According to Sydney Homer, the author of *The History of Interest Rates*, since Babylonian times high quality long term debt has paid two percentage points over the long term rate of inflation. Ibbotson Associates tells us that, in the postwar period since 1945, long term U.S Treasuries have yielded 5.9% annually while inflation, as measured by the Consumer Price Index (CPI), averaged 3.8%. For the past 12 months, CPI is -0.58%, according to the most recent report. So, if inflation is negative, what's wrong with 3.1% on 30 year T-Bonds?

Intermediate Treasury notes at 2.4% are, likewise, throwing off a better than 2% "real" yield but have another relative comparative advantage when compared to yields available on other high quality sovereign debt. Maybe the Swiss deserve to sell 10 year debt at 0.12% (it was negative a few weeks ago) and the Germans and Dutch at 1.06% and 0.86%, respectively. But how about Spain at 2.15% or Italy at 2.16%? Does anyone really think that they are more likely to make their interest and principle payments than we are? And let's not even consider that most of them are denominated in a depreciating currency versus the U.S. dollar.

Our last undervalued investment is one that you won't find on very many Wall Street recommended lists, either: physical platinum. While we normally invest 25% of our money in either gold or platinum, right now we have 20% in platinum for two reasons. One, after our DOTW have one of their infrequent losing years, we take 5% points from each of our other three sectors and boost our equity percentage up to 40%, leaving the remaining 60% to be divided equally among the other sectors. Second, because platinum, which due to its relative rarity versus gold normally trades 25% higher in price than gold, is currently almost 7% below gold. As far as gold's relative undervaluation, its price has historically averaged 1/10 the price of the Dow Jones Industrial Average and, as I write, it is only 1/15th ($1,181/18,039) the price of the Dow. Therefore, in our view, fair value for platinum right now would be $2,255/oz or 105% above its current price of $1,100/oz if historical relationships were to return.

For the first five months of 2015, our median portfolio using the above-mentioned allocation is +0.94%, net of fees, while the S&P 500 and DJIA are +3.1% and +2.1%, respectively. Since 1972, our Michael O'Higgins Absolute Return (MOAR) Strategy, which is the basis for that allocation, has averaged a 12.42% compounded total return, with only four losing years, compared to the S&P's 10.33% and nine negative years. That's why we call it "MOAR Return with Less Risk."

O'Higgins is president and chief investment officer of O'Higgins Asset Management. He is the author of the best-selling investment classic Beating the Dow (HarperCollins, 1991), which popularized the "Dogs of the Dow" strategy.

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