



If you prefer to receive this letter via e-mail, please let us know: carolyn@weatherlyassetmgt.com

First Quarter 2015 Weather(ly) Report April 2015

Spring has sprung and investors continue to look for positive economic growth, changes in interest rate policies and opportunities for investments in seedling companies and technology-enhanced sectors around the world. All of this fruitful farming occurred while concerns loomed about the rate of global growth, ISIS instability and declines in the price of oil. Opportunities for investment remained during the first quarter as prices in real estate, mid and small cap stocks, Nasdaq composite and world indices improved dramatically, offering outperformance vs. the S&P 500 Index; the darling composite of 2013 and 2014. Sectors that stood out positively included biotech up 15.9% and healthcare up 6.9%, while oil services sunk 9.8% and gold/silver were off 4.8%. Investors were rewarded for both active management and diversification. US stocks were up 2.5%, international stocks up 4.5% and intermediate bonds up 1.7% for first three months of the year.

The US dollar tumbled 3.6% against the Euro after hitting a 12 month high last month. This came amid speculations the Federal Reserve may delay raising interest rates based in part on US dollar strength, the rate of domestic growth and concerns about global growth. The Federal Reserve chose to remove "patience" about a possible rate rise; opening the door for a possible increase in interest rates by the Fall. Mortgage rates bounced off their recent highs, offering new home buyers a chance to enter the housing market while others continued to refinance again. Making use of one of the few deductions left, as US tax rates rose in 2015 for taxpayers. Weatherly added to portfolio positions throughout the quarter, focused on healthcare, biotech, technology and entertainment sectors as well as multinational real estate companies.

"Top Ten" Holdings *

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|----------------------|----------------------------------|
| 1. Apple Inc. | 6. Adobe Systems Inc. |
| 2. Home Depot Inc. | 7. SPDR Series Trust S&P Biotech |
| 3. Netflix Inc. | 8. Wells Fargo & Co. |
| 4. Roche Holdings AG | 9. iShares Select Dividend |
| 5. Starbucks Corp. | 10. Johnson & Johnson |

Clients of Weatherly Asset Management (WAM) received their first quarter portfolio appraisals. The composite returns for all accounts under management for the periods 2003 through first quarter 2015 and since inception are shown on the reverse side of this letter. Attention, the following change will occur effective April 1, 2015: The method of determining fees has changed from the use of target asset allocation to the use of actual asset allocation. This change will be reflected on future billing statements.

We continue to see change take place at breakneck speed in part due to the "shared" economy (Apple, Uber, Google, VRBO) and technology owned economy (Tesla, Mobileye). Technology also forced change in healthcare fields with wearable technology, monitoring and testing and improved genome mapping. Big data protection analysis, target marketing and encryption remain a theme and concern for the next decade. The energy arena was forced into change through the drop in oil prices, changes in technology and industry consolidation. The April 15, 2015 tax deadline in the US found many investors confronted with a higher tax rate both at the Federal and capital gain levels. Tax deductions remain limited yet critical to utilize and include mortgage interest, property tax, retirement and charitable contributions and CPA and advisory fees in certain cases. Asset location, distribution and withdrawal rates strategies are key to discuss with clients moving forward.

We appreciate your continued confidence in our Firm and look forward to working with you and your family on your particular financial needs. We look forward to touching base in a comprehensive manner regarding your specific financial needs throughout 2015. Please do not hesitate to call, or e-mail us at carolyn@weatherlyassetmgt.com or schedule a meeting with your advisor at weatherlyassetmgt.com.

*Please see reverse side

-The Weatherly Crew

*** TOP TEN DISCLOSURE**

Top Ten” holdings consist of Weatherly’s largest stock positions as of quarter end. A full list of holdings is available upon request.

It should not be assumed that any of the securities, transactions, or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account’s portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account’s entire portfolio and in the aggregate may represent only a small percentage of an account’s portfolio holdings.

	<u>WAM</u> <u>Equity**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Equity</u> <u>(net fee)</u>	<u>S&P 500</u>	<u>MSCI ACWI</u> <u>(gross USD)</u>	<u>WAM</u> <u>Fixed**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Fixed (net</u> <u>fee)</u>	<u>Merrill</u> <u>Lynch 1-3</u> <u>year</u>	<u>WAM</u> <u>Balanced**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Balanced</u> <u>(net fee)</u>	<u>Blended</u> <u>Benchmark</u>
2003	28.70%	27.70%	28.69%	34.63%	2.89%	2.38%	1.90%			
2004	14.70%	13.70%	10.87%	15.75%	4.05%	3.55%	0.91%			
2005	12.65%	11.65%	4.92%	11.37%	2.43%	1.93%	1.66%			
2006	16.21%	15.21%	15.78%	21.53%	4.94%	4.44%	3.95%			
2007	11.18%	10.18%	5.49%	12.18%	5.47%	4.97%	7.32%			
2008	-34.04%	-35.04%	-36.99%	-41.84%	-0.95%	-1.45%	6.61%			
2009	32.36%	31.36%	26.47%	35.41%	10.63%	10.13%	0.78%			
2010	11.93%	10.93%	15.06%	13.21%	6.77%	6.27%	2.35%			
2011	-5.58%	-6.85%	2.12%	-6.86%	4.37%	3.87%	1.55%			
2012	16.36%	15.36%	16.00%	16.80%	5.99%	5.49%	0.43%	11.84%	11.09%	8.22%
2013	28.20%	27.20%	32.41%	23.44%	-1.62%	-2.12%	0.36%	15.41%	14.66%	15.61%
2014	8.53%	7.53%	13.69%	4.71%	5.55%	5.05%	0.62%	7.43%	6.68%	7.01%
1 st Quarter 2015	3.61%	3.36%	0.95%	2.44%	0.93%	0.80%	0.52%	2.62%	2.43%	0.74%
10 Year Trailing (Ann.)	8.56%	7.56%	7.99%	6.99%	4.41%	3.91%	2.62%			
Since Inception (Ann.)	9.61%	8.61%	9.74%	7.45%	5.21%	4.71%	4.09%	11.46%	10.71%	9.64%
<i>Please see footnotes</i>										

**** PERFORMANCE DISCLOSURE**

Please note, the Weatherly Asset Management (WAM) Equity performance is a mid- to large-cap value equity approach and the WAM Fixed Income performance is a high-quality intermediate-maturity investment approach. Performance numbers up to 12/31/05 are prepared in compliance with Association of Investment Management Research Performance Presentation Standards (AIMR PPS). Periods from 12/31/05 to 12/31/10 meet the requirements of the revised version of Global Investment Performance Standards (GIPS).

The gross of fee returns shown above are presented after deduction of all transaction costs, but prior to the deduction of advisory fees and such other possible expenses as custodial fees. The net of fee return is calculated by subtracting the advisory fees. Investment advisory fees are described in Part II of Weatherly’s Form ADV. For the 1st Quarter 2015, the maximum quarterly management fee is 0.25% for Weatherly’s Equity Composite and 0.125% for the Fixed Income Composite.

Composite rates of return, since inception on an annualized basis after deduction of the maximum quarterly management fee is as follows for equity accounts for 1995, 32.41%, for 1995 and 1996 combined, 28.50%, for 1995-1997 combined, 30.24%, for 1995-1998 combined, 26.15%, for 1995-1999 combined, 25.06%, for 1995-2000 combined, 18.31%, for 1995-2001 combined, 12.70%, for 1995-2002 combined, 7.44%, for 1995-2003 combined, 9.53%, for 1995-2004 combined, 9.94%, for 1995-2005 combined, 10.05%, for 1995-2006 combined, 10.48%, for 1995-2007 combined, 10.46%, and for 1995-2008 combined, 6.36% for 1995-2009 combined 7.87%, for 1995-2010 combined, 8.06%, for 1995-2011 combined, 7.14%. for 1995-2012 combined, 7.58%, for 1995-2013 combined 8.57%, for 1995-2014 combined 8.54%. For fixed income accounts 1995, 11.49%, for 1995-1996 combined, 8.35%, for 1995-1997 combined, 7.63%, for 1995-1998 combined, 7.58%, for 1995-1999 combined, 6.18%, for 1995-2000 combined, 6.50%, for 1995-2001 combined, 6.37%, for 1995-2002 combined 6.37%, for 1995-2003 combined, 5.92%, for 1995-2004 combined 5.68%, for 1995-2005 combined, 5.33%, for 1995-2006 combined, 5.25%, for 1995-2007 combined, 5.23%, for 1995-2008 combined, 4.74%, for 1995-2009 combined, 5.09%, for 1995-2010 combined, 5.17%, for 1995-2011 combined, 5.09%, for 1995-2012 combined, 5.11%, for 1995-2013 combined 4.72%, for 1995-2014 combined 4.73%.

Composite returns consist of all 100% discretionary accounts under management utilizing individual stock and bond holdings selected by WAM. Balanced portfolio segments have been included in single asset composites. Cash and cash returns have been allocated to the segment returns according to the procedures outlined by Association of Investment Management Research (AIMR) effective 1/1/06 to 12/31/10. Weatherly 2010-present Equity Composite performance excludes two related family groups which hold a concentrated position that due to tax considerations cannot be managed in the same manner as the overall equity composite.

These performance numbers are provided under the flash reports provision of these said standards. “As prospective and current clients have received past results that were in compliance with the required disclosures within a 12-month period, firms may present interim data and returns (i.e. “Flash numbers”) without quarterly disclosures.” A full presentation, including all required disclosures, is available upon request.

The WAM Balanced Composite represents portfolios utilizing strategic asset allocation with both equity and fixed income components. The Blended Benchmark is comprised of 50% S&P 500 and 50% Merrill Lynch 1-3 Year representing the average 50% Equity and 50% Fixed Income allocation in the Composite.