

# John Bogle on “Enhanced” Index Funds – Can They Beat the Market?

## Bond Basics for Individuals: A Guide to Buying and Selling



While people speak of the bond market as if it were one market, in reality, there is not one central place or exchange where bonds are bought and sold. This market is so vast that its size is difficult to imagine.

Overwhelmingly, this is an institutional market. The individual investor faces many disadvantages when compared to institutions. To protect your interests, if you want to buy individual bonds, you need to become an informed investor, and you need to stick to bonds whose characteristics and risks you understand.

## “Enhanced” Index Funds: Can They Beat the Market?

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John “Jack” Bogle, founder and former chairman of the Vanguard Group and father of the index mutual fund, passed away last week at the age of 89. Here is an article he contributed to the *AAII Journal* in 2007, in which he steadfastly supported traditional passive investing in the face of fundamental-weighted indexes.

## Evaluating Dividend Safety With the Free-Cash-Flow Payout Ratio



“Cash is king” is a common refrain in investing and investment analysis. Just because a company generates positive earnings doesn’t mean it will succeed. It still needs to generate cash to survive. Thus, whether a company can generate sufficient cash is what matters to stakeholders.

## Interaction of Dividend Yield and Growth on the Payback Period



The payback period is a measure of how long it will take the annual dividends per share to pay back the original investment. The faster the payback, the better, assuming risk levels among your alternatives are equal. A faster payback will allow you to recover your investment more quickly and enable you to deploy the money in other assets. The longer the payback period, the greater the uncertainty of earning a positive rate of return on your investment.

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Our [Member Question](#) for this week is:

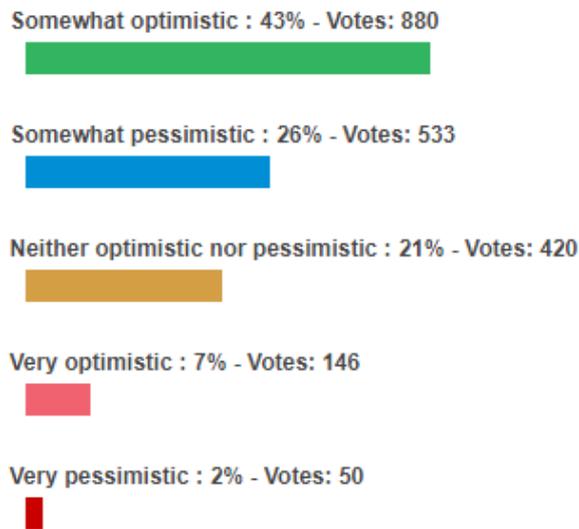
***Before getting married, did you discuss your partner’s and your financial situation and how the two of you would handle your finances?***

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***Vote to answer this week’s Special Question: If you discussed your finances with your partner before getting married, what specifically did you address?***

## Last Week's Results:

As far as the general condition of the U.S. economy is concerned, how would you rate your outlook for it over the next 12 months?



*Poll results are as of 9 a.m. (Central) on Monday. 2,239 respondents.*

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## [AAII Survey: Investors' Outlook for U.S. Economy](#)



The U.S. economy is a key driver of the stock market. With some signs that the economy may be running out of steam, we asked our readers their opinion of the U.S. economy for the next 12 months. Our latest special question then asked what steps, if any, our readers take when there is a spike in stock market volatility.

## [AAII Investor Classroom: Understanding Bond Credit Ratings](#)



There is widespread misunderstanding about what credit ratings mean, and how they affect the returns that you earn and the overall riskiness of your portfolio. This AAI Investor Classroom attempts to clear up some of this misunderstanding to help you make better investment decisions.

The AAI Weekly Digest is one of the many **benefits** of AAI membership. To learn more, consider a **30-day Trial AAI Membership** to start becoming an effective manager of your own assets.