ASHDON
Investment Management, LLC

Dear Client,

The portfolios advanced modestly during a volatile first quarter of 2015. Stocks fell in January, rebounded strongly in February, and fell slightly in March to close the three month period up slightly (S&P 500 Index +0.95%). The Select Equity portfolio was up 1.2%. Bonds were volatile as well, but advanced more than stocks (Barclays Aggregate Index +1.61%). The Select Fixed Income portfolio was up 1.2%. We made several changes during the quarter intended to better position portfolios for 2015 and beyond.

As mentioned in our fourth quarter letter, we sold positions in the Marketfield Fund (MFLDX), the hedged position in the portfolio. We decided to hold cash as the fund's replacement. We executed on that trade in early October. Over the remainder of the fourth quarter of 2014 and throughout the majority of the first quarter of 2015, we have been reading, watching markets and holding dialogue with our manager-partners to evolve our view on the best position for portfolios going forward.

The US economy is expected to grow very slowly as we move through 2015 and 2016. The Federal Reserve FOMC may begin to raise overnight interest rates in 2015. This change will start the process of interest rate "normalization" across all maturities. We judge that this process will move very slowly. US and international corporations are benefiting from solid financial conditions to generate profits in spite of the slow growth environment. However, stock prices have risen faster than profits. We believe that stock prices will be volatile through 2015, potentially creating important buying opportunities in 2015.

With the economic and market environment mentioned above, we have concluded that further changes should be made to position your portfolios more defensively, but with nimbleness that will allow us to take advantage of opportunity that comes to us. Cash and short term, high-quality bonds offer the nimbleness we need. We have allocated a portion of both stock and bond portfolios to short-term US Treasuries. Historically, US Treasuries have been not only viewed as a risk-free asset, but also a "flight-to-safety" asset when markets are uncertain and stocks go down. With our view that higher cash levels in a portfolio will be rewarded in this market, we can further increase the hedging qualities of cash while providing incremental return via interest payments by holding short-term Treasures. The risk to reward ratio is favorable in our view, and we prefer a "ladder" strategy by buying equal weights of US Treasury notes between 1, 2 and 3 years to maturity.

This "ladder" portfolio is replacing the cash position in our Ashdon Select Equity Portfolio and the RLDAX (short-term fixed-income fund) position in our Ashdon Select Fixed Income Portfolios. This portfolio change has accomplished the qualities mentioned above; but additionally, has lowered management fees by reducing the number of managers, is generating incremental returns and increased liquidity from coupon payments, and has essentially locked-in returns for the three year holding period.

Under current market conditions, specifically currency market conditions, we remain under-weight international investments until we believe that the attractiveness of local valuations supersede currency market risk against an environment of a strengthening USD.

If you have any questions, please contact us and we will be happy to discuss things further.

Best Regards,

David Pruitt

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