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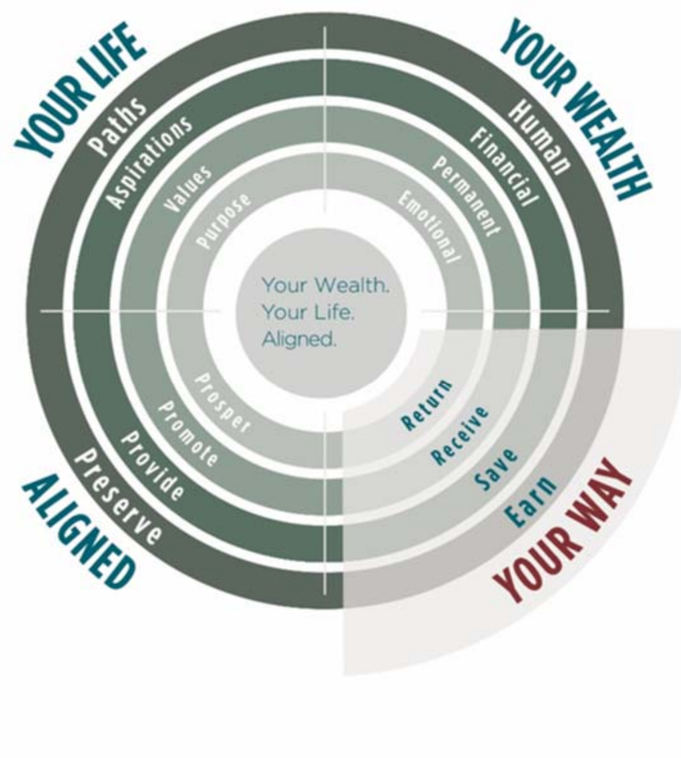
HawkLetter | Third Quarter 2015

Dear Hawk100 Member,

Hawk100 is pleased to present your Wealth Alignment Report, for the third quarter of 2015, pursuant to your Member Agreement. Please refer to your custodian statements for official account records. Meanwhile, we welcome your questions and engaged discussion.

Focus on Your Way to wealth. We continue to journey around Your Wealth Alignment Plan this quarter with a focus on your way to wealth. In our wealth advisory experience, we have come to know that all purported pathways to wealth can be simplified into four ways. You may *earn* wealth, *save* wealth, *receive* wealth, and earn a prudent *return* on your wealth.

We guide our advice to help your pursuit of wealth in light of financial market and economic conditions. To inform earnings advice, we examine labor conditions. We'll measure personal consumption trends to advise your savings. Then, we offer recommendations for wealth transfer before finally discussing financial market conditions that affect your return.



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Hawk100 continues the journey around Your Wealth Alignment Plan this quarter with a focus on your way to wealth. Hawk100 offers advice to help you earn wealth, save wealth, receive wealth, and earn prudent return on your wealth.

Earn. Your wealth derives from what you create and earn. Labor markets drive earnings. We examine labor conditions to explain why earnings have stagnated in recent years. As labor approaches capacity, earnings accelerate. Unemployment and labor participation indicate unused capacity. Headline unemployment has fallen to 5.1%, but the headline excludes those not in the labor force, and labor force participation has fallen to 62.4%, a 38-year low. We count "full unemployment" as unemployed persons plus working age adults (16 to 65) who are not in the labor force. 30.2% of them are not working. Though it is recovering from 2008, this measure was last eclipsed in 1985.

By Richard Clemens, CFA CPA, *President*

Contact Hawk100 to discuss how this HawkLetter may affect your wealth, your life, aligned.

Your wealth.
Your life.
Aligned.

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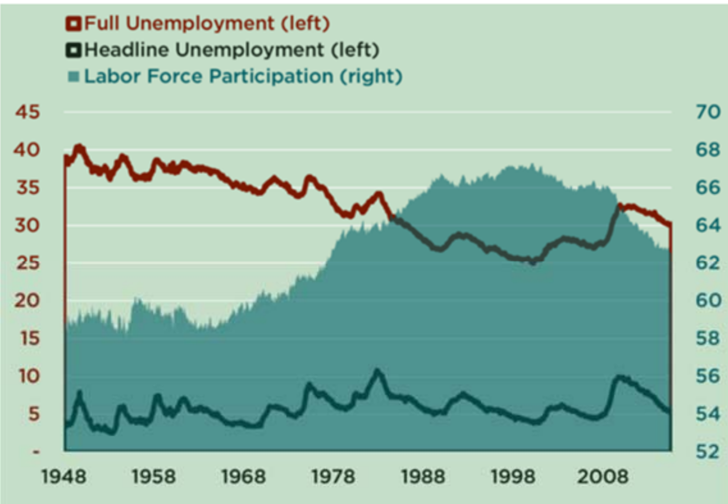
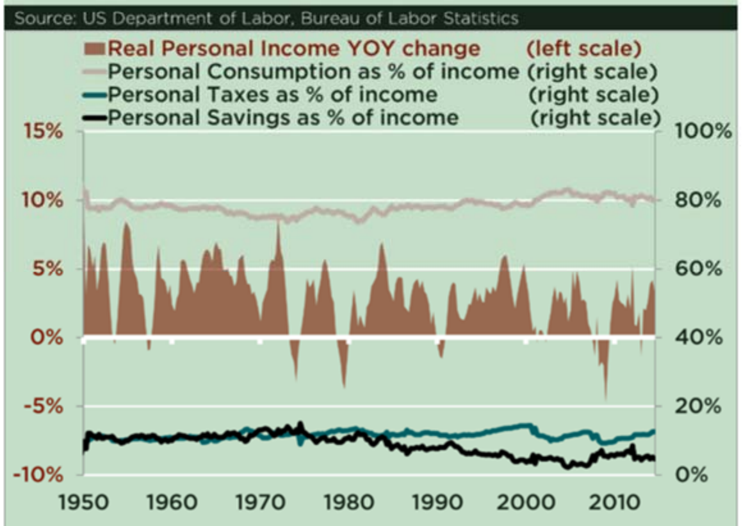


Source: US Department of Labor, Bureau of Labor Statistics



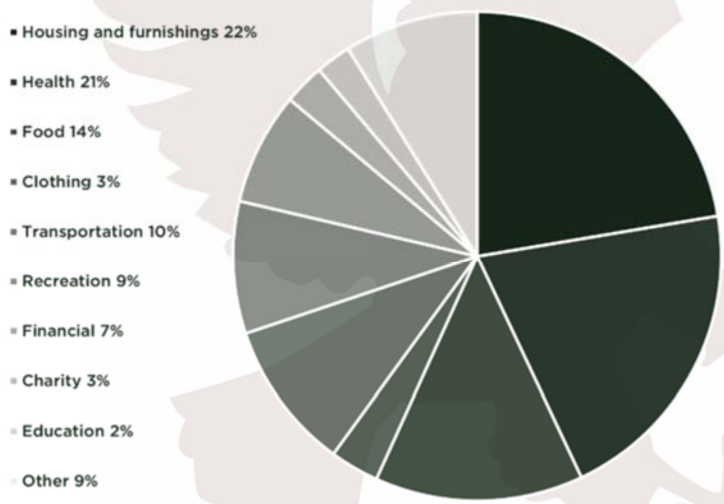
Source: US Bureau of Economic Analysis

Save. Hawk100 seeks to advise how to effectively save earnings. Trends in personal income, disposition and consumption inform this advice. Personal income has grown 2.5% per year, on average, since coming out of the "great recession." While we view growth positively, recent growth rates have lagged the 3.8% yearly average of earlier recoveries.

Personal income is largely disposed to consumption expenditures. Americans consume about 80% of their income on personal expenditures. Taxes take 13%—a wallet share that is rising about 10% per year under the Obama administration. After netting interest and other transfers, saving is a paltry 4.6% of personal income. Savings have spiraled downward since Nixon broke with the Bretton-Woods gold exchange standard in 1971. Coincidence?

Put the 4.6% saving rate in perspective. Assume an individual maintains that living standard throughout their lifetime. By age 65 they will have enough financial wealth to support just six years in retirement. The National Center for Health Statistics expects a 65-year old to live 19 more years. To support that life expectancy, individuals should save upwards of 13%. Americans have not met that standard since the early 1970s. Luckily falling interest rates and generally bullish markets have supported living standards. That won't last forever.

To reach a 13% savings rate, Hawk100 recommends families make reasonable budgets. Start from disposable income— your earnings less taxes— and reserve 13% to save for yourself. Plan non-discretionary commitments, like mortgages, then allot discretionary and luxury spending accordingly. Bureau of Economic Analysis data of household spending patterns show that Americans consume 60% on housing, health, food, and clothing.



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Financial markets experienced significantly reduced returns across nearly every area during the third quarter. The S&P 500 Index lost 4.7% while the Barclays Aggregate Bond Index rose 1.2%.

Receive. Receive from *and give to* others to realize wealth. From time to time, we may fortunately receive wealth through gifts, inheritance, or other wealth transfer. Even more fortunately, we may find our wealth is able to support others. In studying for the Chartered Advisor in Philanthropy program, Hawk100 reinforced knowledge that deeper appreciation of wealth may be realized when giving to others through effective estate planning and charitable strategies. These efforts may help you truly effectuate your life purpose.

Asset Class	Index Return	General Allocation Decisions During Quarter
Indices with negative returns during the third quarter		
Commodities	-16.6%	Reduced by 0.5% and average plan underweight by 1.7%
Small US	-8.9%	Increased by 0.6% and average plan overweight by 0.4%
International	-8.0%	Increased by 1.8% and average plan underweight by 1.1%
Large US	-4.7%	Decreased by 2.7% and average plan underweight by 1.0%
Indices with positive returns during the third quarter		
Treasuries	1.8%	Increased by 1.7% and average plan underweight by 1.1%
Real estate	4.3%	Increased by 0.2% and average plan overweight by 0.7%

Return. Hawk100 seeks to help you grow wealth by implementing prudent return strategies. Financial market conditions affect returns, and market conditions remain less than ideal. Though financial markets experienced negative returns in nearly every area during the third quarter, we were generally pleased with our asset allocation decisions.

Hawk100 expects market conditions to challenge investors. The US Federal Reserve is less enthusiastic about monetary expansion which had been holding financial markets aloft. Geopolitical developments seem rather disruptive. The bull market is signaling its age after nearly seven years of expanding valuations that leave less room for further improvement. Volatility has been rising in recognition of a potentially changing investment landscape.

Those challenges seem especially acute for investors who commit to passive investment strategies. Prevailing conditions appear increasingly supportive of active portfolio management through asset allocation, security selection, and trading. During the quarter, we executed a concerted effort to realign your portfolio accordingly. Diligence is needed to discover what opportunities still exist and prudence is needed to manage risks. Hawk100 is genuinely grateful to provide that diligence and prudence as your trusted wealth advisor.

We welcome your questions.