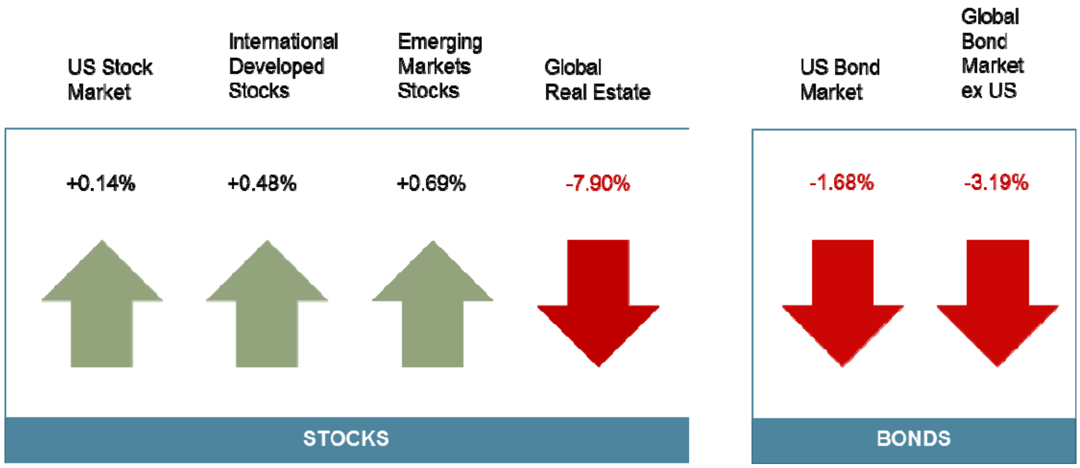
LYKE Financial Inc.

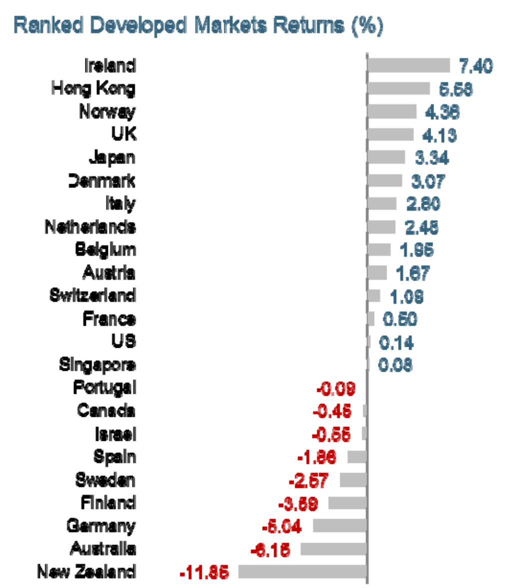
World Asset Classes—Second Quarter 2015 Index Returns

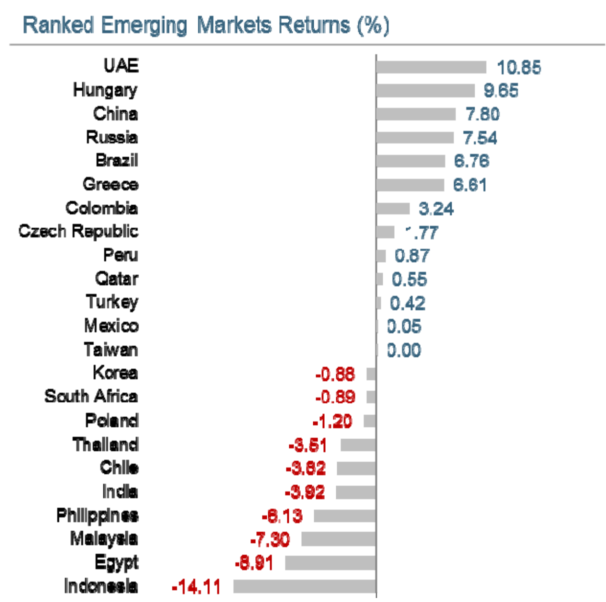


Looking at broad market indices, emerging markets outperformed both the U.S. and developed ex U.S. markets in U.S. dollars during the quarter. REITs recorded the lowest performance in developed markets, including the U.S.

The value effect was positive in emerging markets but negative in developed markets, including the U.S. small caps which outperformed large caps in the U.S., non-U.S. developed markets, and emerging markets. The U.S. equity market recorded slightly positive performance for the quarter.

Smaller countries recorded the highest performance for the quarter, with Ireland and Hong Kong leading the way in developed markets and the UAE and Hungary in emerging markets.





Inside this issue:

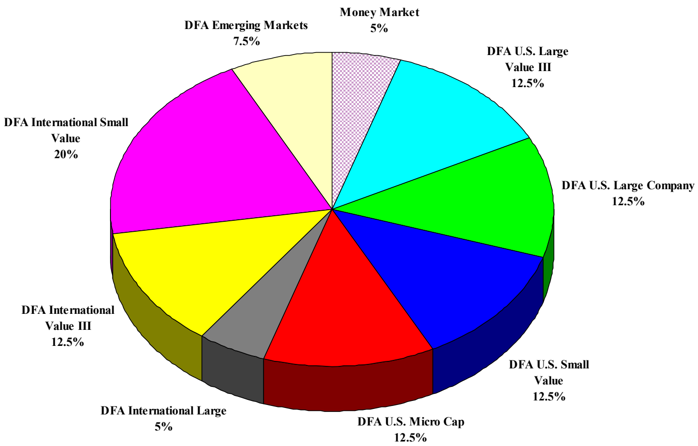
Investing Insight

LYKE FINANCIAL, INC.

Portfolio Returns:
January 1, 2015—June 30, 2015*

AGGRESSIVE GROWTH

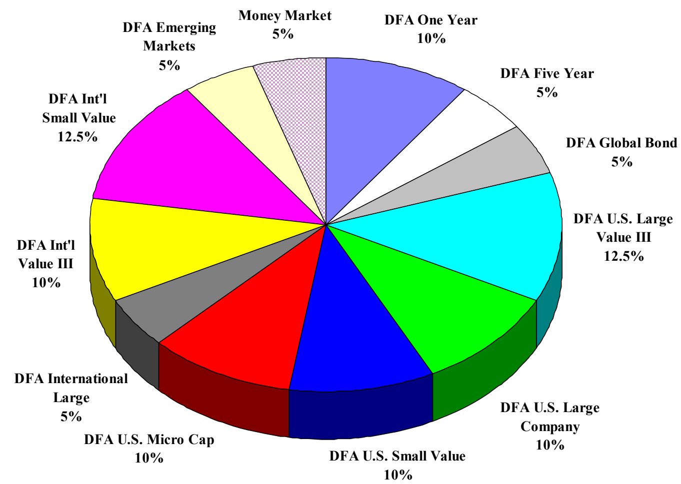
95% Equities/5% Fixed



Rate of Return 3.72%

LONG TERM GROWTH

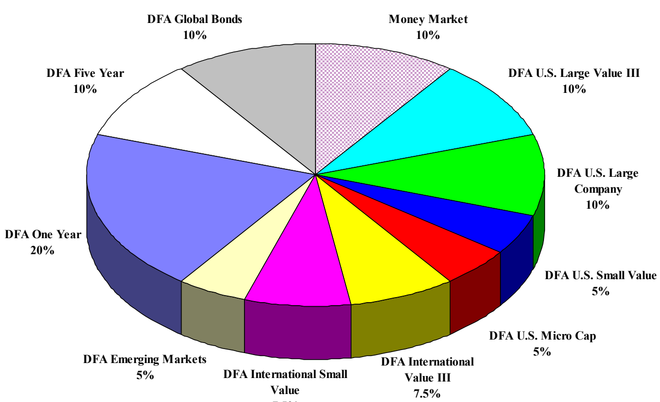
75% Equities/25% Fixed



Rate of Return 2.49%

BALANCED GROWTH

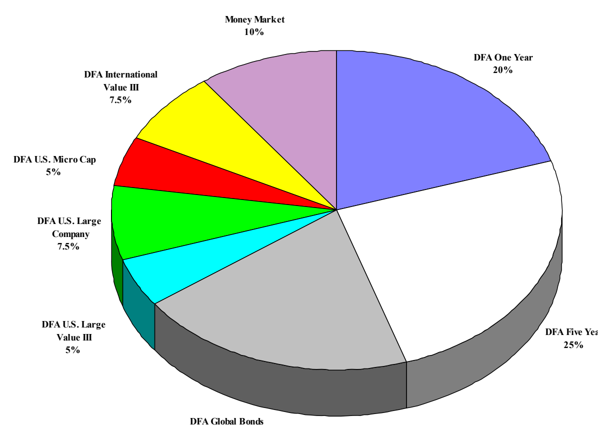
50% Equities/50% Fixed



Rate of Return 1.25%

INCOME & GROWTH

25% Equities/75% Fixed



Rate of Return 0.47%

*Individual returns may vary slightly based upon assets, size and fees charged, performance shown is net of fees. Performance shown reflects the reinvestment of dividends and other earnings. The returns shown represent past performance and are not indicators of future results.

What Exactly Is A Bond?

Vince Lombardi, the legendary coach of the Green Bay Packers, would begin the first team meeting of the pre-season by holding up a football.

"This, gentlemen," he would say, "is a football."

If you want to be successful, it's good to occasionally review the basics. And one of the basics for retirement investing is understanding the bond.

You've probably heard of the portfolio mix commonly referred to as the "center of gravity" which includes 60% stocks and 40% bonds (represented by broad index funds). One of the primary reasons this mix is so widely held is because stocks and bonds tend to have dissimilar price movement. Often times (though not always), bonds can actually counterbalance the inherent volatility of stocks, offsetting some of the perceived risk.

One of the reasons stocks and bonds share this counter-moving relationship is because they represent two sides of the financial coin.

Stocks are shares of ownership in publicly traded companies, which is why they are referred to as equities. When the value of a company goes up, so does its stock price.

Bonds are a company or government's debt. When an entity needs to raise capital, they may sell or issue bonds. Like a typical loan, a bond will have a specified interest rate, an interest payment schedule, and a due date when the full amount must be paid back.

When you apply for a personal loan at your bank, your credit rating and reason for borrowing affect your loan's interest rate. In the same way the reliability of the issuer affects the risk and return on a bond. Bond rating agencies assess the relative risk of bond issuers with a grading system that ranges from AAA (the highest) to C (junk). Those backed by the U.S. Treasury are considered the most secure and so pay the lowest rate. While bonds issued by a smaller corporation may be assigned "junk" status. These bonds pay a higher interest rate to compensate for the highest risk of potential default. Lower-rated bonds can also be much more volatile in price than short-term, government issued debt.

If you buy a bond and hold it to maturity (and the issuer is still solvent), you are guaranteed the full amount you paid for it, plus the interest that's already been paid to you periodically. However, bonds are bought and sold in the market just like stocks. And the value of your bond if sold today may be more or less than you paid for it. This is known as being above or below "par."

Volatility in the stock market can lead to a rise in bond prices, which effectively lowers the interest rate they pay. In times when more investors seek a safe haven, the demand for bonds increases. Conversely, a bull market in stocks will tend to depress bond prices.

Another factor that can affect bond prices is interest rates. When interest rates go up, so does the premium that issuers must pay to borrow. A newly issued AAA-rated bond that pays 4% is worth more than an older AAA bond that pays 3.5%. The new bond has similar risk but a higher return. So the value of the older, lower yield bond drops as investors sell it to buy the higher yield one.

Like with stocks, the day-to-day movement of bonds can't be predicted. While they do tend to be less volatile and carry less risk than stocks, it is still possible to experience periods where bonds have slightly negative returns. (Continued on back…………….)

Meeting Expectations

All DFA portfolios are designed to deliver "market rates of return." DFA is not trying to "beat" the market by employing crystal ball type strategies, only working to achieve market returns, historically outpacing 90% of the active managers who attempt to beat the market.

To evaluate your portfolio, it is helpful to look at the various DFA funds and **compare them** to the specific markets in which they are invested:

	01/01/15 through 06/30/15 Return*
DFA U.S. Large Co.	**1.22%**
S&P 500 Index	1.23%
DFA U.S. Large Value	**1.35%**
Russell 1000 Value	-0.61%
DFA U.S. Micro Cap	**4.18%**
Russell 2000	4.75%
DFA U.S. Small Value	**2.50%**
Russell 2000 Value	0.76%
DFA Emerging Markets	**1.34%**
MSCI Emerging Market Idx	1.67%
DFA Int'l Large Company	**5.47%**
MSCI EAFE Large Co Idx	5.52%
DFA Int'l Large Value	**6.82%**
MSCI EAFE Value	4.11%
DFA Int'l Small Value	**10.11%**
MSCI EAFE Sm Cap Index	8.73%
DFA One Yr. Gov't Bond	**0.34%**
BarCap 1-3 Yr. Gov't	0.69%
DFA Short-Term Gov't Bond	**1.02%**
BarCap 1-5 Yr. Gov't	0.90%
DFA 5 Yr. Global Bond	**0.96%**
Citi World Bond Index	-4.02%

**Morningstar 06/30/15*

(continued from page 3…….)

The prudent investor will own bonds through broadly diverse funds that spread the portfolio risk over scores of issuers rather than just a few.

Currently the bonds in our DFA portfolios have high credit ratings and are short term maturities. Because we are not taking the risk on the long term end of the bond maturity our bond positions have remained positive for 2015.

It's Greek To Me?

I'll be writing more extensively on the subject shortly. However, one question that has come up —mostly from our investors— which requires an immediate response is: "how much Greek debt do I own in my portfolio."

An excellent and legitimate questions given today's and the last few day's headlines.

The answer is: NONE!

As many know, our use of fixed income (primarily bonds in English) is mainly to control the level of volatility in our portfolios. The fixed income held consists mostly of debt instruments with a duration of five years or (mostly) less. Below is a current list of the country holdings' percentages in the fixed income portfolio:

United States	48.75%	Norway	2.47%
Canada	9.70%	France	2.12%
Supranational	7.92%	Denmark	1.74%
Netherlands	6.45%	Austria	0.98%
Australia	5.16%	Finland	0.77%
Germany	4.97%	Singapore	0.65%
Sweden	3.99%	United Kingdom	0.46%
Japan	3.96%	Belgium	0.24%

Source: Matson Money

Right now, Greece, the EU and ECB as well as China are the big financial stories and everyone has an opinion but nobody really knows just how things are really going to play out. Lurking off in the shadows with some important geopolitical implications and, indirectly financial ones as well are the ongoing Iran nuclear talks which appear to be in their last lap around the track — maybe.

All in all a pretty unsettled time — but, then again, when is it?

Suggest following my earlier advice to turn off the news, put on some music, pick up a good book and a cold drink and enjoy the sounds of nature and the summer season!

Commentary, by Frederick C. Taylor, CLU, CFP, AIF, Professional Associates.

eStatements & Matson Money Blue (eMoney)

As a reminder, don't forget to sign up for your eStatements! If you need help in accomplishing this please let us know, and we certainly can assist.

Coming Fall 2015: Matson Money Blue! We will be providing a new service in which you will be able to have one login to view all of your investment accounts as well as your financial data. You will be able to access this both on your computer and phone if you should desire. If you are interested in being a test client, please call or email us.

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