



Dear Hawk100 Member, *US Dollar Bucks the Trends.*

Hawk100 is pleased to present your Wealth Alignment Report for the first quarter of 2015. We hope you find this letter to be a valuable complement to your report.

Your portfolio discussion and analysis.

Preserve. Hawk100 seeks to preserve the principal value of your financial wealth that you have entrusted us to manage. Since 2008, the US Federal Reserve Bank (US Fed) has maintained a zero interest rate policy while attempting to maintain full employment and stable prices. The long standing zero rate policy has rewarded financial risk taking at the expense of financial safety. Many expect the US Fed to end the zero rate policy, perhaps as soon as this year, which could shift the balance of risk and safety.

Provide. Hawk100 seeks to provide income for you from your financial wealth. We achieve this objective by striving to increase your yield relative to duration (estimated risk of loss if yields rise).

The 10-year US Treasury yield declined during the quarter to close at 1.9%, and it reached as low as 1.6% in late January. Those low yields had not been seen since May 2013 when the US Fed signaled that it may eventually end quantitative easing (which finally ended last October). Now, the European Central Bank (ECB, or the US Fed's European equivalent), has embarked on its own quantitative easing program and has reduced global government yields to 1.3% and emerging market yields to 6.0%. Meanwhile, credit spreads—the increased yield for investing in debts that have increased risk of default—tightened during the quarter. An index of

investment grade corporates yields 2.9%, and an index of high-yield (rated below investment grade) corporates yields 6.2%.

When yields fall, bond prices rise. During this period of falling yields, Hawk100 invested in debt securities that provide income to you. Holding these investments throughout the quarter, in a diversified portfolio, enhanced your returns.

Chart 1 shows an overall decline in yields during the first quarter continuing a trend from 2014 when yields fell fairly consistently.

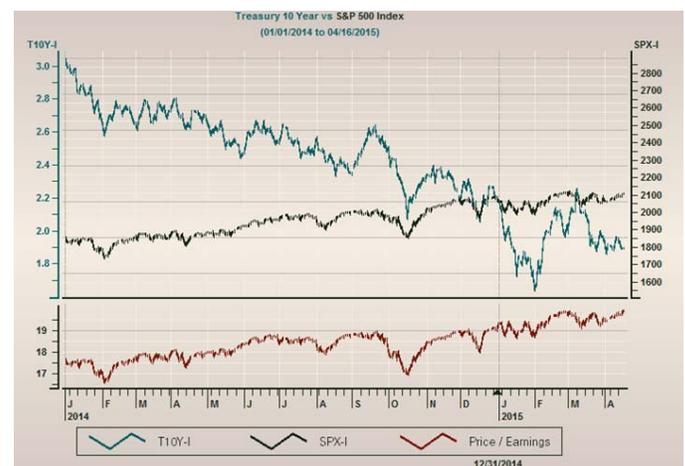


Chart 1 – 10-year US Treasury Yield, S&P 500 Index, S&P 500 P/E, 2014-2015. Telemet.

Promote. Hawk100 seeks to promote the value of your financial wealth to support your future aspirations. We achieve this objective by striving to hold assets that we believe are undervalued and therefore increase expected appreciation. To measure our progress, Hawk100 seeks to pay lower prices for expected cash flows and growth.

By Richard Clemens, CFA CPA, *President*

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Your wealth.
Your life.
Aligned.



As discussed further below, Hawk100 expected the US dollar to strengthen during the quarter. Under such conditions, US-dollar-denominated assets would outperform assets with foreign currency exposure. Hawk100 thereby strategically invested in small cap stocks, which typically have less foreign operating exposure, and avoided international stocks to reduce your currency risk.

Indeed, the US Dollar Index rose 9.0% during the quarter, yet this strategy provided mixed results for you. Small stocks returned 4.0% and clearly beat large domestic stocks which returned only 1.0%. By favoring small stocks, the strategy provided some benefit to you. Meanwhile, international stocks delivered highly unexpected results even outperforming small US stocks. The MSCI EAFE (Europe Australia and Far East) Index overcame challenges posed by a stronger US dollar and returned 4.9%. The surprising returns appeared to follow the ECB announcement that it would begin its own quantitative easing program beginning in March.

Within our investment decision making process, Hawk100 evaluates conditions to estimate returns and risks. Fundamental analysis—forming judgments based on financial information—weighs most heavily on our formed opinions.

We won't bore you with details of how we use fundamental valuation models (though we'd be happy to explain this in person if you have any interest). At the start of the quarter, we estimated returns from large US stocks would be 5.6%, small stocks 4.7%, and international stocks 6.3% (before currency effects). Since the dollar rose 9.0%, we expected international stock returns to perhaps be negative.

Chart 2 presents relative performance of the MSCI EAFE Index compared with the S&P 500 Index. We normalized the chart to December 31, 2014. We crafted the chart scale as if both indices were equal to start 2015. After significantly underperforming during 2014, international stocks partly recovered.

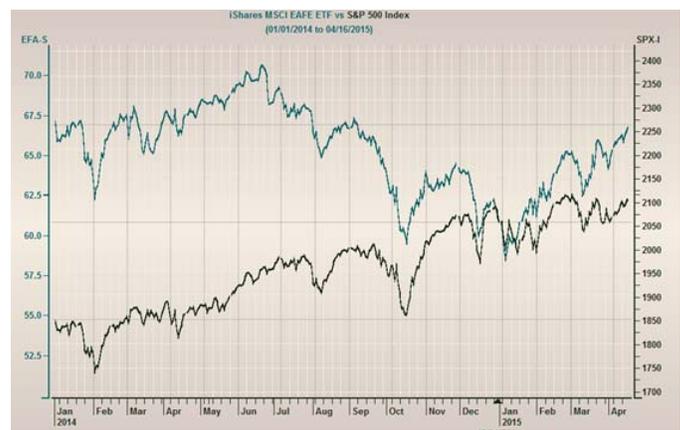


Chart 2—iShares MSCI EAFE ETF, S&P 500 Index, 2014-2015. Telemet.

Protect. Hawk100 seeks to protect the value of your financial wealth and enhance your overall expected portfolio performance by prudently diversifying your portfolio. We hold investments that moderate your investment exposure by growing when risks arise and falling when opportunities prevail.

Investing in commodities is a material component of our protection strategy. Near the start of the year, we moved to a neutral opinion of commodities from a bearish view. Although we expected the US Dollar to rise, we believed that



commodities had fallen to levels that afforded opportunity and thus invested in commodity based securities. As mentioned, the US Dollar Index appreciated 9.0% during the quarter, as depicted in Chart 3. This marked the largest quarterly increase in the dollar's value since the third quarter 2008. Yes, while Lehman, Wachovia, IndyMac and others were collapsing during the deepest plunges of the financial crisis, the dollar quickly appreciated against major currencies.

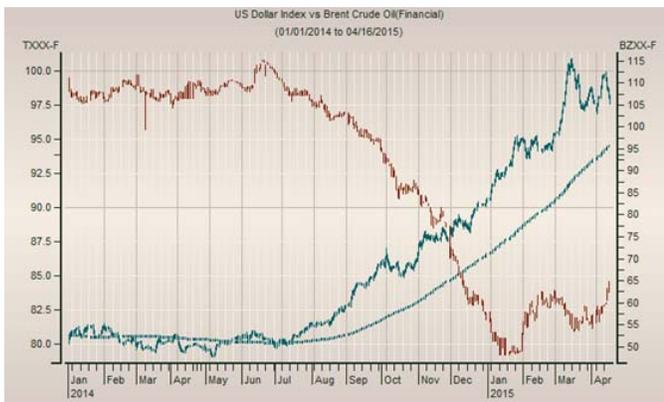


Chart 3—US Dollar Index, Brent Crude Oil Futures, 2014-2015. Telemet.

Our reporting process.

Hawk100's effort to overhaul our periodic member communications is ongoing. We seek to provide you with Your Wealth Alignment Report to speak more precisely to our role as your wealth advisor while helping you align your wealth with your life. We completed a focus group survey of Hawk100 members. Survey feedback helped us evaluate our current reporting and has guided our efforts to improve future reporting. If you participated, thank you for sharing your valuable opinion, and we still welcome feedback. Expect future reports that will reflect improvements suggested from all of our members.

We welcome your questions and sincerely appreciate your Hawk100 membership.

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Your wealth.
Your life.
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