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Third Quarter 2015 Update and Commentary

Thank you for your interest in our firm. As the table below shows, we have a history of delivering superior, long-term performance by minimizing the impact of difficult times (the Dotcom Crash and Great Recession).*

	Mar 2000 to date	Sep 2007 to date
EF Invest	145%	38%
S&P 500	28%	26%

We favor value-oriented stocks paying safe, substantial dividends. It is a long-term strategy that avoids over-priced, fashionable stocks.

Last quarter was ugly. The Dow Jones Industrial Average, Standard & Poor's 500 Index (S&P) and NASDAQ each fell 7% or more. The markets were driven lower in part by interest rate concerns. This seems contradictory since the Federal Reserve will only increase interest rates if the economy is strong enough to support them. A strong economy is good for investing. This quarter started much better – markets rose 8% in October.

Studies show that investors who react to short-term fluctuations with frequent portfolio changes get poor results. Mutual fund investors lagged the market by 8% per year over the past thirty years. Reacting to short-term market gyrations is not prudent. We avoid it.

Our focus on the long term worked well for our clients these past four decades. Since the market peak of March 2000, our clients earned 145% on average, a 7% annual return. The NASDAQ remained flat while the S&P grew 28%, or 2% per year. Our focus on safety helps explain why our clients have been with us over eleven years on average.

Johnson & Johnson (JNJ) is an example of our value-oriented investment strategy. We purchased JNJ in the low $60s between 2005 and 2012. The dividends alone, which increased from $1.28 to $3.00 (134%) since 2005, produced a 5% annual return on our investment. At less than half of earnings they are very safe. JNJ now trades at $102.

Investors often use capital gains as their primary measure of investment results. As JNJ illustrates, dividends (a fundamental component of value investing), are also very important. The companies in our portfolios yield about 4% in dividends. These dividends, which are about 50% of earnings, grew 5% this past year and 10% per year over the past decade.

We select companies like JNJ to build client portfolios using our forty-one years of experience and internal research. For more information call us or visit our website at www.efinvest.com.

* Past performance is no guarantee of future results and does not preclude the possibility of loss.