George M. Hiller Companies L.L.C.

INVESTMENT MANAGEMENT, TAX, ESTATE & FINANCIAL COUNSEL

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Market Outlook

As of February 25, 2015

The bull market, which began in March 2009, (six years ago) has gotten off to a volatile start for 2015; however, our two intermediate market indicators (weeks to months) are positive and our longer-term market outlook (months to years) continues to remain positive, although we have concerns. The great majority of companies reporting quarterly earnings are beating or meeting their earnings estimates.

In our market outlook all five principal asset categories; US Equities, International Equities, Resources and Materials, Real Estate, and Bond/Fixed Income are bullish at this time. Please remember that no market indicator is foolproof or guaranteed to accurately forecast future market conditions. Observed historical trends are not guaranteed to occur in each and every year nor in any given year or time period.

The S&P 500 experienced two consecutive down months, the first one in December, 2014 and again in January, 2015. The last time that the S&P 500 was down for two consecutive months was in 2012.

Remarkably the S&P 500 has moved up six years in a row. This is the longest stretch of up years for the S&P 500 since 1898 to 1903 when it also went up six years in a row.

Market data going back to 1871 shows that US Equities, as measured by the S&P 500, has never gone up seven years in a row (source DoubleLine and Business Insider, January 14, 2015). By historical measures we are overdue for a downturn in the market, but records are made to be broken and it is possible that the market will end up breaking historical records by establishing the first time ever being up seven years in a row as measured by the S&P 500. As a side note, the Dow Jones Industrial Average was up nine years in a row during the 1990s (1991-1999) (source mdleasing.com/djia-close.htm).

For the calendar year 2015 the Dow Jones Industrial Average is up 2.20%, the S&P 500 Index is up 2.73%, and NASDAQ is up 5.02% as of mid-day February 25, 2015 (source money.cnn.com). The NASDAQ is within 100 points of reaching its all time high established in March 2000 (15 years ago). Please note that the Dow, S&P 500, and NASDAQ are all equity indexes.

Most diversified investment portfolios are not invested 100% in equities. Also, while it is possible to invest in various equity index funds, it is not possible to invest directly in the indexes themselves.

Our market snapshot (taken daily) is as follows:

-- U.S. Equities	*Positive outlook for past 1,125 days*
-- International Equities	*Positive outlook for past 929 days*
-- Resources & Materials	*Positive outlook for past 894 days*
-- Real Estate	*Positive outlook for past 2,021 days*
-- Bonds/Fixed Income	*Positive outlook for past 362 days*

Currently, the top 3 performing sectors (based upon our assessment and ranking methodology) are:

- **Consumer Cyclical**
- **SmallCap Growth**
- **MidCap Growth**

Consumer Cyclical is a sector that includes industries that tend to be strongly influenced by business cycles and overall economic conditions. This category includes automotive, housing, entertainment and retail stocks.

In addition to the top three sectors listed above: Technology and Health Care have above average rankings. This suggests that these sectors are also above average investment candidates in the current market environment.

There is a historical pattern that has favorable implications for the 2015 stock market. This is the observed tendency for the stock market to advance higher in the year before a presidential election year.

In addition, since 1885 the stock market has advanced higher in each year ending in 5 (1895, 1905, 1915, etc.) in all but one occasion. So 12 out of 13 years ending in 5 have been positive for the stock market. If this holds true to pattern for 2015 we should expect to see a stock market advance for the year.

In summary, the position in the political cycle and the mid-decade tendency along with generally positive momentum, growth and economic environment all point to a good year for stocks in 2015. However, US equities are already at or near all-time highs as measured by broad stock market indexes. At some point one or more of the asset categories listed above will begin a significant decline.

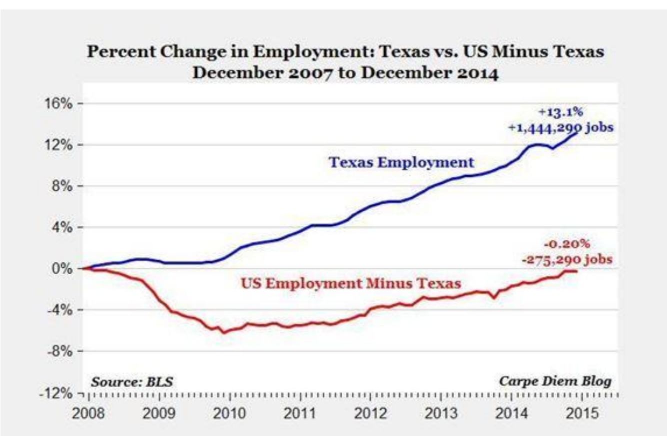
Right now, many economic and business signs we review are bullish, but there will come a time when that changes. Currently, we remain generally bullish on U.S. Equities, International Equities, Resources & Materials, Real Estate and Bonds/Fixed Income.

The Economic Environment

The advance estimate of 4th quarter 2014 GDP is 2.6% (source, Bureau of Economic Analysis). This means real GDP on an annualized basis increased an estimated 2.4% in 2014, compared to 2.2% in 2013. This is a relatively low, but positive level of growth in GDP. Several estimates of GDP growth call for GDP above 3% for 2015.

Nonfarm payroll employment rose by 257,000 in January, which was better than estimates of 230,000. The unemployment rate was little changed, ticking up from 5.6% in December to 5.7% in January (source, Bureau of Labor Statistics).

A lot has been made of the recent improvements in job creation and US employment, but the fact is one state has done more than any other to create job growth in America and that state is Texas. As the chart below illustrates without Texas the job growth in America since 2007 would have been negative as of the close of December 2014.

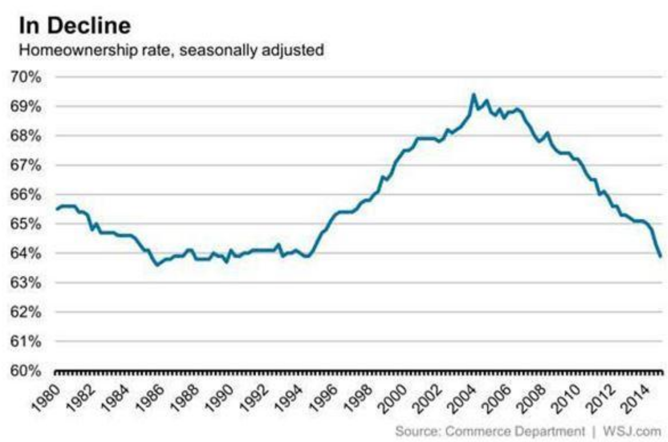


What is Texas doing that the rest of the country is not doing? It is interesting to note that Texas has no state income tax and has a reputation of favoring economic freedom, innovation and opportunity. Could it be that lower taxes and less government regulation and control leads to more real job growth?

U.S. Home Ownership Continues to Fall

Despite low mortgage rates, home ownership in America is at a 20 year low (source, Commerce Department/WSJ.com, January 29, 2015). It is reasonable to argue that the all-time peak of home ownership in America that occurred 10 years ago was due in large part to relaxed lending standards that allowed purchasers to get into homes they could not ultimately afford. And that the subsequent drop in home ownership is in part attributable to more reasonable and realistic lending standards, but it can also be attributed at least in part to general weakness, uncertainty, and softness in the U.S. economy. The graph below depicts U.S. homeownership from 1980 to the end of 2014. Currently, homeownership as a percent of U.S. households is at 63.9%, the lowest in 20 years.

U.S. Homeownership Rate at a 20-Year Low



Offsetting the drop in home ownership is the fact that foreclosures and mortgage delinquencies are at the lowest level in 8 years. Household formation is increasing and a big part of this increase is comprised of households in the rental market, whether by necessity or by choice is less clear. Because of increased activity in the rental market, the rental market vacancy rate is also at a 20-year low. This may help to explain why several real estate investment trusts (REITs) and real estate exchange traded funds (ETFs) have shown such strength in performance in recent years.

Tactical Asset Allocation

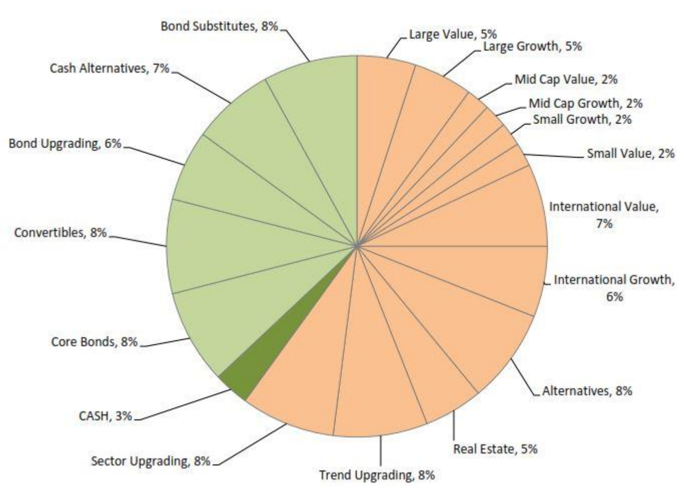
In reviewing investment portfolios one of our concerns is that many investors do not have a portfolio that is prepared for today's challenging and changing investment environment. There are times when market and economic conditions suggest a need for changes in the relative weightings or components assigned to an asset allocation portfolio. This process of changing asset allocations based upon changes in the market (such as market anomalies or identifying strong market sectors) and in economic data and trends is called tactical asset allocation. Investors have an opportunity to improve investment performance over time through proper implementation of tactical asset allocation.

Because the United States is currently one of the best places to invest in the world it makes sense in our view to overweight U.S. investment assets and reduce exposure to international investment assets. Also, our investment data shows strength in specific sectors of the US market. This sector strength is occurring amidst a generally positive economic environment. Given this background we view adding incrementally to certain sector and trend choices as an appropriate tactical investment move at this time.

The asset allocation pie chart below is an example of tactical asset allocation in implementing lower international exposure (the aggregate of international value and international growth) and increasing sector and trend exposure (the aggregate of sector and trend choices). These changes are based in part upon an ongoing assessment of investment and performance data using our proprietary tracking and ranking methodology.

We also recognize and evaluate certain economic data and trends in developing tactical asset allocation strategy. Changes in investment data and economic data occur regularly and can in turn lead to changes in asset allocation at any time.

Example of Asset Allocation Pie Chart



In summary the asset allocation pie chart above expresses tactical asset allocation strategy in pursuit of the following broad investment themes:

- **Increased exposure to US investment assets**
- **Reduced exposure to International investment assets**
- **Increased exposure to sector and trend upgrading**
- **Exposure to active bond component**

This asset allocation example is for educational and informational purposes only. It is not representative of any particular client account. Each person, family, or account has different facts and circumstances, so no single investment allocation can fit all situations. In addition, changes in an individual's time horizon and risk tolerance as well as various economic, financial and market factors can lead to changes in the asset allocation of an investment portfolio for any particular investor.

Activities, Insights, and Recent Meetings

The largest ETF conference in the world, Inside ETFs, was held January 25-28, 2015 in Hollywood, Florida. Because ETFs are a focus of our firm's research and investment strategy, members of our firm typically attend the Inside ETFs conference each year. This year George Hiller, Steve Humphrey, and Bill Loveless, each one a member of our investment committee, attended the Inside ETFs conference.

While at Inside ETFs I met and shook hands with Karl Rove, former Senior Advisor and Deputy Chief of Staff to President George W. Bush, and an expert commentator and consultant on national issues and political campaigns. I also met Bob Pisani, a news correspondent who was covering the event for CNBC (a leading financial news network).

Money invested in ETFs has grown dramatically over the last 20 years from a relatively small number of ETFs and ETF assets to currently over 1,600 different ETFs and over $2 Trillion in ETF assets (source ETF.com). Net fund flows into ETFs over the last 6 years significantly exceed fund flows into mutual funds, an indication of the relative growth and popularity of ETFs compared to mutual funds.

In general the total operating expenses of ETFs are significantly lower than mutual funds. Morningstar reports average US Large-Cap Mutual Fund total operating expenses of 1.31% while that of US Large-Cap ETFs is 0.47%. This translates into significant savings for investors in ETFs. Other advantages of ETFs include tax efficiency, intraday trading, and transparency.

Following the Inside ETFs conference I made a trip to London with my son, George Hiller, Jr., who needed to engage in planning and meetings with speakers for an upcoming Emory University MBA international business colloquium in the United Kingdom (George, Jr. is working on his MBA at Emory University). George, Jr. designed the London based program, which was chosen by the Emory business school administration with input from MBA students over a competing Hong Kong program. George, Jr. also secured the speakers for the London based program, which includes UK leaders in business, politics, and academia.

I had the pleasure of meeting a couple of the speakers for the Emory University MBA international colloquium. One speaker I met was formerly a senior executive for American Express in the UK, the founder of a business school in Romania, and now in ministry leadership in the UK.

My son and I also met with Baroness Elizabeth Berridge, a member of the House of Lords and Chair of Freedom Declared, an organization that advocates religious freedom for all people. Baroness Berridge gave us a personal tour of both houses of Parliament telling us some of the history of that great institution of government. We also had the wonderful experience of enjoying tea and scones with the Baroness in a private dining room in Parliament. As a side note the unemployment rate in the UK at 5.7% is the same as the unemployment rate in the US, and also like the US, the UK stock market has recently hit an all time high.

In February I attended the TD Ameritrade Conference in San Diego. A keynote speaker for that event was former US Secretary of Defense Leon Panetta. He brought an inspiring message of the greatness of America as a land of freedom and opportunity and the importance of a strong military in the defense of our country and our national security interests abroad. He attributed to Theodore Roosevelt the following: "In any moment of decision the best decision you can make is the right decision. The next best decision you can make is the wrong decision. The worst decision you can make is to make no decision."

Recently Russ Hiller, our Director of Portfolio Operations, and I had the opportunity to meet with other American leaders including the Governor of Kansas, Sam Brownback and his wife Mary; the Governor of Texas, Rick Perry; the Governor of Louisiana, Bobby Jindal; and the former CEO of Hewlett Packard, Carly Fiorina. We also had the pleasure of meeting with the legendary entertainer Pat Boone at his offices in West Hollywood, California. We shared or listened to wide ranging discussions regarding the economy, the future of our country, and other topics of mutual interest. Meetings like this with political leaders, business leaders and other influential leadership help to inspire, motivate and inform us as advisors giving us insight as to the state of our country and the world. Through meetings and dialogue with accomplished leaders we ultimately seek to improve decision-making regarding the implementation of broad investment policy for our clients.

It is our mission to provide high quality professional and objective financial counsel in the areas of investment management, estate and personal financial planning designed to help our clients improve their financial condition and achieve long-term financial goals.

Sincerely,

George M Hiller Companies, LLC Investment Team

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