4.7% |
| Fidelity Value Discovery | FVDFX | 04/14/14 | 851 | 22.70 | 19,316 | 11% | 0.6% |
| Fidelity Europe | FIEUX | 04/17/14 | 429 | 40.28 | 17,268 | 9% | 1.6% |
| Fidelity Floating Rate High Inc | FFRHX | 04/04/13 | 3,366 | 9.95 | 33,487 | 18% | 0.1% |
| Fidelity Puritan | FPURX | 12/13/13 | 789 | 21.53 | 16,988 | 9% | -0.4% |
| Fidelity Balanced | FBALX | 11/27/02 | 1,012 | 23.09 | 23,370 | 13% | -0.1% |
| TOTAL (as of 04/30/14) | | | | | \$183,660 | | -0.8% |
| 2014 YTD Performance (as of 04/30/14): 0.7% | | | | | | | |

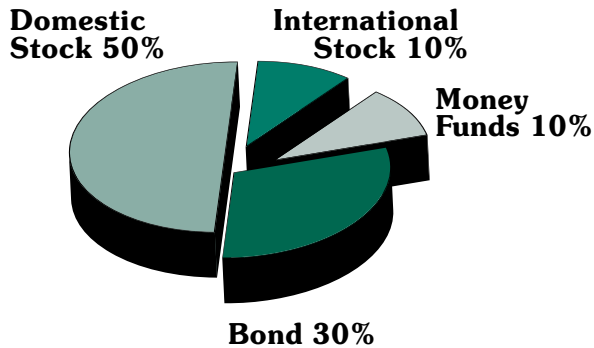
2004: 10.6% 2005: 8.0% 2006: 10.1% 2007: 13.3% 2008: -28.8% 2009: 24.6% 2010: 9.9% 2011: -1.3% 2012: 11.1% 2013: 16.7%

Vanguard

| | | | | | | | |
|--|-------|----------|--------|--------|------------------|-----|--------------|
| Vanguard Prime MMF/Inv | VMMXX | — | 32,978 | \$1.00 | \$32,978 | 18% | 0.0% |
| Vanguard Mid-Cap Value | VMVIX | 04/10/14 | 799 | 32.71 | 26,150 | 15% | 0.4% |
| Vanguard Strategic Equity | VSEQX | 12/13/12 | 615 | 31.10 | 19,125 | 11% | -0.9% |
| Vanguard U.S. Growth | VWUSX | 02/13/14 | 725 | 28.60 | 20,732 | 12% | -1.0% |
| Vanguard Intl Growth | VWIGX | 07/30/09 | 779 | 23.25 | 18,112 | 10% | 0.4% |
| Vanguard S-T Investment Grade | VFSTX | 12/13/13 | 2,563 | 10.75 | 27,550 | 15% | 0.4% |
| Vanguard Wellington | VWELX | 12/13/13 | 365 | 39.01 | 14,242 | 8% | 1.1% |
| Vanguard Balanced Index | VBINX | 11/27/02 | 735 | 28.03 | 20,606 | 11% | 0.4% |
| TOTAL (as of 04/30/14) | | | | | \$179,495 | | -0.2% |
| 2014 YTD Performance (as of 04/30/14): 1.2% | | | | | | | |

2004: 10.7% 2005: 5.2% 2006: 10.0% 2007: 9.1% 2008: -23.2% 2009: 15.8% 2010: 13.8% 2011: 1.3% 2012: 6.4% 2013: 18.0%

The Moderate Model Portfolios seek greater long-term growth than the Conservative Portfolio by taking prudent risks



New Advice

| Hotline 4/9 | Sell | Buy |
|-------------------|---|--|
| Fidelity Moderate | Fidelity NASDAQ Comp Index Tracking ONEQ 177 shares @ \$159.60 | Fidelity Value Discovery FVDFX 1,273 shares @ \$22.18 |
| | Fidelity Focused Stock FTQGX 1,994 @ \$19.16 | Fidelity Independence FDFFX 1,043 @ \$36.64 |
| Vanguard Moderate | Vanguard Explorer VEXPX 327 @ \$99.90 | Vanguard Mid Cap Value Index VMVIX 1,025 @ \$31.87 |
| Hotline 4/16 | Sell | Buy |
| Fidelity Moderate | Fidelity Int'l Small Cap FISMX 1,291 @ \$26.61 | Fidelity Europe FIEUX 870 @ \$39.50 |

MONEYLETTER

| Fund Name | Ticker Symbol | Purchase Date | Shares | NAV | Value | Portfolio Percent | Monthly Return |
|--|---------------|---------------|--------|--------|------------------|-------------------|----------------|
| Schwab Investor MMF | SWRXX | — | 21,124 | \$1.00 | \$21,124 | 8% | 0.0% |
| Baron Partners Retail | BPTRX | 12/19/13 | 1,336 | 34.66 | 46,304 | 17% | -1.3% |
| Turner Midcap Growth | TMGFX | 03/20/14 | 717 | 36.28 | 26,015 | 9% | -4.5% |
| Bogle Small Cap Growth | BOGLX | 01/28/13 | 1,049 | 34.35 | 36,037 | 13% | -2.5% |
| Hodges Fund | HDPMX | 10/24/13 | 768 | 37.08 | 28,465 | 10% | -1.5% |
| WisdomTree Europe SC Dividend | DFE | 10/17/13 | 691 | 62.44 | 43,151 | 15% | -0.1% |
| Loomis Sayles Bond Retail | LSBRX | 03/17/04 | 1,678 | 15.52 | 26,041 | 9% | 1.1% |
| Eaton Vance Floating Rate | EVBLX | 08/29/13 | 2,651 | 9.43 | 24,996 | 9% | -0.2% |
| Fidelity Floating Rate High Inc | FFRHX | 07/15/10 | 2,832 | 9.95 | 28,177 | 10% | 0.1% |
| TOTAL (as of 04/30/14) | | | | | \$280,310 | | -1.1% |
| 2014 YTD Performance (as of 04/30/14): 2.7% | | | | | | | |
| 2004:16.3% 2005:11.0% 2006:15.7% 2007:23.2% 2008:-35.7% 2009:30.2% 2010:19.4% 2011:-5.8% 2012:10.0% 2013:21.8% | | | | | | | |

Fidelity

| | | | | | | | |
|--|-------|----------|--------|--------|------------------|-----|--------------|
| Fidelity Cash Reserves | FDRXX | — | 19,734 | \$1.00 | \$19,734 | 7% | 0.0% |
| Fidelity Value Discovery | FVDFX | 04/14/14 | 1,273 | 22.70 | 28,891 | 11% | 0.6% |
| Fidelity Independence | FDFFX | 04/10/14 | 1,043 | 37.34 | 38,931 | 14% | -1.9% |
| Fidelity Growth Discovery | FDSVX | 09/19/13 | 2,241 | 21.53 | 48,252 | 18% | -2.5% |
| Fidelity OTC Portfolio | FDCPX | 10/24/13 | 341 | 76.04 | 25,898 | 9% | -4.7% |
| Fidelity Europe | FIEUX | 04/17/14 | 870 | 40.28 | 35,032 | 13% | 1.6% |
| Fidelity Strategic Income | FSICX | 03/17/04 | 2,219 | 11.11 | 24,652 | 9% | 1.0% |
| Fidelity Floating Rate High Inc | FFRHX | 07/15/10 | 5,153 | 9.95 | 51,276 | 19% | 0.1% |
| TOTAL (as of 04/30/14) | | | | | \$272,666 | | -1.1% |
| 2014 YTD Performance (as of 04/30/14): 0.6% | | | | | | | |
| 2004:13.3% 2005:16.6% 2006:10.5% 2007:22.1% 2008:-30.4% 2009:32.3% 2010:17.0% 2011:-5.0% 2012:12.7% 2013:19.2% | | | | | | | |

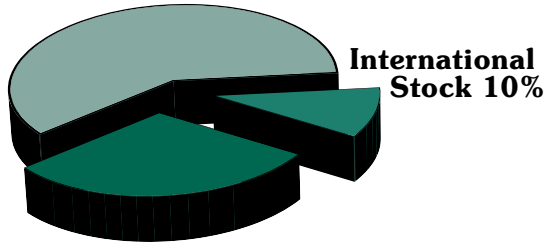
Vanguard

| | | | | | | | |
|--|-------|----------|--------|--------|------------------|-----|--------------|
| Vanguard Prime MMF/Inv | VMMXX | — | 20,608 | \$1.00 | \$20,608 | 9% | 0.0% |
| Vanguard Strategic Equity | VSEQX | 12/13/12 | 763 | 31.10 | 23,727 | 11% | -0.9% |
| Vanguard U.S. Growth | VWUSX | 02/13/14 | 1,275 | 28.60 | 36,472 | 16% | -1.0% |
| Vanguard Mid-Cap Value | VMVIX | 04/10/14 | 1,025 | 32.71 | 33,527 | 15% | 0.4% |
| Vanguard Capital Value | VCVLX | 10/24/13 | 1,470 | 15.07 | 22,159 | 10% | -0.5% |
| Vanguard International Explorer | VINEX | 08/01/13 | 1,047 | 19.11 | 20,012 | 9% | -0.6% |
| Vanguard S-T Investment Grade | VFSTX | 12/13/13 | 2,401 | 10.75 | 25,807 | 12% | 0.4% |
| Vanguard S-T Bond Index | VBISX | 07/15/10 | 3,843 | 10.52 | 40,425 | 18% | 0.3% |
| TOTAL (as of 04/30/14) | | | | | \$222,737 | | -0.5% |
| 2014 YTD Performance (as of 04/30/14): 1.7% | | | | | | | |

2004:12.3% 2005:9.9% 2006:11.0% 2007:12.2% 2008:-31.5% 2009:27.5% 2010:15.6% 2011:-1.1% 2012:10.9% 2013:21.3%

The Venturesome Model Portfolios seek maximum long-term growth by accepting greater short-term volatility

Domestic Stock 60%



Money Funds 30%

International Stock 10%

New Advice

| Hotline 4/9 | Sell | Buy |
|----------------------|--|---|
| ML Venturesome | Wm Blair Small Cap Growth N WBSNX 861 shares @ \$29.19 | Oakmark Select OAKLX 609 shares @ \$41.26 |
| Fidelity Venturesome | Fidelity NASDAQ Comp Index Tracking ONEQ 176 @ \$159.60 | Fidelity Value Discovery FVDFX 1,270 @ \$22.18 |
| | Fidelity Focused Stock FTQGX 1,558 @ \$19.16 | Fidelity Large Cap Stock FLCSX 1,096 @ \$27.23 |
| Vanguard Venturesome | Vanguard Small Cap Growth Index VISGX 921 @ \$33.52 | Vanguard U.S. Value VUVLX 1,934 @ \$15.96 |

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| Fund Name | Ticker Symbol | Purchase Date | Shares | NAV | Value | Portfolio Percent | Monthly Return |
|-------------------------------|---------------|---------------|--------|--------|------------------|-------------------|----------------|
| Schwab Investor MF | SWRXX | — | 75,883 | \$1.00 | \$75,883 | 27% | 0.0% |
| Vanguard Capital Value | VCVLX | 01/31/13 | 1,672 | 15.07 | 25,198 | 9% | -0.5% |
| Guggenheim S&P 500 Pure Value | RPV | 12/13/12 | 671 | 52.25 | 35,040 | 12% | 1.7% |
| Baron Partners Retail | BPTRX | 04/04/13 | 965 | 34.66 | 33,459 | 12% | -1.3% |
| Turner Midcap Growth | TMGFX | 03/20/14 | 671 | 36.28 | 24,333 | 9% | -4.5% |
| Hodges Fund | HDPMX | 10/24/13 | 738 | 37.08 | 27,371 | 10% | -1.5% |
| Oakmark Select | OAKLX | 04/10/14 | 609 | 41.83 | 25,484 | 9% | -0.4% |
| WisdomTree Europe SC Dividend | DFE | 10/17/13 | 546 | 62.44 | 34,083 | 12% | -0.1% |
| TOTAL (as of 04/30/14) | | | | | \$280,851 | | -0.8% |

2014 YTD Performance (as of 04/30/14): 3.2%

2004: 13.4% 2005: 17.8% 2006: 17.0% 2007: 25.6% 2008: -36.3% 2009: 31.0% 2010: 15.7% 2011: -10.3% 2012: 9.7% 2013: 32.0%

Fidelity

| | | | | | | | |
|-------------------------------|-------|----------|--------|--------|------------------|-----|--------------|
| Fidelity Cash Reserves | FDRXX | — | 88,335 | \$1.00 | \$88,335 | 29% | 0.0% |
| Fidelity Independence | FDFFX | 12/19/13 | 844 | 37.34 | 31,530 | 10% | -1.9% |
| Fidelity Value Discovery | FVDFX | 04/14/14 | 1,270 | 22.70 | 28,828 | 10% | 0.6% |
| Fidelity Large Cap Stock | FLCSX | 04/10/14 | 1,096 | 27.76 | 30,436 | 10% | -0.7% |
| Fidelity Growth Discovery | FDSVX | 09/19/13 | 1,412 | 21.53 | 30,404 | 10% | -2.5% |
| Fidelity OTC Portfolio | FOCPX | 07/11/13 | 383 | 76.04 | 29,147 | 10% | -4.7% |
| Fidelity Blue Chip Growth | FBGRX | 10/24/13 | 469 | 63.28 | 29,687 | 10% | -2.0% |
| Fidelity Europe | FIEUX | 04/17/14 | 823 | 40.28 | 33,151 | 11% | 1.6% |
| TOTAL (as of 04/30/14) | | | | | \$301,518 | | -1.3% |

2014 YTD Performance (as of 04/30/14): 1.3%

2004: 12.1% 2005: 18.9% 2006: 13.2% 2007: 29.6% 2008: -38.4% 2009: 38.3% 2010: 18.7% 2011: -9.7% 2012: 13.6% 2013: 26.2%

Vanguard

| | | | | | | | |
|---------------------------------|-------|----------|--------|--------|------------------|-----|--------------|
| Vanguard Prime MMF/Inv | VMMXX | — | 63,921 | \$1.00 | \$63,921 | 29% | 0.0% |
| Vanguard Strategic Equity | VSEQX | 12/13/12 | 1,004 | 31.10 | 31,217 | 14% | -0.9% |
| Vanguard U.S. Growth | VWUSX | 02/13/14 | 1,143 | 28.60 | 32,690 | 15% | -1.0% |
| Vanguard Capital Value | VCVLX | 12/13/12 | 2,177 | 15.07 | 32,812 | 15% | -0.5% |
| Vanguard U.S. Value | VUVLX | 04/10/14 | 1,934 | 16.38 | 31,676 | 14% | 0.5% |
| Vanguard International Explorer | VINEX | 08/01/13 | 1,591 | 19.11 | 30,398 | 14% | -0.6% |
| TOTAL (as of 04/30/14) | | | | | \$222,714 | | -0.6% |

2014 YTD Performance (as of 04/30/14): 2.2%

2004: 11.8% 2005: 13.4% 2006: 12.6% 2007: 15.6% 2008: -37.7% 2009: 26.9% 2010: 18.0% 2011: -6.1% 2012: 10.7% 2013: 29.9%

Domestic Stock Funds (continued)

| RANK | 5/02 2014 | 1Mo Ago | 6Mo Ago | Ticker Symbol | FUND NAME | Fund Type | Conservative | Moderate | Venturesome | TOTAL RETURN | | | PRICE PER SHARE | RISK | | NTF/wf |
|------------|------------|------------|---------------|--|--------------|-----------|--------------|----------|-------------|--------------|-------------|--------------|-----------------|-------------|------------|--------|
| | | | | | | | | | | 1 mo. | 6 mo. | 12 mo. | | Std. Dev. | Beta | |
| 71 | 33 | 113 | VPMCX | Vanguard PRIMECAP (closed) | LCGro | H | H | H | -2.7 | 8.7 | 23.3 | 95.36 | 12.9 | 1.01 | a | |
| 72 | 66 | 210 | NPRTX | Neuberger Berman LC Value Inv (closed) | LCVal | H | H | H | -2.0 | 8.8 | 22.1 | 31.89 | 15.7 | 1.20 | fSa | |
| 73 | 47 | 157 | NBSSX | Neuberger Berman Focus (closed) | LC | H | H | H | -2.1 | 8.3 | 23.3 | 28.24 | 13.7 | 1.07 | fSa | |
| 74 | 102 | 158 | IJJ | iShares S&P MidCap 400 Value Index | MCVal | H | H | H | -1.0 | 7.9 | 22.5 | 120.40 | 15.6 | 1.20 | — | |
| 75 | 81 | 139 | USGRX | USAA Growth & Income | LC | H | H | H | -1.3 | 7.6 | 23.6 | 22.00 | 14.2 | 1.13 | fA | |
| 76 | 79 | 302 | VWNFX | Vanguard Windsor II | LCVal | H | H | H | -0.2 | 8.4 | 20.0 | 38.02 | 12.4 | 0.99 | fSa | |
| 77 | 44 | 149 | BPAVX | Robeco Boston Partners All Cap Value | LCVal | H | H | H | -2.5 | 8.1 | 24.1 | 21.33 | 14.4 | 1.13 | FSA | |
| 78 | 149 | 205 | FDSSX | Fidelity Stock Selector All Cap | LCGro | H | H | H | -1.7 | 8.1 | 22.8 | 36.40 | 14.2 | 1.12 | Fsa | |
| 79 | 23 | 28 | RYPNX | Royce Opportunity (1%r<180d) | SCVal | * | H | H | -5.4 | 7.9 | 29.0 | 15.53 | 20.1 | 1.50 | fSa | |
| 80 | 22 | 27 | PXSV | PowerShares Fund Pure Small Value | SCVal | * | H | H | -3.9 | 7.0 | 28.8 | 24.74 | 18.0 | 1.38 | — | |
| 81 | 138 | 190 | SCHG | Schwab U.S. Large-Cap Growth | LCGro | H | H | H | -1.1 | 7.6 | 22.9 | 46.09 | 13.7 | 1.08 | — | |
| 82 | 202 | 280 | LLPFX | Longleaf Partners (\$10k) | LC | * | H | H | 1.2 | 6.4 | 22.5 | 34.66 | 17.0 | 1.27 | fSa | |
| 83 | 76 | 308 | IWW | iShares Russell 3000 Value Index | LCVal | H | H | H | -0.5 | 8.4 | 20.0 | 126.90 | 13.3 | 1.06 | — | |
| 84 | 90 | 256 | DSEFX | Domini Social Equity Fund (2%r<30d) | LC | H | H | H | -0.9 | 8.0 | 21.6 | 44.84 | 13.4 | 1.06 | FSA | |
| 85 | 84 | 352 | KJF | iShares Morningstar Large Value Index | LCVal | H | H | H | 0.2 | 8.8 | 17.8 | 82.48 | 12.7 | 0.99 | — | |
| 86 | 111 | 294 | CRMMX | CRM Mid Cap Value Inv | MC | H | H | H | -2.0 | 8.5 | 21.9 | 34.26 | 14.3 | 1.09 | FSA | |
| 87 | 69 | 288 | VIVAX | Vanguard Value Index | LCVal | H | H | H | -0.2 | 8.4 | 19.4 | 30.60 | 12.7 | 1.01 | fSa | |
| 88 | 108 | 277 | VQNPX | Vanguard Growth & Income | LC | S | S | S | -0.5 | 8.1 | 20.6 | 40.44 | 12.5 | 1.01 | fSa | |
| 89 | 48 | 208 | JKL | iShare Morningstar Small Value Index | SCVal | S | S | S | -2.3 | 8.5 | 22.2 | 122.20 | 15.8 | 1.23 | — | |
| 90 | 61 | 275 | MGV | Vanguard Mega Cap 300 Value Index ETF | LCVal | H | H | H | -0.3 | 8.3 | 19.6 | 56.43 | 12.5 | 0.98 | — | |
| 91 | 92 | 282 | IVE | iShares S&P 500 Value Index | LCVal | H | H | H | 0.2 | 8.1 | 19.5 | 87.62 | 13.4 | 1.07 | — | |
| 92 | 60 | 261 | CFIMX | Clipper Fund | LC | H | H | H | -0.1 | 8.0 | 20.2 | 94.11 | 11.5 | 0.89 | Fsa | |
| 93 | 101 | 315 | HILVX | Harbor Large Cap Value Inv | LC | S | S | S | -1.3 | 8.8 | 20.0 | 11.83 | 13.0 | 1.02 | FSA | |
| 94 | 80 | 195 | LSVRX | Loomis Sayles Value Retail (NL @ Schwab) | LCVal | H | H | H | -1.0 | 8.0 | 21.3 | 27.28 | 14.1 | 1.12 | FSA | |
| 95 | 242 | 228 | JKE | iShares Morningstar Large Growth Index | LCGro | S | S | S | -0.4 | 7.3 | 22.1 | 100.80 | 13.2 | 1.01 | — | |
| 96 | 65 | 301 | JKG | iShares Morningstar Mid Core Index | MC | H | H | H | -2.2 | 8.5 | 21.6 | 133.90 | 14.8 | 1.15 | — | |
| 97 | 75 | 287 | CAMOX | Cambiar Opportunity | LC | * | H | H | -0.7 | 8.6 | 19.3 | 24.15 | 16.7 | 1.28 | FSA | |
| 98 | 83 | 285 | SPYV | SPDR S&P 500 Value | LCVal | H | H | H | 0.0 | 8.0 | 19.4 | 95.03 | 13.4 | 1.07 | — | |
| 99 | 120 | 335 | VEIPX | Vanguard Equity-Income | LCVal | S | S | S | 0.6 | 8.1 | 18.3 | 30.58 | 10.8 | 0.83 | fSa | |
| 100 | 185 | 292 | SOPFX | Wells Fargo Advantage Opportunity | MC | H | H | H | -1.3 | 8.6 | 20.0 | 49.66 | 14.8 | 1.15 | FSA | |
| 101 | 121 | 150 | JAMRX | Janus Research T | LCGro | S | S | S | -1.8 | 7.5 | 23.3 | 44.09 | 14.1 | 1.09 | FSA | |
| 102 | 115 | 266 | IVV | iShares Core S&P 500 ETF | LC | S | S | S | -0.4 | 7.8 | 20.2 | 189.30 | 12.4 | 1.00 | — | |
| 103 | 186 | 135 | FLVCX | Fidelity Leveraged Co (\$10k, 1.5%r<90d) | MC | * | H | H | -0.9 | 7.2 | 22.6 | 44.20 | 18.6 | 1.40 | Fsa | |
| 104 | 169 | 273 | FUSEX | Fidelity Spartan 500 Index | LC | S | S | S | -0.4 | 7.8 | 20.1 | 66.75 | 12.4 | 1.00 | Fsa | |
| 105 | 128 | 251 | VV | Vanguard Large Cap ETF | LC | S | S | S | -0.5 | 7.8 | 20.3 | 86.43 | 12.6 | 1.01 | — | |
| 106 | 146 | 329 | VYM | Vanguard High Dividend Yield Index ETF | LCVal | S | S | S | 1.0 | 7.9 | 17.6 | 64.22 | 10.4 | 0.79 | — | |
| 107 | 129 | 276 | MGC | Vanguard Mega Cap 300 Index ETF | LC | S | S | S | -0.4 | 7.7 | 20.2 | 64.31 | 12.2 | 0.99 | — | |
| 108 | 116 | 269 | HOVLX | Homestead Value (2%r<30d) | LCVal | S | S | S | -0.3 | 7.6 | 20.4 | 46.84 | 14.4 | 1.13 | fSa | |
| 109 | 118 | 272 | SPY | SPDR S&P 500 | LC | S | S | S | -0.4 | 7.8 | 20.1 | 188.10 | 12.4 | 1.00 | — | |
| 110 | 142 | 264 | SCHX | Schwab U.S. Large-Cap ETF | LC | S | S | S | -0.6 | 7.8 | 20.2 | 44.94 | 12.5 | 1.01 | — | |
| 111 | 25 | 252 | FVI | First Trust Value Line Equity Allocation | LC | S | S | S | -1.6 | 7.6 | 22.0 | 26.05 | 14.3 | 1.12 | — | |
| 112 | 105 | 201 | FGRTX | Fidelity Mega Cap Stock | LC | S | S | S | -0.6 | 7.4 | 20.9 | 15.71 | 13.1 | 1.04 | Fsa | |
| 113 | 144 | 254 | SNFX | Schwab 1000 Index (2%r<30d) | LC | S | S | S | -0.7 | 7.7 | 20.3 | 49.76 | 12.7 | 1.02 | fSa | |
| 114 | 137 | 303 | VFINX | Vanguard 500 Index | LC | S | S | S | -0.4 | 7.8 | 19.5 | 173.60 | 12.4 | 1.00 | fSa | |
| 115 | 130 | 279 | IWB | iShares Russell 1000 Index | LC | S | S | S | -0.7 | 7.7 | 20.0 | 105.20 | 12.7 | 1.02 | — | |
| 116 | 140 | 230 | SCHB | Schwab U.S. Broad Market ETF | LC | S | S | S | -1.0 | 7.6 | 20.7 | 45.76 | 12.8 | 1.03 | — | |
| 117 | 220 | 185 | CZA | Guggenheim Mid-Cap Core | MC | S | S | S | -0.5 | 7.2 | 20.9 | 46.63 | 13.2 | 1.02 | — | |
| 118 | 203 | 267 | FSLSX | Fidelity Value Strategies | MC | S | S | S | -0.4 | 7.7 | 19.4 | 41.64 | 16.6 | 1.26 | Fsa | |
| 119 | 304 | 328 | PARMX | Parnassus Mid-Cap | MCGro | S | S | S | 0.9 | 6.9 | 19.4 | 25.62 | 13.1 | 1.00 | FSA | |
| 120 | 136 | 223 | VTI | Vanguard Total Stock Market ETF | LC | S | S | S | -1.1 | 7.6 | 20.8 | 97.48 | 13.0 | 1.04 | — | |
| 121 | 147 | 144 | SCHM | Schwab U.S. Mid-Cap ETF | MC | S | S | S | -2.1 | 7.3 | 22.9 | 38.31 | 15.6 | 1.21 | — | |
| 122 | 94 | 340 | DVY | iShares Dow Jones Select Dividend Index | MCVal | H | H | H | 1.0 | 7.6 | 17.7 | 74.20 | 9.7 | 0.66 | — | |
| 123 | 40 | 178 | VPCCX | Vanguard PRIMECAP Core (closed) | LCGro | S | S | S | -2.6 | 8.0 | 21.9 | 20.14 | 12.2 | 0.96 | a | |
| 124 | 170 | 231 | IWR | iShares Russell MidCap Index | MC | S | S | S | -1.6 | 7.6 | 21.2 | 154.20 | 14.3 | 1.12 | — | |
| 125 | 166 | 255 | SPYG | SPDR S&P 500 Growth | LCGro | S | S | S | -0.9 | 7.5 | 20.5 | 86.67 | 11.7 | 0.93 | — | |
| 126 | 194 | 145 | RPMGX | T. Rowe Price Mid Cap Growth (closed) | MCGro | S | S | S | -2.9 | 7.0 | 24.8 | 73.96 | 14.0 | 1.06 | fSa | |
| 127 | 171 | 347 | VHDYX | Vanguard High Dividend Yield Index | LCVal | S | S | S | 1.0 | 7.9 | 16.6 | 25.42 | 10.4 | 0.79 | fSa | |
| 128 | 143 | 181 | USAAX | USAA Growth | LCGro | S | S | S | -2.0 | 7.5 | 22.1 | 22.85 | 13.7 | 1.07 | fA | |
| 129 | 263 | 346 | ARTLX | Artisan Value Fund | LCVal | S | S | S | 1.1 | 7.4 | 17.5 | 14.04 | 13.2 | 1.00 | FSA | |
| 130 | 232 | 116 | FDEGX | Fidelity Growth Strategies (1.5%r<90d) | MCGro | S | S | S | -1.9 | 7.1 | 22.9 | 28.71 | 16.5 | 1.25 | Fsa | |
| 131 | 238 | 234 | AKREX | Akre Focus Retail (1%r<30d) | MCGro | S | S | S | -0.7 | 6.9 | 21.4 | 21.02 | 10.3 | 0.73 | FSA | |
| 132 | 135 | 257 | IYY | iShares Dow Jones U.S. Index | LC | S | S | S | -0.8 | 7.5 | 20.2 | 94.99 | 12.8 | 1.03 | — | |
| 133 | 269 | 156 | VWUSX | Vanguard U.S. Growth | LCGro | H | H | H | -2.0 | 7.1 | 22.9 | 28.71 | 14.6 | 1.13 | fSa | |
| 134 | 217 | 351 | WVALX | Weitz Value Fund | LC | S | S | S | -0.7 | 7.8 | 19.1 | 46.21 | 10.3 | 0.79 | FSA | |
| 135 | 126 | 36 | RFV | Guggenheim S&P Midcap 400 Pure Value ETF | SCVal | S | S | S | -1.6 | 6.2 | 24.4 | 51.23 | 16.7 | 1.26 | — | |
| 136 | 173 | 268 | IWW | iShares S&P 500 Growth Index | LCGro | S | S | S | -1.0 | 7.4 | 20.5 | 100.00 | 11.7 | 0.93 | — | |
| 137 | 198 | 121 | FDSVX | Fidelity Growth Discovery | LCGro | H | H | H | -4.1 | 7.2 | 25.8 | 21.54 | 13.8 | 1.03 | Fsa | |
| 138 | 152 | 209 | VO | Vanguard Mid-Cap ETF | MC | S | S | S | -1.9 | 7.7 | 21.0 | 112.90 | 14.7 | 1.14 | — | |
| 207 | 305 | 77 | TMGFAX | Turner Midcap Growth | MCGro | H | H | H | -5.1 | 5.9 | 25.4 | 36.60 | 16.7 | 1.22 | FSA | |
| 253 | 123 | 13 | FOCPX | Fidelity OTC Portfolio | LCGro | H | H | H | -6.4 | 4.0 | 29.1 | 76.06 | 16.3 | 1.12 | Fsa | |

Dow Jones -0.4% 5.8% 11.3%
 NASDAQ -3.6 5.2 23.5
 S&P 500 -0.5 6.8 17.8

Bond Funds
 5/02/2014

| Ticker Symbol | FUND NAME | Fund Type | Conservative Moderate Venturesome | | | TOTAL RETURN | | | PRICE PER SHARE | Std. Dev. | Yield | NTF/wff |
|---------------|---|----------------|---|----------|----------|--------------|-------------|-------------|-----------------|------------|--------------|------------|
| | | | | | | 1 mo. | 6 mo. | 12 mo. | | | | |
| FFRHX | Fidelity Floating Rate High Inc (1%r<60d) | BnkLoan | B | B | * | 0.2% | 1.8% | 3.0% | \$9.96 | 3.2 | 3.15% | Fsa |
| PRFRX | T. Rowe Price Floating Rate (2%r<90d) | BnkLoan | B | B | * | 0.2 | 1.7 | 2.7 | 10.11 | — | 3.54 | fsA |
| BKLN | PowerShares Senior Loan | BnkLoan | B | B | * | 0.1 | 1.8 | 2.4 | 24.78 | 4.8 | 4.15 | — |
| EVBLX | Eaton Vance Floating Rate A | BnkLoan | B | B | * | -0.1 | 1.3 | 2.5 | 9.44 | 3.3 | 3.55 | FSA |
| FAGIX | Fidelity Capital & Income (1%r<90d) | HighYld | * | * | * | 0.6 | 6.4 | 7.8 | 10.11 | 8.2 | 4.52 | Fsa |
| NTHEX | Northeast Investors | HighYld | * | * | * | 0.6 | 4.9 | 9.4 | 6.64 | 6.8 | 5.87 | fa |
| JAHYX | Janus High Yield T | HighYld | * | * | * | 0.6 | 5.2 | 6.5 | 9.37 | 6.4 | 5.91 | FSA |
| PRHYX | T. Rowe Price High Yld (closed,2%r<90d) | HighYld | * | * | * | 0.5 | 4.8 | 6.5 | 7.26 | 7.1 | 5.99 | fsA |
| JNK | SPDR Barclays Capital High Yield Bond | HighYld | * | * | * | 0.7 | 5.0 | 4.9 | 41.22 | 7.8 | 5.85 | — |
| TGHNX | TCW High Yield Bond N | HighYld | * | * | * | 0.6 | 4.3 | 4.3 | 6.48 | 6.4 | 5.38 | FSA |
| VWEHX | Vanguard Hi-Yield Corp Inv (closed) | HighYld | * | H | * | 0.6 | 4.0 | 4.1 | 6.12 | 5.9 | 5.61 | fsa |
| SPHIX | Fidelity High Income (1%r<90d) | HighYld | * | * | * | 0.3 | 3.8 | 4.5 | 9.46 | 6.9 | 5.35 | Fsa |
| PHYDX | PIMCO High Yield D | HighYld | * | * | * | 0.5 | 3.8 | 4.3 | 9.73 | 6.5 | 5.45 | FSA |
| STHYX | Wells Fargo Adv High Income Inv | HighYld | * | * | * | 0.3 | 3.9 | 3.4 | 7.49 | 6.1 | 5.17 | FSA |
| BUFHX | Buffalo High-Yield (2%r<180d) | HighYld | * | * | * | -0.3 | 2.1 | 5.1 | 11.81 | 4.3 | 3.79 | FSA |
| STHBX | Wells Fargo Adv S-T High Yield Bond Inv | HighYld | * | * | * | 0.3 | 1.3 | 2.4 | 8.26 | 2.7 | 3.35 | FSA |
| RPBIX | T. Rowe Price Intl Bond (2%r<90d) | Int'l | * | * | * | 1.9 | 3.2 | 1.9 | 9.83 | 6.5 | 2.22 | fsA |
| FNMIK | Fidelity New Markets Income (1%r<90d) | Int'l | * | * | * | 1.9 | 4.5 | -1.9 | 16.25 | 7.9 | 4.62 | Fsa |
| BEGBX | American Century International Bond Inv | Int'l | * | * | * | 1.9 | 2.7 | 1.4 | 14.35 | 5.6 | 0.22 | FSA |
| PYGFEX | Payden Global Fixed Income | Int'l | * | * | * | 0.8 | 3.0 | -0.4 | 8.67 | 4.3 | 2.68 | FsA |
| PCY | PowerShares Emerging Mkts Sovereign Debt | Int'l | * | * | * | 1.5 | 4.3 | -5.0 | 28.33 | 9.3 | 4.42 | — |
| EMB | iShares JPM USD Emerging Markets Bond | Int'l | * | * | * | 1.2 | 3.9 | -3.5 | 111.99 | 8.3 | 4.60 | — |
| MGFIX | Managers Bond Service | IntTerm | * | * | * | 1.5 | 4.4 | 2.2 | 28.23 | 4.3 | 3.25 | FSA |
| DODIX | Dodge & Cox Income | IntTerm | * | * | * | 1.4 | 3.8 | 2.6 | 13.85 | 2.8 | 3.03 | fsa |
| USAIX | USAA Income | IntTerm | * | * | * | 1.5 | 3.3 | 0.9 | 13.26 | 2.7 | 3.94 | fa |
| VFICX | Vanguard Interm-Term Investment-Grade | IntTerm | * | * | * | 1.4 | 3.2 | 0.4 | 9.89 | 3.9 | 3.17 | fsa |
| WTIBX | Westcore Plus Bond | IntTerm | * | * | * | 1.4 | 2.8 | 0.5 | 10.94 | 2.8 | 3.38 | FSA |
| FBNDX | Fidelity Investment Grade Bond | IntTerm | * | * | * | 1.4 | 2.8 | 0.2 | 7.86 | 2.9 | 2.53 | Fa |
| MWTRX | Metropolitan West Total Return Bond M | IntTerm | * | * | * | 1.3 | 2.5 | 0.7 | 10.77 | 2.9 | 2.54 | FSA |
| PRCIX | T. Rowe Price New Income | IntTerm | * | * | * | 1.3 | 2.7 | -0.5 | 9.51 | 3.0 | 2.76 | fsA |
| TGMNX | TCW Total Return Bond N | IntTerm | * | * | * | 1.1 | 2.1 | 1.2 | 10.50 | 3.0 | 3.42 | FSA |
| FGMNK | Fidelity GNMA | IntTerm | * | * | * | 1.5 | 2.1 | 0.3 | 11.49 | 2.9 | 1.94 | Fsa |
| BND | Vanguard Total Bond Market ETF | IntTerm | * | * | * | 1.5 | 2.3 | -0.3 | 81.76 | 2.9 | 2.53 | — |
| VFIIK | Vanguard GNMA Inv | IntTerm | * | * | * | 1.6 | 2.0 | 0.3 | 10.67 | 2.8 | 2.43 | fsa |
| AGG | iShares Barclays Aggregate Bond | IntTerm | * | * | * | 1.4 | 2.3 | -0.2 | 108.68 | 2.8 | 2.20 | — |
| SCHZ | Schwab U.S. Aggregate Bond ETF | IntTerm | * | * | * | 1.3 | 2.2 | -0.2 | 51.49 | — | 1.99 | — |
| VBMFEX | Vanguard Total Bond Market Index Inv | IntTerm | * | * | * | 1.3 | 2.2 | -0.4 | 10.78 | 2.9 | 2.45 | fsa |
| PTMDX | PIMCO Mortgage-Backed Securities D | IntTerm | * | * | * | 1.2 | 2.0 | 0.2 | 10.37 | 2.4 | 2.20 | FSA |
| VBIIK | Vanguard Intermediate-Term Bond Index | IntTerm | * | * | * | 1.7 | 2.4 | -1.7 | 11.39 | 4.4 | 2.85 | fsa |
| PRGMX | T. Rowe Price GNMA | IntTerm | * | * | * | 1.5 | 1.7 | -0.3 | 9.60 | 2.6 | 3.41 | fsA |
| FTHRK | Fidelity Intermediate Bond | IntTerm | * | * | * | 0.8 | 1.6 | 0.0 | 10.95 | 2.3 | 2.28 | Fsa |
| PRFIX | Parnassus Fixed-Income | IntTerm | * | * | * | 1.0 | 1.8 | -1.2 | 16.75 | 3.0 | 1.75 | FSA |
| STVSX | Wells Fargo Advantage Govt Sec Inv | IntTerm | * | * | * | 1.2 | 1.3 | -0.8 | 11.00 | 2.6 | 0.96 | FSA |
| MBDFX | Managers PIMCO Bond | IntTerm | * | * | * | 0.9 | 1.6 | -1.1 | 10.70 | 3.5 | 1.69 | fsa |
| TIP | iShares Barclays TIPS Bond | IntTerm | * | * | * | 2.5 | 2.1 | -5.4 | 114.03 | 5.4 | 1.04 | — |
| BGNMX | American Century Ginnie Mae | IntTerm | * | * | * | 0.9 | 1.2 | -0.9 | 10.78 | 2.6 | 2.64 | FSA |
| VWESX | Vanguard Long-Term Investment-Grade Inv | LngTerm | * | * | * | 4.2 | 9.7 | -0.2 | 10.42 | 8.6 | 4.62 | fsa |
| VBILT | Vanguard Long-Term Bond Index Inv | LngTerm | * | * | * | 4.4 | 8.8 | -2.2 | 13.53 | 9.5 | 4.18 | fsa |
| TLT | iShares Barclays 20+ Year Treasury Bond | LngTerm | * | * | * | 5.3 | 7.9 | -6.1 | 112.71 | 14.5 | 3.03 | — |
| VUSTX | Vanguard Long-Term Treasury Inv | LngTerm | * | * | * | 4.8 | 7.0 | -5.8 | 11.99 | 12.8 | 3.15 | fsa |
| DRGBX | Dreyfus U.S.Treasury Long-Term | LngTerm | * | * | * | 4.8 | 6.7 | -6.1 | 18.30 | 12.2 | 3.13 | FSA |
| LQD | iShares iBoxx \$ Invest Grade Corp Bond | LngTerm | * | * | * | 2.4 | 5.4 | 0.6 | 118.55 | 5.5 | 3.65 | — |
| PRULX | T. Rowe Price U.S. Treasury Long-Term | LngTerm | * | * | * | 4.6 | 6.6 | -6.2 | 12.33 | 12.6 | 2.88 | fsA |
| PRPIX | T. Rowe Price Corporate Income | LngTerm | * | * | * | 2.1 | 5.1 | 1.3 | 9.83 | 4.9 | 3.62 | fsA |
| FGOVX | Fidelity Government Income | LngTerm | * | * | * | 1.2 | 1.6 | -0.8 | 10.36 | 2.9 | 1.54 | Fsa |
| LSBDX | Loomis Sayles Bond Instl (\$100k) | Multi | H | H | * | 1.2 | 4.9 | 5.1 | 15.61 | 6.7 | 4.62 | fsa |
| LSBRX | Loomis Sayles Bond Retail | Multi | H | H | * | 1.1 | 4.7 | 4.8 | 15.54 | 6.7 | 4.35 | FSA |
| RPPIX | T. Rowe Price Spectrum Income | Multi | * | * | * | 1.0 | 3.6 | 3.1 | 13.04 | 4.7 | 3.40 | fsA |
| FSICX | Fidelity Strategic Income | Multi | H | H | * | 1.2 | 3.8 | 1.9 | 11.13 | 4.6 | 3.75 | Fsa |
| PRSNX | T. Rowe Price Strategic Income | Multi | H | H | * | 0.9 | 3.4 | 1.2 | 11.64 | 4.7 | 3.63 | fsA |
| JAFIX | Janus Flexible Bond T | Multi | * | * | * | 1.2 | 2.7 | 1.2 | 10.57 | 2.7 | 2.93 | FSA |
| MGIDX | Managers Intermediate Duration Govt | ShfTerm | * | * | * | 1.6 | 2.3 | 1.8 | 10.93 | 2.2 | 1.80 | FSA |
| VCSH | Vanguard Short-Term Corporate Bond ETF | ShfTerm | B | B | * | 0.6 | 1.3 | 1.4 | 80.14 | 2.1 | 1.64 | — |
| VFSTX | Vanguard Short-Term Inv Grade Inv | ShfTerm | * | * | * | 0.3 | 1.2 | 1.2 | 10.74 | 1.4 | 1.86 | fsa |
| JASBX | Janus Short-Term Bond T | ShfTerm | * | * | * | 0.4 | 1.0 | 1.3 | 3.08 | 1.3 | 1.38 | FSA |
| MWLDX | Metropolitan West Low Duration Bond M | ShfTerm | * | * | * | 0.2 | 0.9 | 1.2 | 8.82 | 1.6 | 1.55 | FSA |
| SSTBX | Wells Fargo Advantage S-T Bond Inv | ShfTerm | * | * | * | 0.3 | 0.8 | 1.1 | 8.82 | 0.8 | 1.07 | FSA |
| PRWBX | T. Rowe Price Short Term Bond | ShfTerm | * | * | * | 0.3 | 0.9 | 0.7 | 4.80 | 0.9 | 1.49 | fsA |
| VBISX | Vanguard Short-Term Bond Index Inv | ShfTerm | B | B | * | 0.4 | 0.4 | 0.2 | 10.51 | 1.1 | 1.04 | fsa |
| BITRX | American Century Zero Coupon 2025 Inv | ZeroCpn | * | * | * | 3.2 | 4.7 | -5.8 | 86.63 | 12.1 | 3.54 | FSA |

(continued from page 2)

strategy which takes advantage of the flexibility of ETFs to maximize returns. It consists of five positions always.

Since the Select Model follows a rotational approach, from a trading perspective it is better suited to ETFs and to ML Plus' weekly publishing schedule. ETFs allow you to avoid trading restrictions and costs associated with traditional mutual funds. For example, some mutual funds charge an investor 2% if they redeem their shares within a certain period, say 60 days. Not so for ETFs.

The ML Plus Select ETF Model Portfolio has always tried to stay in the top decile of *MONEYLETTER's* Master Fund list (which includes all categories of funds). Now, we are improving the model by adding a trailing stop-loss mechanism, which will be used as a tool to help us reduce possible losses and preserve potential profits. The ranking and selecting methodology we currently use in *MONEYLETTER* works much better with a longer-term asset allocation approach to investing. Integrating the stop-loss feature for the Select ETF Model will allow for a more market responsive sell process.

As we go to press, the *MONEYLETTER* Plus Select ETF Portfolio holds these five funds: PowerShares Dynamic Market (PWC), PowerShares Dynamic Pharmaceuticals (PJP), Guggenheim S&P 500 Pure Value (RPV), iShares NASDAQ Biotech (IBB), and WisdomTree Europe Small Cap Dividend (DFE). If you haven't seen a copy of ML Plus lately, simply email us at service@moneyletter.com or call 800-890-9670 and we will be happy to send you the current copy for your review.

Brian W. Kelly contributed to this article. Brian has been the publisher of *MONEYLETTER* for 15 years, and associated with the newsletter since 1984.

Conservative: New Advice (cont'd from page 3)

| Hotline 4/30 | Sell | Buy |
|--------------|------------------------|------------------------|
| Fidelity | Fid OTC Portfolio | Fid Independence |
| Conservative | FOCPX 264 @ \$76.47 | FDFFX 538 @ \$37.53 |

Venturesome: New Advice (cont'd from page 5)

| Hotline 4/16 | Sell | Buy |
|--------------|---------------------------|------------------------|
| Fidelity | Fid Int'l Small Cap | Fid Europe |
| Venturesome | FISMIX 1,222 @ \$26.61 | FIEUX 823 @ \$39.50 |

| Hotline 4/30 | Sell | Buy |
|--------------|------------------------|---|
| Fidelity | Fid Blue Chip Growth | Fid Value Discovery |
| Venturesome | FBGRX 469 @ \$63.60 | FVDFX 657 @ \$22.71 |
| | | Fidelity Independence FDFFX 398 @ \$37.53 |

100% U.S. TREASURY FUNDS

| | 7-Day | 30-Day | 1-Year |
|-------------------------------------|-------|--------|--------|
| Amer Century Capital Presv Fund/Inv | 0.01% | 0.01% | 0.01% |
| Fidelity Treasury Only MMF | 0.01 | 0.01 | 0.01 |
| PNC Treasury MMF/CI A | 0.01 | 0.01 | 0.01 |
| Western Asset US Treas Res/CI N | 0.01 | 0.01 | 0.01 |

GENERAL PURPOSE TAXABLE FUNDS

| | 7-Day | 30-Day | 1-Year |
|-----------------------------------|-------|--------|--------|
| Meeder MMF/Retail | 0.06% | 0.06% | 0.07% |
| Schwab Cash Reserves | 0.06 | 0.06 | 0.06 |
| PNC Money Market Fund/CI A | 0.03 | 0.03 | 0.05 |
| RBB MMP/Bedford Class | 0.03 | 0.02 | 0.02 |
| Delaware Cash Reserve/Class A | 0.02 | 0.02 | 0.03 |
| First Amer Prime Oblig/CI A | 0.02 | 0.02 | 0.01 |
| Ivy Money Market Fund/CI A | 0.02 | 0.02 | 0.02 |
| W&R Advisors Cash Mgmt MMF/CI A | 0.02 | 0.02 | 0.02 |
| Fidelity Cash Reserves | 0.01 | 0.01 | 0.01 |
| Fidelity Money Market Fund | 0.01 | 0.01 | 0.01 |
| Fidelity Select Money Market | 0.01 | 0.01 | 0.01 |
| Schwab Advisor Cash Resvs/PremSwp | 0.01 | 0.01 | 0.01 |
| Schwab Money Market Fund | 0.01 | 0.01 | 0.01 |
| Schwab Value Adv MF/Inv | 0.01 | 0.01 | 0.01 |
| Vanguard Prime MMF/Investor | 0.01 | 0.01 | 0.02 |

TAX-FREE GENERAL PURPOSE FUNDS

| | 7-Day | 30-Day | 1-Year |
|----------------------------------|-------|--------|--------|
| Alpine Municipal MMF/Inv | 0.05% | 0.04% | 0.03% |
| PNC Tax-Exempt MMF/CI A | 0.02 | 0.02 | 0.02 |
| Western Asset T-F Reserves/CI N | 0.02 | 0.02 | 0.02 |
| Fidelity AMT Tax-Free Money Fund | 0.01 | 0.01 | 0.03 |
| Fidelity Municipal MMF | 0.01 | 0.01 | 0.01 |
| Fidelity Tax Free Money Market | 0.01 | 0.01 | 0.01 |
| Vanguard Tax-Exempt MMF | 0.01 | 0.01 | 0.01 |

TAX-FREE STATE-SPECIFIC FUNDS

| | 7-Day | 30-Day | 1-Year |
|--------------------------------|-------|--------|--------|
| Fidelity AZ Municipal MMF | 0.01% | 0.01% | 0.01% |
| Fidelity CA Municipal MMF | 0.01 | 0.01 | 0.01 |
| Fidelity CT Municipal MMF | 0.01 | 0.01 | 0.01 |
| Fidelity MA Municipal MMF | 0.01 | 0.01 | 0.01 |
| Fidelity MI Municipal MMF | 0.01 | 0.01 | 0.02 |
| Fidelity NJ Municipal MMF | 0.01 | 0.01 | 0.01 |
| Fidelity NY Municipal MMF | 0.01 | 0.01 | 0.01 |
| Fidelity OH Municipal MMF | 0.01 | 0.01 | 0.01 |
| Fidelity PA Municipal MMF | 0.01 | 0.01 | 0.01 |
| Schwab CA AMT T-F MF/Value Adv | 0.01 | 0.01 | 0.01 |
| Vanguard CA Tax-Exempt MMF | 0.01 | 0.01 | 0.01 |
| Vanguard NJ Tax-Exempt MMF | 0.01 | 0.01 | 0.01 |
| Vanguard NY Tax-Exempt MMF | 0.01 | 0.01 | 0.01 |
| Vanguard OH Tax-Exempt MMF | 0.01 | 0.01 | 0.01 |
| Vanguard PA Tax-Exempt MMF | 0.01 | 0.01 | 0.01 |

7-day and 30-day yields are compound yields as of 04/29/14.

Source: iMoney.net's Money Fund Report (800) 343-5413

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Total Returns—April 30, 2014

| | 1-mo | 6-mo | 1-yr | 3-yr | YTD |
|-----------------------|------|------|-------|-------|------|
| S&P 500 | 0.8% | 8.3% | 20.4% | 47.4% | 2.6% |
| Asset Allocation | 0.4 | 5.2 | 9.6 | 19.5 | 2.5 |
| Funds (Avg) 551 Funds | | | | | |

Three New Fidelity Portfolio Purchases

On April 9, the *MONEYLETTER* Hotline called for a rotation out of several funds in the high tech area. That call jettisoned Fidelity NASDAQ Composite Index Tracking in all three Fidelity model portfolios and replaced it with Fidelity Value Discovery. It also replaced Focused Stock with Fidelity Independence in the Moderate portfolio and with Large Cap Stock in the Venturesome portfolio.

Fidelity Value Discovery (FVDFX)

Simply put, Value Discovery invests in companies that are believed to be undervalued relative to various factors. But there is a little more to the story. Manager Sean Gavin recently undertook a study with two others, which indicated that adding a quality parameter to the valuation-based approach has the potential to improve long-term results, especially in terms of risk and reward.

“Valuation has proven to be the most important individual factor for performance, and many investors know about the defensive nature of high-quality stocks,” says Gavin. “But our research suggests that the intersection of quality and value brings out all the positives of quality investing—meaning less downside and lower levels of volatility—and the enhanced returns of the value factor. So, in our study you got higher returns than pure value investing, with much lower downside risk.” He concludes, “There are parts of the market cycle when lower quality and growth stocks are going to outperform, but it has proven extremely difficult for investors to accurately predict those changes in market conditions. But if you look back over the long term, a quality and value approach has offered the best probability of outperformance of all the different strategies.”

Recently, the consumer staples, health care, and information technology sectors have ranked highly on quality metrics and all three sectors are overweighted in the portfolio relative to the Russell 2000 Value index. In terms of net assets, financials is the top sector in the portfolio (though underweight in the index), followed by health care and information technology (27.9%, 16.0%, and 15.4% of assets, respectively).

The fund outpaces 96% of its large blend peers for the year to date (through May 1), and has performed admirably over longer time frames as well.

Fidelity Independence (FDFFX)

Fund performance this year has benefited from a couple of out of benchmark positions: namely American Airlines and Intercept Pharmaceuticals, up 44.5% and 283%, respectively. The former has benefited from growth in revenue per available seat mile, and from reports that

the merger with US Airways was proceeding faster than expected. The latter’s price soared after clinical trials of its liver disease drug produced very positive results. Both positions were trimmed in the first quarter.

Fund guidance states, “In order to produce meaningfully superior returns, an active portfolio should look substantially different than the underlying index against which it is measured,” as is evidenced by those two holdings. Led by manager Rob Bertelson, the fund seeks to invest in the fastest growing companies in the market, regardless of whether the growth derives from traditional drivers, company turnarounds, or industry transformations. The fund has no restraints on market capitalization, sector, country, or style characteristics.

Recently, the two largest sector weights, consumer discretionary and health care (23.5% and 22.0% of assets, respectively) were both overweight the S&P 500 Index. The next two, information technology and financials (15.0% and 12.2%, respectively) were both underweight.

This year, the fund is in the top 3% of the large growth category, and is often well within the top 10% for calendar years. However, it has tripped up in years where growth is out of favor.

Fidelity Large Cap Stock (FLCSX)

Since Matthew Fruhan took the helm in 2005, the fund has fallen below the 50% mark of its category only twice. He takes a research-intensive approach to investing, looking for companies with attractive earnings and dividend yield potential over the next few years – and where their view is different than the consensus. He looks for both secular and cyclical growth opportunities, and, believing that securities become mispriced relative to their real long-term value due to short-term concerns, Fruhan seeks to capitalize on that discrepancy.

The fund can selectively invest outside its stated market cap, and it, too, has benefited from an investment in Intercept Pharmaceuticals. During the first quarter, Fruhan increased the fund’s investments in consumer staples, notably tobacco stocks, and has a slight overweight in the sector. The largest underweight relative to the S&P 500 was in consumer staples, as he believes many to be overpriced. The largest sector weights in the portfolio are information technology, health care, and energy (20.6%, 19.6%, and 14.5%, respectively).

A 2.0% gain this year puts the fund in the middle of the large growth pack, but it racked up top decile returns in each of the past two calendar years.

Fidelity Investments

(800) 544-8544 • Minimum investment: \$2,500, \$500 IRA

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