James M. Dodson Perpetuation Fund
2016 Annual Report

Despite very low interest rates and increased volatility in stocks the investment performance for the Perpetuation Fund over the past year has been very good, with a return of 8.6%. These good results have been primarily driven by the quality stocks in the portfolio providing nearly a 13% rate of return. The bonds in the portfolio help to reduce risk and stabilize portfolio volatility, but they have earned a steady 5.1% over the same time period. Non-traditional, alternative investments (more recently added to the investment guidelines) have also helped boost returns this year. This investment class includes investments in high yield bond funds and master limited partnerships. Today the asset allocation of the Fund is 58% high quality common stocks, 31% intermediate investment-grade bonds, 8% alternative assets, and 3% money market funds.

We continue to anticipate that interest rates will slowly, but steadily rise over the coming few years as the Federal Reserve attempts to normalize monetary policy. This will act as a headwind to the bond returns. As a result we have reduced the bond allocation in the portfolio. Compared to the long-term investment guidelines the portfolio is underweight bonds due to their very low yields and over-weighted in alternative assets. The equity portion of the Fund emphasizes high quality, large capitalization companies that have reasonably good dividend yields and dividend growth prospects. It is highly diversified. The overall stock market is a bit expensive compared to history, but this segment of the market offers the best valuation to investors. The addition of alternative assets in recent years will help to insulate the Fund from volatility in either bonds or common stocks.

The investment markets will likely remain volatile through the election and into the end of the year as investors digest the outcome. Economic growth should remain positive, but still slow compared to long-term averages. This will allow the Federal Reserve to raise interest rates slowly. Such an environment can produce reasonable investment returns, though muted historically. While we are vigilant to the risks and invested in a way that would protect the portfolio in a downturn, we anticipate continued positive results over the coming year.

Dale H. Coates, CFA
Principal, Vice President
Johnson Investment Counsel

Investment Performance

July 2016

American Watchmakers-Clockmakers Institute

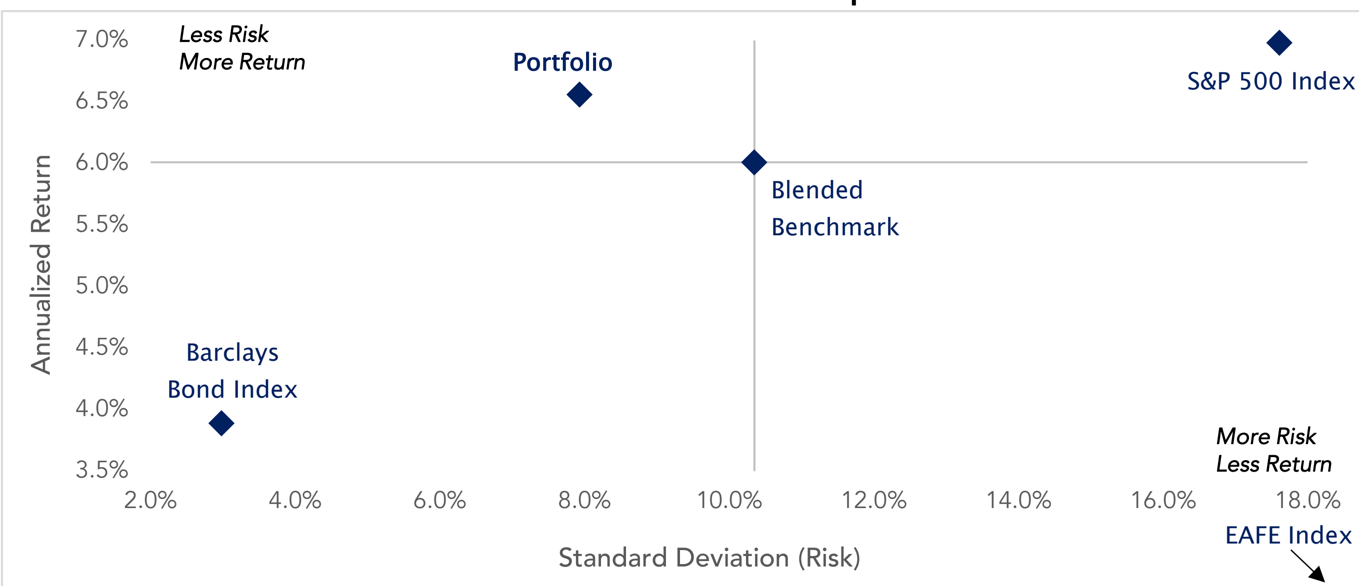
Portfolio and Benchmark Performance

12/31/2007 - 07/31/2016

	Calendar YTD 2016	Past 3 Years	Annualized Since Inception	Standard Deviation
Portfolio	8.5%	5.4%	6.6%	7.9%
Blended Benchmark*	6.4%	7.7%	6.0%	10.4%
Inflation (Consumer Price Index)	0.8%	1.0%	1.6%	n/a
Standard & Poors 500	7.7%	11.1%	7.0%	17.6%
MSCI EAFE - International	0.8%	2.6%	-0.4%	21.2%
Barclays Capital Intermediate G/C Index	4.4%	2.9%	3.9%	2.9%

** Blended Benchmark consists of 60% S&P 500 Index and 40% Barclays Capital Intermediate Govt/Credit*

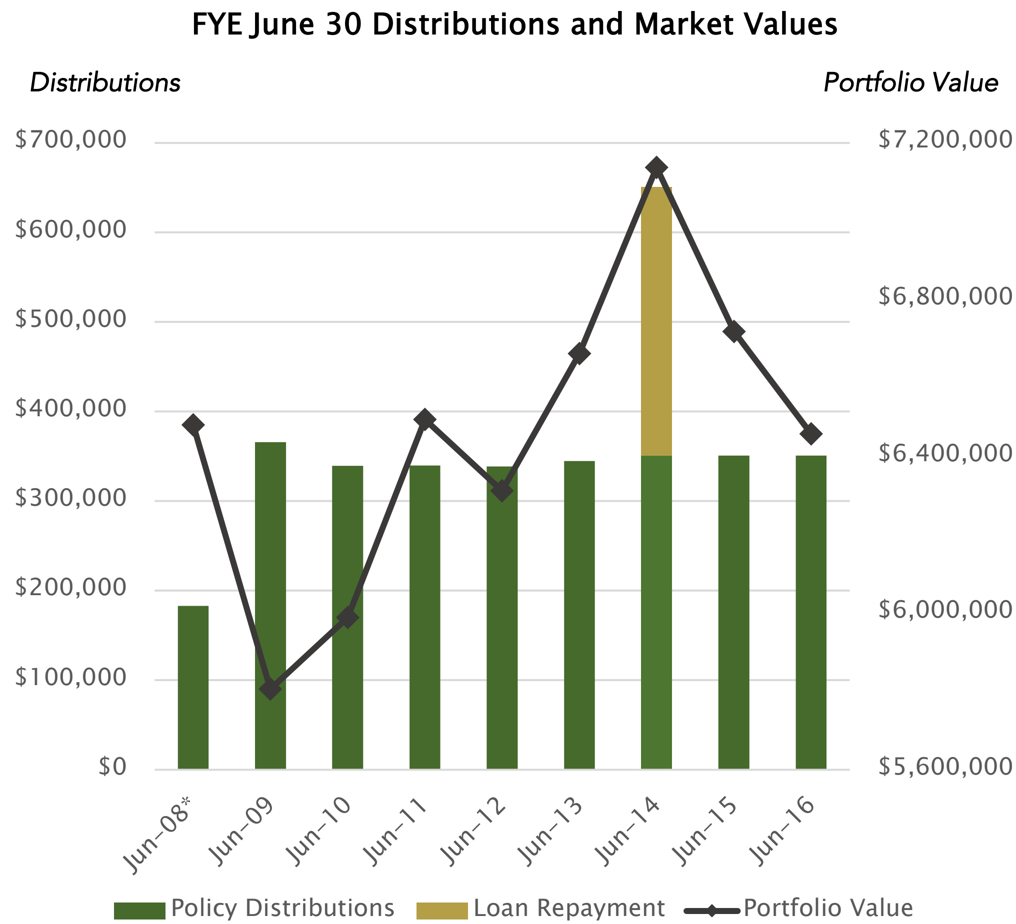
Risk and Return from Inception



Fiscal Year Distributions and Portfolio Values

June 2016

American Watchmakers-Clockmakers Institute



Period Ending	Distributions: Policy Distributions	Distributions: Loan Repayment	Portfolio Value
Jun-08*	$182,901	$0	$6,480,001
Jun-09	$365,802	$0	$5,805,793
Jun-10	$339,334	$0	$5,988,714
Jun-11	$339,646	$0	$6,493,850
Jun-12	$338,848	$0	$6,312,002
Jun-13	$344,822	$0	$6,662,419
Jun-14	$350,827	$300,000	$7,137,469
Jun-15	$350,827	$0	$6,718,401
Jun-16	$350,827	$0	$6,457,630

Totals:	$2,963,833	$300,000	$6,457,630
Prior Approach:	$2,406,204	$300,000	$6,268,230
Difference:	$557,629	$0	$189,399

* *Represents only 6 months ending June 30, 2008*

Prior Approach invested in agency mortgage-backed securities and distributed all coupon income - represented by the Barclays MBS Index. Current annual distributions would be approximately $211,000 using that strategy.