

MUTUAL FUND Investor Guide

THE **Investor Guide** TO VANGUARD FUNDS

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Matthew Sauer is the Founder and Chief Investment Officer of the Mutual Fund Investor Guide family of newsletters.

Each month he analyzes and provides buy, sell and hold recommendations for hundreds of mutual funds and ETFs in three newsletters: The Investor Guide to Fidelity Funds, The ETF Investor Guide and The Investor Guide to Vanguard Funds.

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IN THIS ISSUE

- 1 Perspective
- 2 Portfolio Updates
- 3 Model Portfolios
- 5 Data & Rankings
- 15 Fund Spotlight:
Vanguard Managed
Payout Fund

Market Perspective: Helped by Foreign Concerns, Domestic Stocks Become Even More Attractive

Stocks had an impressive rally over the past month, with the major indexes enjoying their best stretch in all of 2014. The S&P 500 Index gained 6.93 percent from October 10 to November 10.

Investors received positive economic news indicating the trends in place earlier this year remain on a bullish trajectory. The manufacturing PMI for October moved to its highest level in several years as expansion continues. The economy is also growing faster than expected, with the first estimate of third-quarter GDP coming in at 3.5 percent, ahead of forecasts of approximately 3.1 percent. This report was downplayed somewhat due to the increase in defense spending, which helped boost the headline GDP number, but corroborating data show the economy is still growing at a healthy clip.

Consumer confidence remains a challenge, but the U.S. economy's leading indicators, including manufacturing, should inevitably help improve this outlook. Rail shipments also continue to expand, signaling a growing economy, and Railfax data that track these shipments are at post-2008 highs. This is reflected by the sharp rally in the Dow Jones Transportation Index and the railroad stocks within it. As mentioned above, the S&P 500 Index has gained nearly 7 percent over the past month, but the transportation index is up a very impressive 14.89 percent.

Earnings continue to be solid. As of November 7, 446 of the 500 companies in the S&P 500 Index had reported earnings. FactSet Research compiled data showing that 77 percent beat earnings estimates and 60 percent beat sales estimates. This is the highest percentage since 2010.

Guidance for the fourth quarter has been a bit more negative, with 55 companies reducing their earnings guidance and 18 raising it. This isn't very different from prior quarters though. At the start of the third quarter, analysts forecasted 9 percent earnings growth, then cut their estimates to 4.5 percent by the end of the quarter, only to see companies report 7.6 percent growth this earnings season. A repeat of this occurrence may be underway as the guidance is released once again. The financial sector has been responsible for a healthy slice of the rising earnings

growth rate for the S&P 500 Index. FactSet reports that growth for the sector has clocked in at 16.4 percent in the third quarter, versus an average estimate of 10.3 percent. Interest rates haven't started to rise yet, but the Fed's exit from quantitative easing, plus the strong economy, has investors looking forward to rising financial sector earnings in the coming quarters.

Aside from financials, healthcare was a very strong sector this earnings season. Well over 80 percent of firms beat earnings, and the sector grew at a 15.1 percent rate, boosted by biotechnology earnings. Gilead Sciences (GILD), a major holding in many biotechnology funds, more than tripled its earnings.

In contrast to financials, the consumer discretionary sector has underperformed. Both economic data and earnings reports that cover the consumer sector have indicated weakness. It is not uncommon to hear financial pundits say that the consumer is two-thirds of the U.S. economy, but this is not truly accurate. Consumption is two-thirds of GDP, but this is a statistical measure of the size of the economy based on final sales. Since everyone is a consumer, a measure looking at final sales overstates the consumer sector. Gross output, which measures total economic activity, shows the consumer sector is less relevant, while the manufacturing sector is the largest single sector. This is why growth is strong and improving even as the consumer sectors have disappointed. Were the situation reversed, with manufacturing slowing and consumer sectors booming, that would raise concerns about the future growth of the economy. Instead, the results we are witnessing point to strong growth over the coming quarters.

The Bank of Japan also delivered a boost to U.S. stocks. The central bank decided to increase quantitative easing the same week the Federal Reserve decided to terminate its program. Adjusted for GDP, Japan's QE is much larger than the Fed program. News of the expansion immediately sent the Japanese yen lower, setting off selling across commodity markets and weighing on emerging market currencies. Exporters such as South Korea and China are directly impacted by Japan's move, and if one or the other also weakens its currency, it will set off ripple effects around the globe. Already, the Taiwanese currency has been weakening in the wake of Japan's move. One reason Japan is stepping up its quantitative easing efforts is to buy government bonds from Japanese pension funds. The funds are being forced to increase their holdings of equities,

Market Perspective *(continued)*

including foreign equities. This should directly benefit U.S. asset markets.

While strong earnings will help the major indexes rally over the final seven weeks of the year, some other tailwinds should likewise help investors. First, in modern history, stocks have never declined over the six months following the midterm election of an incumbent president. Second, November and December are two of the best months for stocks since 1950. Third, the U.S. dollar is strengthening, and it could break out

into a major bull market in the next month. A stronger U.S. dollar raises the relative performance of U.S. assets and attracts global capital into the U.S. equities markets. Fourth, low oil prices act as a tax cut for American consumers. Economic growth has been solid without the consumer, but if oil prices stay low, that could change in the bull's favor.

Finally, Vanguard made some important news over the past month. The firm has finally shuttered its Signal share class, com-

pleting an effort that started last year. The Signal class was designed to give institutions and wealthy investors a cheaper option, but thanks to Vanguard's cost-cutting efforts, the share class offered no advantage over share classes available to smaller investors. Signal shares have all been converted into Admiral shares. Most investors won't notice any change, but some 401(k) plans did use Signal shares.

Portfolio Updates

The S&P 500 Index gained 6.93 percent for the month ending November 10. The Dow Jones Industrial Average rallied 6.47 percent, while the Nasdaq scored an impressive 8.78 percent advance. All three were easily beat by the 11.99 percent move in the Russell 2000. The MSCI EAFE trailed domestic indexes, gaining only 3.52 percent, thanks to a weakened yen and euro weighing on returns.

Since inception of the portfolios on April 10, the Nasdaq is up 14.74 percent. The S&P 500 Index is up 11.19 percent, and the DJIA has climbed 8.93 percent. The Russell 2000 has trailed, gaining only 4.60 percent. The MSCI EAFE remains in negative territory, having lost 5.69 percent.

We will make several changes to the portfolios this month. In the **NTF Balanced Growth Portfolio** and the **NTF Absolute/Down Market Portfolio** we sold **Wasatch Long/Short (FMLSX)** and purchased **Vanguard Market Neutral (VMNFX)**. In the **NTF Straight Growth Portfolio** we sold **Wasatch Long/Short (FMLSX)** and purchased **Vanguard PRIMECAP Fund (VPMCX)**.

The **Vanguard Aggressive Growth Portfolio** rallied 7.77 percent last month and is now up 10.33 percent since inception. Emerging Markets (VMMSX) and Energy (VGENX) were weighed down by the stronger U.S. dollar and weakness in commodity markets, but the two combine for only 13 percent of the portfolios assets. The rest of the portfolio turned in large gains, all beating the S&P 500 Index, including

Capital Value (VCVLX), which rebounded 9.35 percent. Strategic Small-Cap Equity (VSTCX) benefited from the improvement in small cap shares; the fund gained 11.39 percent on the month.

The **Vanguard Straight Growth Portfolio** gained 7.81 percent last month. Small Cap Growth (VISGX) and Explorer Value (VEVFX) led the portfolio as each gained 10.29 percent. Explorer Value is heavily invested in financials and technology as of September 30, making up more than 50 percent of the fund. Both sectors have had a strong earnings season.

The **Vanguard Balanced Growth Portfolio** climbed 5.75 percent over the past month; it is up 8.06 percent this year. Vanguard Equity Income (VEIPX) was the best equity performer, up 7.03 percent. Vanguard High Dividend Yield (VYM) wasn't far behind with its 6.86 percent return, and it was in turn closely followed by Vanguard Dividend Growth (VDIGX), up 6.78 percent. Convertible Securities (VCVSX) trailed with a 3.83 percent return because convertibles did not fully participate in the equity rally.

The **Vanguard Conservative Income Portfolio** increased 3.13 percent over the past month and is up 4.21 percent since April 10. High-Yield Corporate (VWEHX) recovered from the prior month's losses, rallying 1.64 percent on the month. Vanguard Equity Income (VEIPX) was the portfolio leader, up 7.03 percent.

The **NTF Aggressive Growth Portfolio** gained 8.24 percent since October 10. Clear-Bridge Aggressive Growth (LMPFX) was unable to recover all of its losses from the

prior month, but it still turned in a solid 6.57 percent gain. PRIMECAP Odyssey Growth (POGRX) did recover all of its losses and then some on its way to an 11.58 percent advance on the month. Baron Energy and Resources (BENFX) bounced 4.12 percent, but the continued drop in oil prices kept the fund from a large recovery. The portfolio is up 11.75 percent since inception.

The **NTF Straight Growth Portfolio** gained 6.84 percent last month. Vanguard Selected Value (VASVX) rallied 7.37 percent, a solid rebound from its losses a month earlier. FAM Value (FAMVX) led the portfolio with a 9.60 percent rally. Wasatch Long/Short (FMLSX) gained 3.52 percent, recapturing about half its losses from the month before.

The **NTF Balanced Growth Portfolio** climbed 3.67 percent last month; it is up 5.10 percent this year. Vanguard Equity Income (VEIPX) led the portfolio with a 7.03 percent return. Coming in second was Invesco Diversified Dividend Investor (LCEIX), which advanced 6.41 percent. Vanguard Short-Term Investment Grade (VFSTX) slipped 0.22 percent as interest rates moved higher following the big drop in September and early October.

The **NTF Conservative Income Portfolio** increased 2.67 percent in the past month; it is up 4.30 percent since inception. Vanguard Wellington (VWELX), which has two-thirds of assets in stocks, delivered nearly two-thirds of the stock market's advance, up 4.09 percent. Vanguard Wellesley Income (VWINX), with the opposite allocation, came through with a 2.12 percent return.

(continued on page 16)

Model Portfolios

(Data provided as of 11/10/14)

VANGUARD AGGRESSIVE GROWTH

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
VGHCX	Vanguard Health Care	224.47	133.73	27.21%	7.59%	20.07%	\$30,018.32
VGEXX	Vanguard Energy	64.92	144.80	8.52%	2.90%	-5.99%	\$9,400.52
VGT	Vanguard Information Technology	103.12	224.87	21.02%	8.88%	15.94%	\$23,188.67
VMMSX	Vanguard Emerging Markets Select Stock	19.73	249.63	4.46%	-0.25%	-1.50%	\$4,925.11
VSTCX	Vanguard Strategic Small-Cap Equity	32.76	328.62	9.76%	11.39%	7.66%	\$10,765.69
VCVLX	Vanguard Capital Value	15.32	1357.77	18.85%	9.35%	4.01%	\$20,801.09
VFH	Vanguard Financials ETF	48.98	229.25	10.18%	7.84%	12.29%	\$11,228.57
TOTAL					7.77%	10.33%	\$110,327.97

VANGUARD STRAIGHT GROWTH PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
VDIGX	Vanguard Dividend Growth	23.31	1422.42	30.77%	6.78%	10.52%	\$33,156.68
VASVX	Vanguard Selected Value	29.71	710.48	19.59%	7.37%	5.54%	\$21,108.35
VEVFX	Vanguard Explorer Value	32.48	640.41	19.31%	10.29%	4.00%	\$20,800.51
MGV	Vanguard Mega Cap Value	60.51	366.25	20.57%	6.40%	10.81%	\$22,162.01
VISGX	Vanguard Small Cap Growth	35.25	298.33	9.76%	10.29%	5.16%	\$10,516.11
TOTAL					7.81%	7.74%	\$107,743.66

VANGUARD BALANCED GROWTH PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
VEIPX	Vanguard Equity Income	32.26	1019.40	30.43%	7.03%	9.62%	\$32,885.74
VCVSX	Vanguard Convertible Securities	13.81	1086.05	13.88%	3.83%	-0.01%	\$14,998.36
VYM	Vanguard High Dividend Yield Index	69.02	244.35	15.61%	6.86%	12.44%	\$16,865.37
VDIGX	Vanguard Dividend Growth	23.31	1185.35	25.57%	6.78%	10.52%	\$27,630.57
VWINX	Vanguard Wellesley Income	26.04	602.23	14.51%	2.12%	4.55%	\$15,682.13
TOTAL					5.75%	8.06%	\$108,062.17

VANGUARD CONSERVATIVE INCOME PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
VFSTX	Vanguard Short-term Investment Grade	10.71	1428.84	14.68%	-0.22%	2.02%	\$15,302.89
VWEHX	Vanguard High-Yield Corporate	6.07	4217.04	24.56%	1.64%	2.39%	\$25,597.42
VEIPX	Vanguard Equity Income	32.26	849.50	26.30%	7.03%	9.62%	\$27,404.78
VWINX	Vanguard Wellesley Income	26.04	802.98	20.06%	2.12%	4.55%	\$20,909.50
VCVSX	Vanguard Convertible Securities	13.81	1086.05	14.39%	3.83%	-0.01%	\$14,998.36
TOTAL					3.13%	4.21%	\$104,212.96

User Guide

RANK: Our proprietary ranking system uses both technical and fundamental analysis to identify those funds expected to outperform over the following 6 months, on a risk adjusted basis.

ADVICE: Based on technical and fundamental indicators, we issue buy, hold and sell recommendations based upon expected future performance. We often avoid recommending funds that are extraordinarily volatile or are exposed to significant market risk.

PERFORMANCE RETURNS: YTD, 1-month, 3-month and 1-year returns are calculated each month based on the trailing returns. For 3-year and 5-year periods, returns are annualized.

YIELD %: We use the 30-day SEC Yield to provide the expected income generated by each fund, as reported by the fund in its most recent filing.

BETA: The 3-year Beta is the measure of the volatility, or systematic risk of the fund as compared to the market. A Beta of 1.3 will typically be 30% more volatile than the market.

STANDARD DEVIATION (SD): Also used to measure volatility, is determined from the monthly returns of the fund over the previous 3 years. Those funds with higher standard deviations are more volatile as compared to those with a lower standard deviation.

EXPENSE RATIO: The expense ratio is the fee charged by the mutual fund. This charge is deducted from the return of the fund, impacting performance. Please note, funds may have different share classes with varying expenses associated with each class.

NTF AGGRESSIVE GROWTH PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
POGRX	PRIMECAP Odyssey Growth	26.59	1272.80	30.29%	11.58%	12.81%	\$33,843.87
LMPFX	ClearBridge Aggressive Growth FI	206.46	133.40	24.65%	6.57%	10.17%	\$27,542.69
BENFX	Baron Energy and Resources Retail	11.89	799.36	8.51%	4.12%	-4.96%	\$9,504.40
VGHGX	Vanguard Health Care	224.47	106.98	21.49%	7.59%	20.07%	\$24,014.65
VFH	Vanguard Financials ETF	48.98	343.87	15.07%	7.84%	12.29%	\$16,842.86
TOTAL					8.24%	11.75%	\$111,748.47

NTF STRAIGHT GROWTH PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
FAMVX	FAM Value	68.07	401.93	25.65%	9.60%	9.44%	\$27,359.32
VPMCX	Vanguard PRIMECAP	108.33	185.65	18.85%	N/A	N/A	\$20,111.94
LCEIX	Invesco Diversified Dividend Investor	18.43	1453.41	25.11%	6.41%	7.15%	\$26,786.27
VDIGX	Vanguard Dividend Growth	23.31	711.23	15.54%	6.78%	10.52%	\$16,578.74
VASVX	Vanguard Selected Value	29.71	532.86	14.84%	7.37%	5.54%	\$15,831.26
TOTAL					6.84%	6.67%	\$106,667.54

NTF BALANCED GROWTH PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
VFSTX	Vanguard Short-term Investment Grade	10.71	2415.10	24.61%	-0.22%	1.58%	\$25,865.67
VMNFX	Vanguard Market Neutral	11.45	1317.38	14.35%	N/A	N/A	\$15,083.96
SHYPX	American Beacon SiM High Yld Opps Inv	10.16	1499.27	14.49%	1.12%	1.55%	\$15,232.54
LCEIX	Invesco Diversified Dividend Investor	18.43	1167.16	20.47%	6.41%	7.55%	\$21,510.75
VEIPX	Vanguard Equity Income	32.26	849.53	26.08%	7.03%	9.62%	\$27,405.70
TOTAL					3.67%	5.10%	\$105,098.63

NTF CONSERVATIVE INCOME PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
VFSTX	Vanguard Short-term Investment Grade	10.71	2415.10	24.80%	-0.22%	1.58%	\$25,865.67
VCVSX	Vanguard Convertible Securities	13.81	1086.05	14.38%	3.83%	-0.01%	\$14,998.36
THOPX	Thompson Bond	11.72	853.86	9.59%	0.09%	0.07%	\$10,007.29
VWINX	Vanguard Wellesley Income	26.04	602.23	15.04%	2.12%	4.55%	\$15,682.13
VDIGX	Vanguard Dividend Growth	23.31	700.18	15.65%	6.78%	7.32%	\$16,321.27
VWELX	Vanguard Wellington	40.51	528.83	20.54%	4.09%	7.11%	\$21,422.82
TOTAL					2.67%	4.30%	\$104,297.55

NTF GLOBAL PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
VGK	Vanguard European Stock Index	53.78	261.30	13.62%	3.98%	-6.32%	\$14,052.60
VMVFX	Vanguard Global Minimum Volatility	11.52	2392.34	26.72%	6.47%	10.24%	\$27,559.81
WAGOX	Wasatch Global Opportunities	4.40	3562.95	15.20%	7.06%	4.51%	\$15,676.96
WAGTX	Wasatch World Innovators	22.44	1075.73	23.40%	4.81%	-3.44%	\$24,139.41
MGLBX	Marsico Global	14.71	1476.01	21.05%	7.37%	8.56%	\$21,712.18
TOTAL					6.01%	3.14%	\$103,140.96

NTF ABSOLUTE RETURN/DOWN MARKET PORTFOLIO

SYMBOL	Fund	Price	Shares	Allocation	1 MONTH	YTD	Value
VPU	Vanguard Utilities ETF	101.05	224.60	22.46%	8.76%	13.48%	\$22,695.50
VMNFX	Vanguard Market Neutral	11.45	2195.63	24.88%	N/A	N/A	\$25,139.93
VFSTX	Vanguard Short-term Investment Grade	10.71	966.04	10.24%	-0.22%	1.58%	\$10,346.27
THOPX	Thompson Bond	11.72	2134.66	24.76%	0.09%	0.07%	\$25,018.22
TGLDX	Tocqueville Gold	30.67	252.72	7.67%	-14.38%	-22.49%	\$7,750.82
VSGBX	Vanguard Short-Term Federal	10.76	937.57	9.98%	-0.13%	0.88%	\$10,088.24
TOTAL					1.37%	1.04%	\$101,038.98

THE Investor Guide TO VANGUARD FUNDS

Symbol	Name	NAV	Rank	Advice	% Return (3 and 5 Years Annualized)					Yield %	Beta 3 Year	SD 3 Year	Expense Ratio	
					YTD	1 Month	3 Month	1 Year	3 Year					5 Year
VANGUARD GROWTH FUNDS (continued)														
VWUSX	Vanguard US Growth Inv	31.97	78	Buy	11.43	8.67	7.32	19.28	21.14	15.06	0.49	1.17	11.67	0.45
VXF	Vanguard Extended Market ETF	87.46	76	Buy	5.83	10.02	3.77	12.07	20.75	17.68	1.21	1.19	12.08	0.10
VYM	Vanguard High Dividend Yield ETF	69.00	94	Strong Buy	13.05	6.86	6.50	16.38	20.09	16.35	2.90	0.86	8.50	0.10
VANGUARD SECTOR FUNDS														
VAW	Vanguard Materials ETF	109.51	84	Buy	5.89	6.76	-0.83	11.51	15.22	12.95	1.84	1.02	12.90	0.14
VCR	Vanguard Consumer Discretionary ETF	111.45	75	Hold	3.03	6.10	3.21	9.30	23.25	21.08	1.24	0.89	11.40	0.14
VDC	Vanguard Consumer Staples ETF	124.72	87	Strong Buy	13.30	5.21	9.67	15.34	19.18	16.15	2.38	0.50	9.53	0.14
VDE	Vanguard Energy ETF	124.40	84	Sell	-1.08	3.70	-9.77	1.52	8.35	9.59	2.19	1.07	14.33	0.14
VFH	Vanguard Financials ETF	48.94	76	Strong Buy	11.68	7.84	8.25	17.02	24.05	12.88	2.09	0.92	11.94	0.19
VGEX	Vanguard Energy Inv	64.92	81	Sell	-3.27	2.90	-10.47	-1.16	4.36	5.41	1.90	1.14	14.70	0.38
VGHCX	Vanguard Health Care Inv	224.47	98	Strong Buy	25.49	7.59	11.05	33.10	28.77	20.50	0.96	0.59	9.52	0.35
VGPMX	Vanguard Precious Metals and Mining Inv	8.76	32	Sell	-15.28	-9.03	-25.38	-17.67	-25.22	-12.08		1.20	25.12	0.25
VGSIX	Vanguard REIT Index Inv	26.43	88	Hold	26.09	8.32	7.14	24.19	16.76	18.31	2.69	0.63	13.73	0.24
VGT	Vanguard Information Technology ETF	103.00	88	Strong Buy	15.17	8.88	6.38	23.41	19.27	15.59	1.25	0.89	11.91	0.14
VGXRX	Vanguard Global ex-US Rel Est Idx Inv	22.17	62	Hold	3.44	3.65	-2.75	2.10	13.15		0.00	1.10	15.07	0.40
VHT	Vanguard Health Care ETF	124.76	95	Strong Buy	22.80	8.02	11.99	28.90	29.58	20.73	1.19	0.64	10.10	0.14
VIS	Vanguard Industrials ETF	107.61	85	Buy	7.45	12.31	7.21	14.66	22.57	17.92	1.68	0.83	11.05	0.14
VNQ	Vanguard REIT ETF	79.32	89	Hold	26.39	8.29	7.21	24.39	16.96	18.47	2.83	0.63	13.74	0.10
VNQI	Vanguard Global ex-US Real Estate ETF	55.67	62	Hold	3.38	4.34	-3.00	2.25	13.09			1.10	15.08	0.27
VOX	Vanguard Telecommunication Services ETF	88.94	88	Buy	6.41	6.46	3.01	8.54	16.31	14.81	3.17	0.50	10.82	0.14
VPU	Vanguard Utilities ETF	101.04	96	Strong Buy	24.37	8.76	12.79	22.79	14.95	14.48	3.22	0.30	12.81	0.14
VANGUARD INCOME FUNDS														
BIV	Vanguard Intermediate-Term Bond ETF	84.55	74	Hold	6.20	-0.37	0.55	5.38	3.32	5.64	2.42	1.51	4.16	0.10
BLV	Vanguard Long-Term Bond ETF	90.87	82	Hold	15.27	-1.13	1.34	15.92	5.22	8.83	3.83	2.97	8.49	0.10
BND	Vanguard Total Bond Market ETF	82.15	74	Hold	4.84	-0.30	0.65	4.69	2.44	4.04	1.99	1.02	2.78	0.08
BSV	Vanguard Short-Term Bond ETF	80.14	71	Strong Buy	1.29	-0.17	0.14	1.08	1.14	2.03	0.88	0.35	1.06	0.10
EDV	Vanguard Extended Duration Treasury ETF	113.37	81	Hold	31.20	-0.98	5.77	30.68	4.89	12.04	3.04	5.07	17.13	0.12
VBIX	Vanguard Interm-Term Bond Index Inv	11.48	74	Buy	6.04	-0.42	0.57	5.35	3.30	5.65	2.32	1.52	4.19	0.20
VBISX	Vanguard Short-Term Bond Index Inv	10.51	71	Strong Buy	1.15	-0.20	0.18	1.04	1.06	1.93	0.78	0.34	1.02	0.20
VBLTX	Vanguard Long-Term Bond Index Inv	13.80	82	Hold	15.17	-1.22	1.56	15.71	5.24	8.71	3.73	2.97	8.49	0.20
VBMFX	Vanguard Total Bond Market Index Inv	10.84	74	Hold	4.83	-0.29	0.67	4.60	2.42	3.99	1.86	1.01	2.74	0.20
VCIT	Vanguard Intermediate-Term Corp Bd ETF	86.03	77	Buy	6.89	-0.55	0.42	7.38	5.27		3.06	1.56	4.74	0.12
VCLT	Vanguard Long-Term Corporate Bond ETF	90.17	81	Hold	12.89	-0.93	1.06	16.06	6.55		4.38	2.83	8.58	0.12
VCSH	Vanguard Short-Term Corporate Bond ETF	79.92	76	Strong Buy	1.65	-0.18	-0.07	1.93	2.82		1.46	0.48	1.85	0.12
VCSVX	Vanguard Convertible Securities Inv	13.81	82	Strong Buy	2.53	3.83	-1.22	4.39	11.92	10.25	2.02	1.03	7.26	0.63
VFICX	Vanguard Interm-Term Invmt-Grade Inv	9.90	76	Hold	5.24	-0.39	0.34	5.39	4.44	6.18	2.45	1.25	3.72	0.20
VFII	Vanguard GNMA Inv	10.77	75	Hold	5.72	0.19	1.19	5.20	2.28	3.94	2.45	0.90	2.77	0.21
VFISX	Vanguard Short-Term Treasury Inv	10.71	70	Buy	0.73	-0.05	0.23	0.61	0.52	1.14	0.39	0.21	0.66	0.20
VFITX	Vanguard Interm-Term Treasury Inv	11.35	71	Buy	3.75	-0.23	0.68	2.66	1.38	3.73	1.44	1.07	3.11	0.20
VFSTX	Vanguard Short-Term Investment-Grade Inv	10.71	83	Strong Buy	1.76	-0.25	0.07	1.93	2.40	2.93	1.39	0.36	1.30	0.20
VGIT	Vanguard Intermediate-Term Govt Bd ETF	64.20	71	Hold	3.71	-0.33	0.57	2.61	1.35		1.50	1.03	2.99	0.12
VGLT	Vanguard Long-Term Government Bond ETF	73.57	82	Hold	18.12	-0.74	2.90	16.66	3.51		2.82	3.19	10.09	0.12
VGOVX	Vanguard Emerg Mkts Govt Bd Idx Investor	9.88	80	Hold	7.59	0.16	0.56	7.75			4.48			0.49
VGSH	Vanguard Short-Term Government Bond ETF	61.00	71	Buy	0.44	-0.16	0.10	0.47	0.42	0.57	0.34	0.12	0.40	0.12
VIPSX	Vanguard Inflation-Protected Secs Inv	13.45	68	Hold	4.54	-0.59	-1.75	3.18	0.48	4.03	-0.01	1.78	5.30	0.20
VMBS	Vanguard Mortgage-Backed Securities ETF	52.85	75	Hold	5.10	0.23	1.09	4.68	2.34		1.37	0.72	2.17	0.12
VMLTX	Vanguard Ltd-Term Tx-Ex	11.06	71	Buy	1.73	-0.16	0.19	1.70	1.64	2.09	0.70	0.28	1.23	0.20
VSGBX	Vanguard Short-Term Federal Inv	10.76	70	Strong Buy	1.06	-0.14	0.16	0.96	0.83	1.54	0.47	0.30	0.92	0.20
VTIBX	Vanguard Total Intl Bd Idx Investor	10.46	76	Hold	6.93	0.33	1.62	6.55			1.08			0.23
VTINX	Vanguard Target Retirement Income Inv	12.98	77	Hold	4.93	1.80	1.17	5.76	6.57	6.87	1.73	0.50	3.58	0.16
VTIPX	Vanguard Shrt-Term Infl-Prot Sec Idx Inv	24.75	69	Hold	0.28	-0.24	-1.16	-0.02			-0.41			0.20
VUSTX	Vanguard Long-Term Treasury Inv	12.54	81	Hold	18.14	-0.98	3.02	16.37	3.42	7.93	2.71	3.24	10.27	0.20
VWAHX	Vanguard High-Yield Tax-Exempt	11.20	94	Strong Buy	10.20	-0.36	1.81	10.05	6.01	6.10	2.57	1.17	4.49	0.20
VWEHX	Vanguard High-Yield Corporate Inv	6.07	87	Strong Buy	5.43	1.56	1.67	6.32	8.51	9.37	4.72	1.11	4.75	0.23
VWESX	Vanguard Long-Term Investment-Grade Inv	10.57	83	Hold	13.96	-1.19	1.44	15.94	6.77	9.20	3.88	2.79	8.12	0.22
VWITX	Vanguard Interm-Term Tx-Ex Inv	14.20	76	Hold	6.26	-0.63	0.86	6.29	4.14	4.61	1.54	0.91	3.51	0.20
VWLTX	Vanguard Long-Term Tax-Exempt	11.68	80	Hold	9.61	-0.59	1.51	9.69	5.49	5.55	2.22	1.15	4.43	0.20
VWSTX	Vanguard Short-Term Tx-Ex	15.86	68	Buy	0.67	-0.02	0.10	0.72	0.81	1.02	0.28	0.09	0.40	0.20
VANGUARD ASSET ALLOCATION														
VASGX	Vanguard LifeStrategy Growth Inv	29.18	77	Buy	6.75	5.00	2.39	10.36	14.17	11.08	2.10	1.23	8.08	0.17
VASIX	Vanguard LifeStrategy Income Inv	14.93	73	Buy	5.82	1.15	1.38	6.46	5.53	5.80	2.09	0.36	2.97	0.14
VBINX	Vanguard Balanced Index Inv	29.48	77	Hold	8.54	4.43	3.69	11.61	13.03	11.27	1.68	0.85	5.75	0.24
VGSTX	Vanguard STAR Inv	25.33	77	Buy	6.82	4.32	2.47	10.38	12.83	10.32	1.87	1.04	6.79	0.34
VPGDX	Vanguard Managed Payout Investor	19.11	72	Buy	6.15	3.67	1.52	8.83	11.06	9.77	1.47	1.06	6.96	0.03

Symbol	Name	NAV	Rank	Advice	% Return (3 and 5 Years Annualized)					Yield %	Beta 3 Year	SD 3 Year	Expense Ratio	
					YTD	1 Month	3 Month	1 Year	3 Year					5 Year
VANGUARD ASSET ALLOCATION (continued)														
VSCGX	Vanguard LifeStrategy Cnsvr Gr Inv	18.87	74	Buy	6.16	2.44	1.73	7.82	8.41	7.59	2.09	0.65	4.37	0.15
VSMGX	Vanguard LifeStrategy Moderate Gr Inv	24.36	76	Hold	6.48	3.75	2.05	9.09	11.29	9.49	2.10	0.94	6.17	0.16
VTENX	Vanguard Target Retirement 2010 Inv	27.00	73	Buy	5.47	2.23	1.39	7.07	8.42	8.08	1.80	0.68	4.55	0.16
VTTVX	Vanguard Target Retirement 2025 Inv	16.80	77	Hold	6.67	4.28	2.25	9.71	12.85	10.49	2.10	1.10	7.22	0.17
VTWNX	Vanguard Target Retirement 2020 Inv	28.87	76	Hold	6.49	3.77	2.09	9.21	11.74	9.87	2.10	0.99	6.48	0.16
VTXVX	Vanguard Target Retirement 2015 Inv	15.67	75	Buy	6.09	3.16	1.82	8.31	10.35	9.11	1.94	0.87	5.66	0.17
VWELX	Vanguard Wellington™ Inv	40.51	84	Strong Buy	8.73	4.09	3.44	11.84	14.36	11.31	2.17	0.89	6.03	0.26
VWINX	Vanguard Wellesley® Income Inv	26.04	82	Strong Buy	7.21	2.12	2.12	9.01	9.64	9.57	2.42	0.53	4.16	0.25
VANGUARD INTERNATIONAL FUNDS														
VDVIX	Vanguard Developed Markets Idx Investor	9.72	59	Sell	-3.40	4.18	-3.57					0.98	13.34	0.20
VEA	Vanguard FTSE Developed Markets ETF	39.28	69	Sell	-3.50	4.49	-3.64	0.03	11.36	5.61		0.98	13.33	0.09
VEIEX	Vanguard Emerging Mkts Stock Idx Inv	26.49	73	Hold	4.65	1.65	-3.24	4.84	4.05	3.08		1.05	15.66	0.33
VEU	Vanguard FTSE All-World ex-US ETF	48.75	68	Hold	-1.82	3.76	-3.82	1.22	9.37	5.00		0.99	13.22	0.15
VEURX	Vanguard European Stock Index Inv	28.85	77	Sell	-4.97	3.81	-3.99	-0.43	12.27	5.51		1.04	14.55	0.26
VFSVX	Vanguard FTSE All-World ex-US SmCp Idx Inv	37.61	71	Sell	-3.02	2.20	-6.23	0.22	9.14	6.61	0.00	1.02	14.02	0.40
VFWIX	Vanguard FTSE All-World ex-US Index Inv	19.15	69	Sell	-1.49	3.63	-3.63	1.17	9.25	4.98	0.00	0.99	13.23	0.30
VGK	Vanguard FTSE Europe ETF	54.00	76	Sell	-5.19	3.98	-4.01	-0.35	12.37	5.56		1.04	14.54	0.12
VGTSX	Vanguard Total Intl Stock Index Inv	16.10	69	Sell	-1.64	3.40	-3.91	1.04	9.37	4.89		0.98	13.18	0.22
VHGEX	Vanguard Global Equity Inv	24.53	79	Hold	4.52	6.37	0.90	9.97	16.47	11.28		0.79	11.13	0.61
VINEX	Vanguard International Explorer Inv	17.98	78	Sell	-2.39	3.33	-4.82	2.13	13.30	8.05		0.95	13.27	0.36
VMMSX	Vanguard Emerg Mkts Sel Stk Inv	19.73	72	Buy	-0.70	-0.25	-7.07	0.84	5.66			1.09	15.79	0.94
VMVFX	Vanguard Global Minimum Volatility Inv	11.52	79	Strong Buy	11.84	6.47	6.57							0.30
VPACX	Vanguard Pacific Stock Index Inv	11.34	59	Sell	-0.98	4.81	-2.94	0.22	9.79	6.13		0.87	13.23	0.26
VPL	Vanguard FTSE Pacific ETF	59.79	59	Sell	-1.31	5.64	-2.90	0.41	9.81	6.22		0.87	13.22	0.12
VSS	Vanguard FTSE All-World ex-US Sm-Cp ETF	99.13	71	Sell	-2.77	2.94	-6.14	0.82	9.53	6.77		1.02	14.02	0.20
VT	Vanguard Total World Stock ETF	60.99	77	Buy	4.38	5.64	0.80	8.64	14.43	9.65		0.79	10.87	0.18
VTRIX	Vanguard International Value Inv	36.37	72	Hold	-2.70	3.91	-3.17	1.25	11.91	5.40	0.00	1.00	13.48	0.43
VTWSX	Vanguard Total World Stock Index Inv	24.79	77	Buy	4.60	5.49	0.78	8.53	14.40	9.57	0.00	0.79	10.87	0.30
VWIGX	Vanguard International Growth Inv	22.64	68	Hold	-3.00	5.99	-2.50	2.41	11.66	7.46	1.30	1.01	13.79	0.48
VWO	Vanguard FTSE Emerging Markets ETF	41.80	72	Hold	4.03	2.22	-3.45	6.06	4.28	3.17		1.05	15.65	0.15
VXUS	Vanguard Total International Stock ETF	50.33	69	Hold	-1.94	3.57	-4.03	1.12	9.24			0.98	13.18	0.14
NTF GROWTH FUNDS														
AAPFX	American Beacon S&P 500 Idx Inv	27.49	83	Buy	11.61	7.01	5.89	16.77	19.86	14.97		1.00	9.09	0.60
AAGPX	American Beacon Lg Cap Value Inv	29.76	85	Buy	9.18	6.33	3.76	13.96	20.93	14.42		1.08	10.12	0.93
AALIX	ASTON/Herndon Large Cap Value N	15.07	79	Buy	3.10	4.87	1.89	9.23	15.55			1.13	10.90	1.30
ABCVX	American Beacon The London Co Inc Eq Inv	14.45	85	Buy	14.49	6.98	7.65	17.08			1.86			1.17
ACPVX	American Century Core Equity Plus Inv	15.77	89	Buy	11.76	6.99	5.27	16.61	20.65		0.00	1.05	9.80	1.30
ACTIX	American Century Capital Val Inv	9.82	82	Buy	10.84	7.32	5.03	15.23	20.50	13.78	0.00	1.01	9.51	1.00
ACWDX	ASTON/LMCG Small Cap Growth N	14.84	56	Buy	7.30	11.58	8.24	15.88	23.67			1.19	14.03	1.35
ADSIX	American Century Disciplined Growth Inv	19.58	83	Buy	11.45	7.23	5.44	18.25	20.15	17.44	0.00	1.12	10.58	1.03
ADVTX	ASTON/River Road Div All Cap Val II N	13.87	81	Hold	8.29	6.39	4.93	11.74			1.81			1.30
AEGDX	AllianzGI US Small-Cap Growth D	17.50	61	Sell	-0.29	11.32	3.00	5.00	17.96			1.31	14.11	1.44
AFDIX	American Century Fundamental Equity Inv	21.49	82	Buy	11.75	7.40	6.07	16.71	20.22	15.38	0.00	1.00	9.19	1.01
AKREX	Akre Focus Retail	22.67	81	Hold	9.07	8.62	4.61	15.36	21.99	18.36		0.91	9.58	1.36
ALVIX	American Century Large Company Val Inv	8.94	83	Buy	11.20	7.58	5.00	15.54	20.64	14.02	1.22	1.02	9.63	0.85
AMAGX	Amana Growth Investor	35.65	76	Buy	11.41	8.62	7.67	17.38	15.04	12.33	0.44	0.94	9.19	1.11
AMANX	Amana Income Investor	46.96	87	Buy	8.24	8.13	5.67	11.22	16.35	12.56	1.05	0.88	8.65	1.18
AMBEX	ASTON/Anchor Capital Enhanced Equity N	9.56	73	Buy	3.61	3.69	1.25	3.44	6.67	6.96	1.89	0.53	5.65	1.23
AMPAX	American Beacon Mid Cap Value Inv	15.04	83	Buy	6.29	8.20	2.54	10.41	20.94	16.58		1.10	10.65	1.23
AMVIX	American Century Veedot® Inv	10.25	84	Buy	8.47	7.22	4.38	12.83	20.06	16.18	0.00	1.01	9.72	1.25
ANOIX	American Century Small Cap Growth Inv	12.97	53	Hold	2.37	13.47	6.57	8.63	18.20	17.31	0.00	1.29	14.34	1.42
AOVIX	American Century One Choice® VryAgrsvl Inv	17.85	76	Buy	6.95	7.27	3.48	11.44	16.17	12.55	0.79	1.06	10.01	1.06
ARDFX	Ariel Discovery Investor	12.45	40	Sell	-8.92	10.86	0.81	-2.93	13.37			1.32	15.73	1.50
ARFFX	Ariel Focus Investor	15.38	84	Buy	7.93	5.70	0.79	12.14	18.81	12.61		1.24	12.33	1.25
ARGFX	Ariel Investor	79.81	79	Hold	8.32	10.89	4.49	15.64	24.67	17.51		1.36	14.04	1.03
ARLSX	ASTON/River Road Long-Short N	11.32	61	Sell	-5.19	-0.09	-4.31	-3.37	7.59			0.56	6.64	1.70
ARSMX	ASTON/River Road Select Value N	8.81	58	Hold	-2.56	7.18	-1.34	0.31	13.92	12.31		0.97	10.54	1.46
ARSVX	ASTON/River Road Small Cap Value N	13.62	61	Hold	-2.58	7.84	0.00	0.09	14.20	11.43		0.99	10.89	1.34
ASCTX	ASTON/Silvercrest Small Cap N	15.26	67	Hold	3.25	12.45	5.68	9.05						1.40
ATLVX	ASTON/TAMRO Diversified Equity N	18.95	69	Buy	10.05	9.22	6.58	17.08	17.58	14.34		1.15	11.00	1.20
AVPAX	American Beacon Small Cap Val Inv	27.19	73	Hold	2.79	10.89	3.39	8.80	19.69	16.00		1.27	13.20	1.18
AZFDX	AllianzGI Behavioral Advgtg Lg Cp D	25.16	80	Hold	8.92	7.80	5.18	14.14	21.35			1.01	9.48	0.85
BADAX	Brown Advisory Equity Income Adv	13.99	81	Buy	8.87	6.47	5.83	12.59			2.00			1.20
BAFAX	Brown Advisory Flexible Equity Adv	15.61	80	Hold	9.70	7.73	6.26	15.77	21.27	15.85		0.96	9.18	1.35
BAGAX	Brown Advisory Growth Equity Adv	19.26	69	Hold	5.59	8.45	4.79	9.67	15.46	14.89		1.08	11.26	1.15

Symbol	Name	NAV	Rank	Advice	% Return (3 and 5 Years Annualized)					Yield %	Beta 3 Year	SD 3 Year	Expense Ratio	
					YTD	1 Month	3 Month	1 Year	3 Year					5 Year
NTF INTERNATIONAL FUNDS (continued)														
TVFVX	Third Avenue Value Investor	60.29	77	Buy	5.33	6.20	-1.12	7.73	15.18			0.91	13.09	1.35
TVIVX	Third Avenue International Value Inv	17.74	56	Sell	-12.48	3.80	-8.27	-8.82	7.52			0.96	13.61	1.65
TWEMX	Thomas White Emerging Markets Investor	11.27	57	Sell	-1.64	1.69	-3.07	0.17	3.39			0.99	14.58	1.34
TWGGX	American Century Global Growth Inv	12.77	70	Hold	3.22	8.04	3.15	9.75	15.78	11.29	0.00	0.74	11.32	1.09
TWIEX	American Century International Gr Inv	13.13	66	Sell	-3.50	6.49	-0.38	1.50	12.23	7.73	0.00	0.90	12.57	1.22
TWMIX	American Century Emerging Markets Inv	8.91	63	Hold	1.86	2.89	-2.52	3.99	6.26	4.19	0.00	1.07	15.63	1.63
TWWDX	Thomas White International Investor	16.74	57	Sell	-5.97	3.64	-3.75	-2.89	8.18	4.86		0.90	12.25	1.24
UCEQX	USAA Cornerstone Equity	13.19	74	Hold	3.29	5.18	0.23	6.48						0.10
UGMVX	USAA Global Managed Volatility	11.08	62	Buy	-0.54	2.88	-0.89	1.85				0.51	7.43	1.10
UMBWX	Scout International	35.47	63	Hold	-3.82	5.07	-2.39	-0.65	9.49	5.77	1.08	0.85	11.79	1.01
USAWX	USAA World Growth	27.60	74	Hold	2.11	6.48	1.51	6.93	17.21	12.06		0.76	11.16	1.25
USCGX	USAA Capital Growth	9.49	79	Buy	8.09	5.68	2.82	11.72	16.74	10.70		0.75	10.74	1.30
USEMX	USAA Emerging Markets	17.42	65	Sell	-0.29	1.75	-5.02	0.30	2.15	0.44		1.09	16.36	1.58
USIFX	USAA International	29.45	69	Hold	-3.47	4.21	-1.54	0.10	11.47	6.93		0.91	12.69	1.21
WAESX	Wasatch Emerging Markets Select Investor	10.53	66	Buy	7.01	2.93	0.57	5.69						1.69
WAGOX	Wasatch Global Opportunities	4.40	75	Buy	0.69	7.06	2.80	4.80	16.05	13.83		0.71	11.15	1.80
WAGTX	Wasatch World Innovators	22.44	66	Hold	-4.75	4.81	0.36	-0.24	14.38	15.62		0.66	10.88	1.77
WAIGX	Wasatch International Growth	27.06	56	Sell	-6.85	5.09	-3.53	-4.47	14.81	13.70		0.89	13.27	1.49
WELNX	William Blair Emerging Mkts Ldrs N	9.64	69	Buy	5.93	4.44	0.52	8.69	6.65			0.99	14.49	1.65
WGGNX	William Blair Global Leaders N	11.95	70	Buy	4.55	7.95	3.64	10.19	13.85	11.66		0.72	10.84	1.50
WIENX	William Blair International Equity N	14.02	67	Hold	-1.82	4.55	-1.75	3.09	10.72	6.01		0.86	11.79	1.45
WIEVX	Wells Fargo Advantage Divers Intl Inv	11.93	64	Hold	-3.40	4.56	-2.29	0.45	11.69	6.38		0.92	12.43	1.46
WILNX	William Blair International Ldrs N	12.52	63	Hold	-1.03	6.73	1.29	4.66						1.45
WLCTX	Wilshire International Equity Invmt	9.31	59	Hold	-4.02	4.72	-3.12	-0.61	9.51	7.60	0.00	0.71	10.73	1.85

Fund Spotlight: Vanguard Managed Payout Fund

Retirees hoping to live off their investments need a large nest egg to survive on interest and dividends alone; otherwise, some draw-down of principal will be needed to smooth income during retirement. The Federal Reserve's recent exit from the third round of quantitative easing holds out hope that interest rates might finally increase, but for now, bonds and savings accounts offer limited income. Dividends still offer solid income streams, but stocks are highly volatile. Add in inflation, and the task of managing a portfolio in retirement isn't a simple one. Draw too much principal and the retiree will outlive the assets; draw too little and the assets will outlive the retiree, in addition to providing a lower standard of living.

Finding the right drawdown number is a subject of much debate. Many financial advisers, and the Vanguard Managed Payout Fund (VPGDX), use the 4 percent rule. Each year, 4 percent of the portfolio is returned to the investor. When interest rates and dividend yields are above 4 percent, the investor need not touch the principal, but in years when stocks tumble or bond yields crumble, an investor may need to sell some

assets in order to maintain his or her income. Research going back to the 1920s, including the Depression, has shown that a portfolio split 75/25 between stocks and bonds has never failed to last at least 25 years. For a 50/50 portfolio, there was only a 2 percent chance that the portfolio would not last 25 years. This is good news for retirees who stop working at age 70, but at 30 years, the chance of failure climbs to 4 percent and 8 percent for the two portfolios, respectively. Studies show that upping the withdrawal rate to 5 percent pushes those odds to 30 percent or higher.

This withdrawal rate assumes no fees. Investors who pay high fees will be unable to withdraw the full 4 percent while keeping the odds of failure low. This situation would be exacerbated by high inflation that pushes up the cost of living. Fortunately, Vanguard keeps fees low on these funds, at 0.34 percent, and investors will have a hard time beating that fee unless they're managing a portfolio on their own, using very low-cost index funds.

HOW THE FUND WORKS

Vanguard Managed Payout Fund sets its monthly payment each January, though that can change based on the performance of the portfolio. A decline in assets could force the

fund to reduce payments in order to maintain the life expectancy of the portfolio, while a strong return will mean 4 percent of a larger value can be withdrawn.

In order to smooth payouts, Vanguard adjusts the payouts based on the average price of the fund over the past three years. One strong or weak year won't affect the portfolio too much, but a sustained rally or decline in the portfolio's assets will affect payouts. Interest rates will also affect payouts.

Here's the fund's monthly payout over the past five years:

2010: \$0.063

2011: \$0.065

2012: \$0.066

2013: \$0.070

2014: \$0.056

The yield on the fund has declined along with interest rates and dividend yields, thanks to the fund's appreciation. Including reinvested dividends, the fund has returned 58 percent since the summer of 2010. The downside is that payouts have declined and investors would have seen their income from the fund sink 20 percent from 2013 to 2014. On the bright side, the fund's appreciation

(continued on next page)

Fund Spotlight: Vanguard Managed Payout Fund *(continued)*

means future payouts are likely to increase, but it may take a rise in interest rates to push those payouts up.

The fund itself invests in other Vanguard funds. As of September 30, 2014, the fund was 75 percent invested in stocks, 20 percent in bonds and 5 percent in commodities.

Vanguard Total Stock Market Index Fund Investor Shares	25.3%
Vanguard Global Minimum Volatility Fund	20.1%
Vanguard Total International Stock Index Fund Investor Shares	14.6%
Vanguard Total Bond Market II Index Fund Investor Shares	13.4%
Vanguard Market Neutral Fund Investor Shares	10.2%
Vanguard Total International Bond Index Fund	7.0%
Vanguard Emerging Markets Stock Index Fund Investor Shares	4.8%
Commodities	4.6%

Equities make up the largest portion of assets, with 25 percent in Total Stock Market (VTSMX). The fund is 20 percent invested in overseas equity funds. Additionally, there is approximately 10 percent overseas exposure coming from Global Minimum Volatility (VMVFX). However, that fund is currency hedged, which reduces the volatility. In sum, there is a significant exposure to overseas, which may make some investors uneasy.

Vanguard Market Neutral Fund (VMNFX) uses a long-short strategy to eliminate stock market risk. It invests in stocks that rate highly on Vanguard’s quantitative screen for good valuations, growth and momentum. It also identifies stocks that score poorly on these metrics. The fund goes long on the stocks scoring highly and shorts those scoring poorly. This eliminates stock market risk, since all these stocks are likely to rise and fall together with the market. As long as the stocks purchased outperform the shorted stocks, the fund will earn money, no matter the direction of the stock market.

Of the 20 percent in bonds, one-third is in foreign bonds. Both funds lean toward high-grade credit with a moderate sensitivity to interest rates.

Finally, nearly 5 percent of assets are in commodities. This holding hasn’t paid off in recent months, but this is an all-weather portfolio designed to hold up when inflation hits.

CONCLUSION

With a \$25,000 minimum investment, VPGDX is designed for retired investors with considerable funds to invest. It spreads assets across asset classes, offering solid diversification. For an investor that does not pay close attention to their portfolio, this fund is a reasonable option. Nevertheless, for an investor that is actively managing their assets, they would do well to look at other options. A well-diversified portfolio can deliver a similar return as VPGDX while giving the investor more control over individual holdings and needed income.

Portfolio Updates *(continued)*

The **NTF Global Portfolio** gained 6.01 percent in the past month; it is up 3.14 percent this year. Vanguard European Stock (VGK) rallied only 3.98 percent, due to the strong U.S. dollar. Vanguard Global Minimum Volatility (VMVFX) gained 6.47 percent, aided by its currency hedges that remove risk of the U.S. dollar appreciating. Wasatch Global Opportunities (WAGOX) and Marisco Global (MGLBX) both turned in returns of more than 7 percent. Global funds have been strong, thanks to their U.S. exposure.

The **NTF Absolute Return/Down Market Portfolio** gained 1.37 percent in the past month; it is up 1.04 percent this year. Tocqueville Gold (TGLDX) fell 14.38 percent last month after being hit by a whirlwind of negative factors such as falling oil prices, a rising U.S. dollar, a snap-back rally in U.S. stocks and Japan’s expansion of quantitative easing. Vanguard Utilities (VPU) advanced for the second straight month, up 8.76 percent. Utilities are once again the best performing index in the S&P 500 Index in 2014, thanks to their strong performance during the recent sell-off.

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