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Quarterly Update

Fourth Quarter 2009

## Dear Hawk100 Member.

On behalf of Hawk100, I wish you a warm and wonderful 2010.

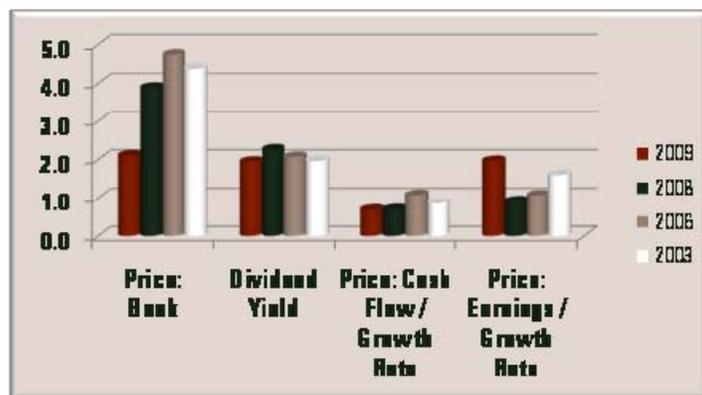
While you review your Wealth Alignment Report, please also consider the following discussion and comments. As always, we welcome a personal discussion with you, so feel free to contact us if you wish to arrange a consultation with your wealth advisor to discuss your wealth and your life.

2009 was a remarkable year, and we are delighted to report that our business has grown and our member services have expanded in alignment with your portfolio.

Another quarter of positive return aided your portfolio growth. In earlier quarterly letters, we ascribed rarity to the streak of consecutive quarterly returns and suggested that positive performance could quantitatively continue. We were optimistic yet cautious especially when October produced negative results. Yet again, U.S. stocks rebounded and rose 6.0% in the fourth quarter, as measured by the S&P 500.

Fundamental metric	4th Quarter 2009	2nd Quarter 2008	4th Quarter 2006	4th Quarter 2003
Price: Cash Flow	6.5	11.1	17.3	11.4
<b>Price: Earnings</b>	<b>18.8</b>	<b>14.8</b>	<b>17.2</b>	<b>21.3</b>
Growth Rate	9.4	16.0	16.0	13.4
<b>Price: Book</b>	<b>2.1</b>	<b>3.8</b>	<b>4.7</b>	<b>4.4</b>
Dividend Yield	2.0	2.3	2.1	2.0

Adding deeper insight to our last quarter quantitative evaluation of the U.S. stock market, this quarter, we share a portion of our analysis of



Hawk100 calculations based on data from Morningstar, Bloomberg, Reuters.

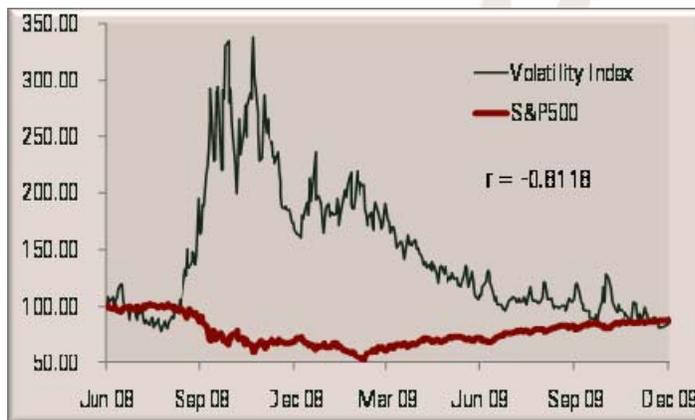
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Information herein is based on sources believed to be reliable but which have not been verified for accuracy. Conclusions and views expressed reflect the author's opinions and are subject to change without notice. Forward looking statements may not come true. This report is neither an offer nor a solicitation with regard to the purchase or sale of securities. Any portfolio actions described are for illustration only respecting general guidance under circumstances then prevailing. Contact Hawk100 to discuss how the concepts discussed herein may affect the alignment of your wealth with your life.

fundamental valuation ratios. The accompanying table and chart present selected fundamental metrics for the S&P 500 based on comparative dates.

The selected ratios provide a snapshot visual of stock prices. The dates were selected specifically for their comparative basis. 2<sup>nd</sup> quarter 2008 was just prior to the height of the financial collapse that fall. 4<sup>th</sup> quarter 2006 shows when investors were seemingly blissful, ignorant to the pending crisis. 4<sup>th</sup> quarter 2003 was approximately 9 months into a recovery after a significant bear market, similar to today.

For each measure but dividend yield, a lower mark is consistent with less expensive stocks. On historical book value, stocks appear relatively inexpensive today, roughly half their earlier levels. On dividend yield and cash flows, stocks appear at similar levels. However, on earnings, stocks look more expensive today than in past periods. The balance of evidence with respect to the forward looking fundamental ratios builds a case that stock values may be somewhat rich. As such, Hawk100 remains cautious where holding equities in your portfolio.



The recent rise in stock prices has coincided with increased complacency. The chart at right presents the VIX volatility index—the so called investor fear index because it tends to rise when markets fall—and the S&P500, with each assigned a base value of \$100 as of June 30, 2008. VIX's descent since the fall of 2008 shows investors today lack even a normal level of fear. Negative 0.81 correlation between VIX and the S&P500 make VIX an excellent hedging position to reduce portfolio risk.

Your wealth.  
Your life.  
Aligned.

Financial reporting standards evolved during 2009. US GAAP (generally accepted accounting principles) is marching toward IFRS (international financial reporting standards), and the SEC mandated XBRL (extensible business reporting language). Hawk100 raised its subscription levels with research vendors and software providers. The new resources have enabled Hawk100 to take full advantage of XBRL with dynamically linked research libraries and tools developed by some of the foremost firms.

As of this writing, political shifts, particularly the special election of Massachusetts Senator Scott Brown, have tempered the agenda in Washington. Unclear economic and political policies have caused some corporations and businesses to defer growth objectives. U.S. industrial capacity actually shrunk approximately 1% during 2009, the first full year of shrinkage since the statistic has been measured. Despite flush monetary reserves, banks are more apt to capture net interest margin holding overnight reserves than they are to extend lending risk to fund corporate expansions.

Hawk100 is hopeful that resolutions that come from Washington (1) enable a firm footing for the U.S. economy to fundamentally recover, (2) create an environment that promotes vitality of investors, businesses and consumers, and (3) allow market forces to set prices and resolve between successful and failing organizations. Regardless, we watch the developing policies like a hawk so we can be quickly responsive in your portfolio to changing dynamics of the business and investment landscape.

The Obama administration has made financial regulatory reform a cornerstone of its platform. In the aftermath of the financial crisis, the administration proposed a number of regulatory changes. Some proposals if eventually enacted could directly affect your Hawk100 membership. We have tried to stay ahead of the changing regulatory landscape, particularly in matters where it aligns with your interests, and have adapted our policies, procedures, and compliance system to protect your wealth.

One way that Hawk100 has stayed ahead is to acknowledge that a key factor to the financial crisis was that risk was widely misunderstood and, by extension, mispriced. To that end, Hawk100 recently acquired license to revolutionary software that has improved our risk measurement analytics and portfolio management process. Gsphere, regarded

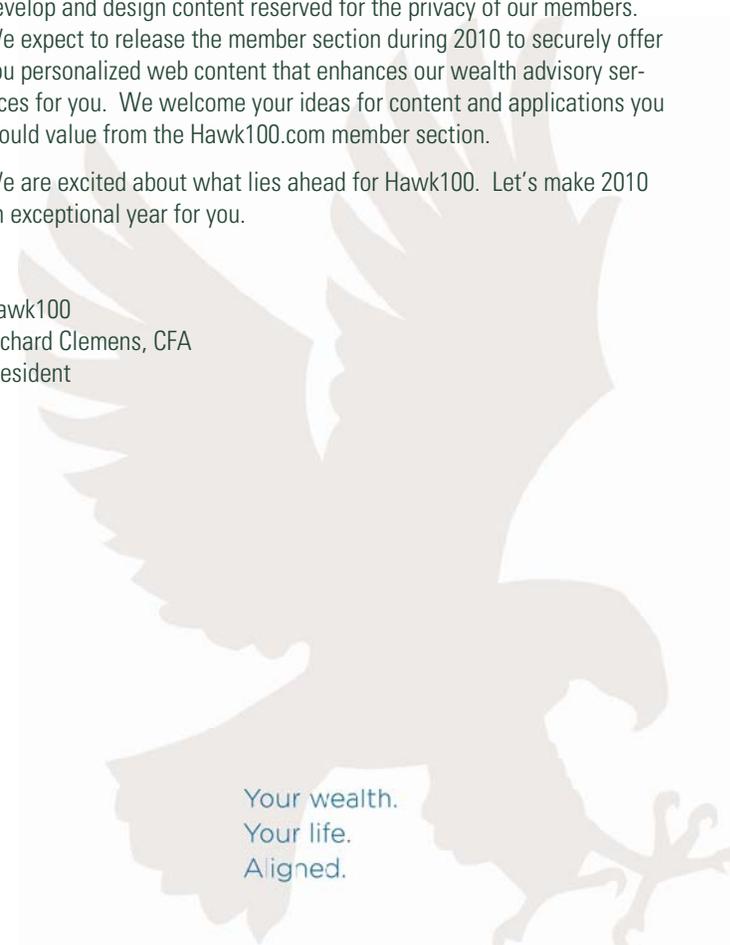
as the first tool to measure true diversification, has allowed Hawk100 to evaluate your portfolio using a multi-dimensional vantage. The resulting analytics and visual perspectives align well with Hawk100 philosophies for advising your wealth. We look forward to sharing these perspectives when we next meet to discuss your Wealth Alignment Plan.

As we embark on 2010, we are delighted to launch the next phase of our business including an improved web presence. Please visit Hawk100.com and explore the content that we offer you as a Hawk100 member. As you are already familiar with Hawk100, you should recognize key themes on our site. We hope when you visit the site you discover a warm touch that aligns well with you.

We focus your attention on the sections dedicated to wealth alignment, member benefits, and insights. These interactive web pages invite you to a more rewarding experience with Hawk100. You may also notice a section for Hawk100 members to login. We continue to develop and design content reserved for the privacy of our members. We expect to release the member section during 2010 to securely offer you personalized web content that enhances our wealth advisory services for you. We welcome your ideas for content and applications you would value from the Hawk100.com member section.

We are excited about what lies ahead for Hawk100. Let's make 2010 an exceptional year for you.

Hawk100  
Richard Clemens, CFA  
President



Your wealth.  
Your life.  
Aligned.