



# Selections & Timing

## Vanguard Fund Family

PO Box 3367 Bella Vista AR 72715

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UPDATE: We suggest making the following change as noted below.

| VANGUARD, selected & timed (3-month hold at least), style and asset allocated (stock, bond, balanced, cash) |          |       |              |                  |              |              |              |                     |            |                  |               |                  |
|-------------------------------------------------------------------------------------------------------------|----------|-------|--------------|------------------|--------------|--------------|--------------|---------------------|------------|------------------|---------------|------------------|
| Past & Future Activity                                                                                      | Activity | Fund  | Action Price | Number of Shares | Action Value | Fund         | Fund Style   | At month end Symbol | Ending NAV | Number of Shares | Current Value | Percent of Total |
| <b>PAST</b>                                                                                                 |          |       |              |                  |              |              |              |                     |            |                  |               |                  |
| 3-Oct                                                                                                       | sell     | VGSIX | 28.30        | 1,085.0171       | 30,706       | Emrg Mrkt    | EW           | VEIEX               | 22.81      | 1,361.5417       | 31,057        | 34%              |
| 3-Oct                                                                                                       | buy      | VWIGX | 23.05        | 1,409.9783       | 32,500       | Intrntl Grth | EW           | VWIGX               | 21.40      | 1,409.9783       | 30,174        | 33%              |
| 3-Oct                                                                                                       | sell     | VWESX | 11.01        | 2,819.2896       | 31,040       | Treasuries   | BL           | VUSTX               | 12.09      | 2,375.4019       | 28,719        | 31%              |
| 3-Oct                                                                                                       | buy      | VEIEX | 23.87        | 1,361.5417       | 32,500       |              |              |                     |            |                  |               |                  |
| <b>TO DO ON</b>                                                                                             |          |       |              |                  |              |              |              |                     |            |                  |               |                  |
| 1-Dec                                                                                                       | sell     | VUSTX |              | all              |              |              |              |                     |            |                  |               |                  |
| 1-Dec                                                                                                       | buy      | VUVLX |              |                  | 30,000       |              |              |                     |            |                  |               |                  |
| buys are each about 32% of total portfolio                                                                  |          |       |              |                  |              |              |              |                     |            |                  |               |                  |
|                                                                                                             |          |       |              |                  |              | Cash         | Money Market |                     | 1.00       | 2,407.0000       | 2,407         | 3%               |
|                                                                                                             |          |       |              |                  |              |              |              |                     |            | Total Valuation= | 92,356        | 100%             |

|                            | 2015  | ytd 2016 | 12 m  | 9 m   | 6 m   | 3 m   | 1 m   |
|----------------------------|-------|----------|-------|-------|-------|-------|-------|
| Vanguard Portfolio         | -1.11 | -6.60    | -7.88 | -1.87 | -5.06 | -9.42 | -5.27 |
| World Growth Index         | -3.01 | 9.14     | 6.27  | 17.40 | 7.24  | 1.86  | 3.46  |
| World Income Index         | 0.19  | 2.60     | 1.72  | 0.03  | -2.25 | -5.51 | -3.55 |
| World Hybrid (60/40) Index | -1.97 | 6.96     | 4.77  | 11.24 | 4.02  | -0.66 | 1.11  |

We track and rank 48 Vanguard funds monthly by C, the risk-adjusted relative strength metric. We buy and hold the three top funds.

After at least a three-month hold, we either stay with the buys or sell the laggards and buy the new leaders. This is a proactive rotational allocation strategy. The funds and ranks are shown on page 2.

The right side of the top table above shows the Vanguard Portfolio at month end. The left side

shows new trades upcoming for the month and past trades from previous months.

The lower table above shows the Vanguard Portfolio compared with the World Indexes.

If you have any questions, please email us. Thank you.

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# Vanguard Fund Family by C

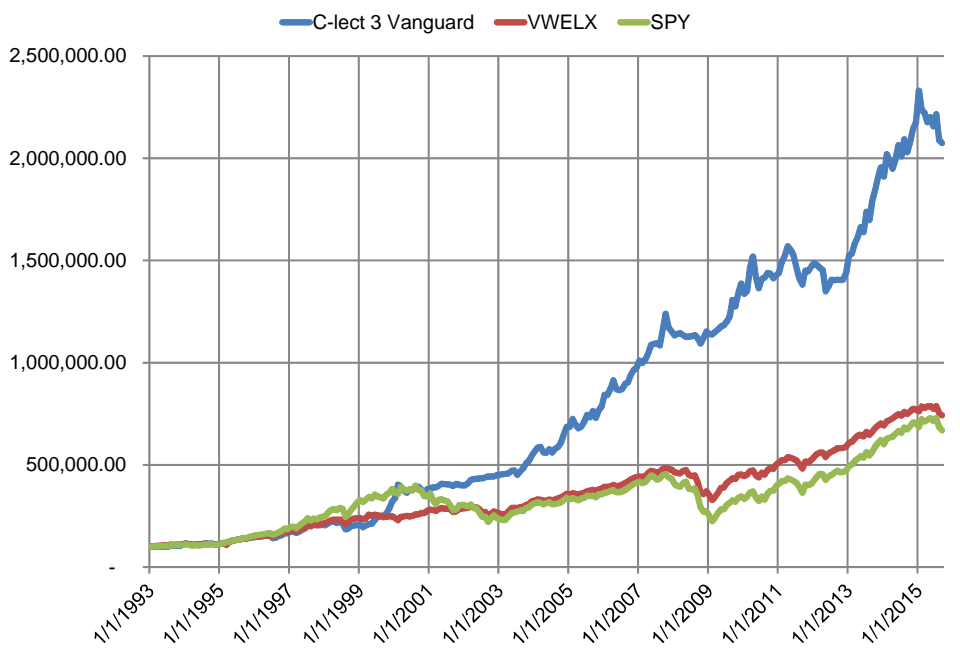
## VANGUARD FUND FAMILY by C

| ETF    | Sell Eligible | Legend  | Fund Name                       | Symbol | S   | A | 12m  | 9m   | 6m   | 3m    | 1m   | NAV    | V    | CS    | C     | Fmly Rank |
|--------|---------------|---------|---------------------------------|--------|-----|---|------|------|------|-------|------|--------|------|-------|-------|-----------|
| VTV    | to buy        | F S T   | Vanguard US Value               | VUVLX  | EV  | E | 10.4 | 20.8 | 10.6 | 7.0   | 9.0  | 18.42  | 2.8  | 34.6  | 12.4  | *****     |
| VO     |               | F S T   | Vanguard Strtg Eqty             | VSEQX  | EMC | E | 10.6 | 23.0 | 13.0 | 7.2   | 10.4 | 32.48  | 3.5  | 41.0  | 11.8  | *****     |
| MGV    |               | F S T   | Vanguard Value Index            | VIVAX  | EV  | E | 12.6 | 19.3 | 9.0  | 4.3   | 6.0  | 35.56  | 2.5  | 28.0  | 11.2  | *****     |
| VB     |               | F S T   | Vanguard SmlCap Index           | NAESX  | ESC | E | 11.1 | 24.5 | 10.8 | 4.5   | 8.6  | 60.95  | 3.7  | 36.4  | 9.8   | ****      |
| VOE    |               | F S T   | Vanguard Slctd Value            | VASVX  | EV  | E | 9.8  | 21.4 | 9.8  | 7.5   | 8.3  | 29.49  | 3.6  | 33.6  | 9.3   | ****      |
| VXF    |               | F S T   | Vanguard Extended Mrkt Index    | VEXMX  | EMC | E | 9.4  | 24.4 | 11.0 | 4.6   | 7.9  | 71.83  | 3.7  | 34.2  | 9.2   | ****      |
| VYM    |               | F S T   | Vanguard High Yld Dividend      | VHDYX  | EV  | E | 12.4 | 16.2 | 6.7  | 2.4   | 4.2  | 29.38  | 2.3  | 18.8  | 8.3   | ****      |
| MGV    |               | F S T   | Vanguard Windsor II             | VWNFX  | ELC | E | 8.9  | 19.0 | 7.3  | 3.3   | 5.5  | 36.97  | 2.9  | 20.9  | 7.3   | ****      |
| MGV    |               | F S T   | Vanguard Windsor                | VWNDX  | ELC | E | 6.9  | 22.2 | 8.7  | 4.9   | 6.6  | 21.00  | 3.6  | 26.2  | 7.3   | ****      |
| VOE    |               | F S T   | Vanguard Cap Value              | VCVLX  | EV  | E | 6.5  | 25.2 | 9.2  | 6.2   | 7.2  | 12.06  | 4.3  | 31.2  | 7.2   | ****      |
| VBK    |               | F S T   | Vanguard Explorer               | VEXPX  | ESC | E | 7.1  | 21.8 | 9.7  | 2.7   | 6.8  | 89.65  | 3.9  | 24.9  | 6.4   | ****      |
| MGK    |               | F S T   | Vanguard Cap Opprtn             | VHCOX  | ELC | E | 8.8  | 18.5 | 9.0  | 3.7   | 5.7  | 55.77  | 3.8  | 22.6  | 6.0   | ****      |
| VYM    |               | F S T   | Vanguard Grwth & Incm           | VQNPX  | EGI | E | 8.2  | 16.0 | 6.6  | 2.4   | 4.5  | 43.11  | 2.5  | 14.6  | 5.9   | ****      |
| VYM    |               | F S T   | Vanguard Equity Income          | VEIPX  | EGI | E | 10.3 | 15.1 | 5.4  | 1.6   | 3.8  | 32.33  | 2.2  | 13.0  | 5.9   | ****      |
| MGK    |               | F S T C | Vanguard PRIMECAP               | VPMCX  | ELC | E | 8.3  | 17.8 | 8.1  | 2.6   | 3.9  | 108.44 | 3.2  | 17.4  | 5.5   | ***       |
| VBK    |               | F S T   | Vanguard SmlCap Grwth           | VISGX  | ESC | E | 6.2  | 20.8 | 7.9  | 1.3   | 6.5  | 37.36  | 3.7  | 19.6  | 5.3   | ***       |
| VO     |               | F S T   | Vanguard MidCap Index           | VMSX   | EMC | E | 7.4  | 17.8 | 6.6  | 1.8   | 4.7  | 35.85  | 3.0  | 15.2  | 5.1   | ***       |
| VOO    |               | F S T   | Vanguard 500 Index              | VFINX  | ELC | E | 7.9  | 15.6 | 6.0  | 1.8   | 3.7  | 203.81 | 2.4  | 11.8  | 4.9   | ***       |
| NotAvl |               | F S T   | Vanguard Prc Mtls               | VGPMX  | EG  | E | 49.9 | 25.5 | 0.0  | -10.9 | -9.7 | 9.46   | 10.7 | 31.7  | 3.0   | ***       |
| NotAvl |               | F S T C | Vanguard Wellington             | VWELX  | H   | H | 7.2  | 12.1 | 4.3  | 0.9   | 2.2  | 39.23  | 1.7  | 3.6   | 2.1   | ***       |
| VVO    | 1/2/2017      | F S T   | Vanguard Emrg Mrkt              | VEIEX  | EW  | E | 8.9  | 19.9 | 9.0  | -2.5  | -4.4 | 22.81  | 3.8  | 7.8   | 2.1   | ***       |
| NotAvl |               | F S T   | Vanguard Pacific Index          | VPACX  | EW  | E | 5.2  | 16.1 | 6.3  | 0.3   | -1.4 | 11.26  | 2.8  | 3.4   | 1.2   | ***       |
| NotAvl |               | F S T   | Vanguard Balanced               | VBINX  | H   | H | 5.8  | 10.1 | 3.6  | 0.0   | 1.6  | 30.92  | 1.6  | -2.0  | -0.3  | ***       |
| NotAvl |               | F S T   | Vanguard High Yld Corp          | VWEHX  | BH  | B | 7.7  | 9.8  | 4.1  | -0.5  | -1.4 | 5.78   | 1.4  | -3.5  | -0.5  | ***       |
| VT     |               | F S T   | Vanguard Global Eqty            | VHGEX  | EW  | E | 2.9  | 13.3 | 3.8  | 0.2   | 0.9  | 24.83  | 2.6  | -2.1  | -0.5  | ***       |
| NotAvl |               | F S T C | Vanguard Convertible Securities | VCVSX  | EGI | E | 3.1  | 10.6 | 4.5  | 0.5   | 1.4  | 12.67  | 1.9  | -2.9  | -0.6  | ***       |
| VGSH   |               | F S T   | Vanguard ST Trsry               | VFISX  | BS  | B | 0.9  | -0.1 | -0.2 | -0.5  | -0.7 | 10.67  | 0.3  | -23.7 | -0.7  | ***       |
| VGSH   |               | F S T   | Vanguard ST Federal             | VSGBX  | BS  | B | 1.0  | 0.1  | -0.1 | -0.7  | -0.8 | 10.73  | 0.3  | -23.7 | -0.7  | ***       |
| BSV    |               | F S T   | Vanguard ST InvstGrd            | VFSTX  | BS  | B | 2.1  | 1.8  | 0.3  | -0.9  | -1.0 | 10.65  | 0.4  | -20.9 | -0.8  | ***       |
| NotAvl |               | F S T   | Vanguard Star                   | VGSTX  | H   | H | 5.3  | 10.3 | 3.0  | -0.9  | 0.4  | 24.42  | 1.7  | -4.9  | -0.8  | ***       |
| VIG    |               | F S T   | Vanguard Div Grth               | VDIGX  | ELC | E | 5.0  | 9.0  | 2.1  | -1.4  | 3.0  | 23.54  | 2.0  | -5.4  | -1.1  | ***       |
| VMBS   |               | F S T   | Vanguard GNMA                   | VFIIX  | BU  | B | 1.7  | 0.1  | -0.6 | -1.7  | -1.8 | 10.63  | 0.4  | -25.6 | -1.1  | ***       |
| NotAvl |               | F S T   | Vanguard Wellesley Incm         | VWINX  | H   | H | 5.8  | 6.4  | 1.2  | 0.9   | -0.7 | 25.62  | 1.1  | -12.7 | -1.3  | ***       |
| MGK    |               | F S T   | Vanguard Index Grth             | VIGRX  | ELC | E | 2.4  | 12.0 | 2.8  | -0.9  | 1.2  | 56.96  | 2.8  | -5.6  | -1.5  | ***       |
| VUG    |               | F S T   | Vanguard Morgan Growth          | VMRGX  | ELC | E | 0.9  | 11.1 | 3.3  | 0.0   | 1.6  | 25.57  | 2.8  | -6.3  | -1.8  | **        |
| VTIP   |               | F S T   | Vanguard FI TIP                 | VIPSX  | BS  | B | 3.7  | 2.0  | 0.6  | -1.8  | -2.0 | 13.44  | 0.9  | -20.7 | -1.9  | **        |
| BIV    |               | F S T   | Vanguard IT InvstGrd            | VFICX  | BI  | B | 2.9  | 1.7  | -0.7 | -3.2  | -2.8 | 9.74   | 0.8  | -25.2 | -2.1  | **        |
| BND    |               | F S T   | Vanguard TTL Bond Index         | VBMFX  | BI  | B | 1.7  | 0.0  | -1.4 | -3.7  | -2.8 | 10.65  | 0.8  | -29.4 | -2.2  | **        |
| VGIT   |               | F S T   | Vanguard IT Trsry               | VFITX  | BI  | B | 0.7  | -2.0 | -1.9 | -3.2  | -2.8 | 11.23  | 0.9  | -32.3 | -2.7  | **        |
| NotAvl |               | F S T   | Vanguard Intl Value             | VTRIX  | EW  | E | -0.3 | 11.4 | 2.6  | -1.0  | -1.0 | 31.98  | 3.1  | -11.5 | -3.6  | **        |
| VXUS   |               | F S T   | Vanguard Intl Equity            | VFSVX  | EW  | E | 2.1  | 10.1 | -0.4 | -3.1  | -2.3 | 35.91  | 2.8  | -16.8 | -4.6  | **        |
| MGK    |               | F S T   | Vanguard US Growth              | VWUSX  | ELC | E | -1.1 | 7.8  | 0.5  | -2.5  | -0.5 | 29.56  | 2.8  | -18.9 | -5.3  | **        |
| BLV    |               | F S T   | Vanguard LT InvstGrd            | VWESX  | BI  | B | 6.6  | 3.3  | -2.4 | -8.8  | -5.5 | 10.14  | 1.8  | -29.9 | -5.4  | **        |
| NotAvl | 1/2/2017      | F S T   | Vanguard Intl Growth            | VWIGX  | EW  | E | -1.0 | 11.7 | 1.6  | -4.4  | -4.0 | 21.40  | 3.6  | -19.2 | -7.0  | **        |
| VNQ    |               | F S T   | Vanguard REIT                   | VGSIX  | ERE | E | 5.4  | 7.6  | -2.5 | -9.0  | -1.7 | 26.71  | 3.6  | -23.4 | -8.5  | **        |
| VVO    |               | F S T   | Vanguard Intl Explorer          | VINEX  | EW  | E | -2.7 | 6.2  | -3.3 | -2.9  | -2.5 | 16.40  | 3.1  | -28.3 | -8.9  | *         |
| VGK    |               | F S T   | Vanguard European Index         | VEURX  | EW  | E | -7.6 | 3.5  | -5.1 | -5.1  | -2.3 | 24.69  | 3.2  | -39.6 | -12.7 | *         |
| VGLT   | to sell       | F S T   | Vanguard LT Trsry               | VUSTX  | BL  | B | 1.0  | -6.4 | -6.6 | -13.1 | -8.1 | 12.09  | 2.4  | -56.3 | -13.6 | *         |

This table shows the Vanguard funds we track and their ETF counterparts (column 1). The green highlight in column 2 (Sell Eligible) means these 35 funds were part of the back test. For the most part, those will also be the funds in the portfolio, even if there are higher ranked funds. The reason for this is to provide continuity. The results of the back test are shown on page 3. The Sell Eligible column 2 also shows the three funds in the portfolio and their eligible sell date. For Vanguard, we assume at least a three-month holding period to avoid redemption charges. Please see page 4 for more legend details.

# Back Test Results

**How C-lect May Work For You**



| TRAILING RETURNS | to year end 2014 |
|------------------|------------------|
| 1 year           | 11.2             |
| 3 years          | 14.0             |
| 5 years          | 9.4              |
| 10 years         | 12.2             |
| 15 years         | 13.6             |
| 20 years         | 16.0             |
| Inception        | 14.7             |

| PAST PERFORMANCE |       |
|------------------|-------|
| 2014             | 11.2  |
| 2013             | 36.0  |
| 2012             | (2.2) |
| 2011             | 3.1   |
| 2010             | 2.8   |
| 2009             | 20.4  |
| 2008             | (0.1) |
| 2007             | 18.3  |
| 2006             | 24.2  |
| 2005             | 14.2  |
| 2004             | 25.7  |
| 2003             | 21.5  |
| 2002             | 12.6  |
| 2001             | 4.9   |
| 2000             | 18.8  |
| 1999             | 55.1  |
| 1998             | (0.2) |
| 1997             | 25.8  |
| 1996             | 14.5  |
| 1995             | 28.2  |
| 1994             | 2.5   |
| 1993             | 10.9  |
| 1992             | (1.0) |
| 1991             | 22.4  |

The chart and tables show the back tested results of buying the top three Vanguard Family funds as measured by C, holding for at least 90 days, and rotating out of the laggards into the leaders on an ongoing continuous basis. On the chart, C-lect 3 Vanguard is the blue line following a rotation strategy, VWELX (Vanguard Wellington), a balanced fund, is the red line following a buy and hold approach, and SPY (S&P 500), a domestic large cap ETF, is the green line following a buy and hold approach. The period is from 1/1/1993 through 9/30/2015. Account start values were \$100,000. No additions or subtractions were made thereafter.

While buying and selling based on C, the risk-adjusted relative performance metric, over the years and decades in the back test produced superior results, in any one year the C ranking may or may not outperform the markets. This may be due to increased market volatility in that year.

For the test, one fund's sell and buy rebalanced all funds held, though in real time, one sell buys one fund for the same dollar amount would be practiced.

The same funds were used for the whole back test.

Dividends are reinvested.  
Taxes are not considered.

Information does not take into account your personal situation.

Past performance does not guarantee future performance. There is no assurance that future periods will be equivalent or similar to past periods. In a back test, there is no guarantee that actual trades could actually be made at the actual prices. All investments have risk; you may lose principle when investing. There are no guarantees. Read the fund's prospectus.

# Legend

| ETF<br>Altrntv | Sell<br>Eligible | Legend | Fund Name | Symbol | S | A | 12m | 9m | 6m | 3m | 1m | NAV | V | CS | C | Fmly<br>Rank |
|----------------|------------------|--------|-----------|--------|---|---|-----|----|----|----|----|-----|---|----|---|--------------|
|----------------|------------------|--------|-----------|--------|---|---|-----|----|----|----|----|-----|---|----|---|--------------|

This information below identifies the column headings shown above, which are also on page 2.

**ETF Altrntv** is the Vanguard ETF alternative to its mutual fund.

**Sell Eligible** is the earliest date from purchase that the fund may be sold. For Vanguard, it is three months. If there is a green highlight, it means the fund was part of the back test. If there is a date, it means the portfolio owns the fund and it is the earliest date the fund may be sold, assuming a minimum of a three-month hold.

**Legend** shows fund specific information. It is a short list of where the fund is available for purchase (F is Fidelity, S is Schwab, T is TD Ameritrade). C means the fund is closed. R means there is a short-term redemption fee.

**Fund Name** is the fund name.

**Symbol** is the fund ticker symbol. This is the official identification.

**S** is Style. The first letter is for the A, the next letter or two is the style. BS is bond short-term. BI is bond intermediate. BL is bond long. BH is bond high-yield. BW is bond world. BU is bond government. EG is equity gold. EGI is equity growth/income. ELC is large cap. EMC is mid cap. ESC is small cap. EV is value. EW is world. H is hybrid. A is Asset. B is bond. H is hybrid. E is equity.

12m, 9m, 6m, 3m, 1m is a fund's returns over those periods. Dividends are reinvested.

**NAV** is net asset value.

**V** is volatility, a measure of risk.

**CS** is comet strength, a measure of relative performance to an index. The index is 60% of the World Growth Index and 40% of the World Income Index.

**C** is comet, the risk-adjusted relative performance metric. The higher the C is the better.

**Fmly Rank** is family rank. This shows where the fund ranks by C within the fund family. This is either 5, 4, 3, 2, or 1 comets. 5 is the highest ranked by C.

World Growth Index (WGI) is made up of 20% EEM, EFA, IWM, QQQ, SPY.

World Income Index (WII) is made up of 20% PCY, BSV, TLH, LQD, JNK.

World Hybrid Index is made up of 60% WGI and 40% WII.

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