



Peter L. Bernstein

On 5 June 2009, Peter L. Bernstein, a diminutive man but a giant thinker among investment professionals, passed away at the age of 90. May he rest in peace.

In April 2007 at CFA Institute's annual conference in New York, I watched in awe while Mr. Bernstein presented "Capital Ideas: Past, Present, and Future." That speech revealed a lifetime of conversation with other giants: Markowitz, Sharpe, Merton, Black, etc., with whom he associated in the familiar tone of friends. I was privileged to meet Mr. Bernstein through my friend the former CFA Institute CEO, Jeffrey Diermeier.

Mr. Bernstein instructed his followers that risk could be neither modeled nor known. In that 2007 speech, he presciently addressed the concept of systemically risky institutions. He said, "if you are too big to fail you can do whatever you want because someone else will pick up the pieces." He knew misaligned rewards and costs for risk would accelerate risky behavior. He also foresaw that conglomeration concentrated systemic risk in the presence of fewer institutions.

With endearing humor, Mr. Bernstein imparted advice to deal with unquantifiable risks. He recommended a cockroach's survival and risk management technique, at the first sign of danger, run like hell.

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End of Life Issues.

The June passing of prominent figures in entertainment and business brings to mind issues that behoove us to consider for ourselves. Notable among others to die in June are music icon Michael Jackson, '70s pinup Farrah Fawcett, and pitchman Billy Mays. The 150-year sentence meted out to impugned financier Bernard Madoff effectively ends his life, justly so.



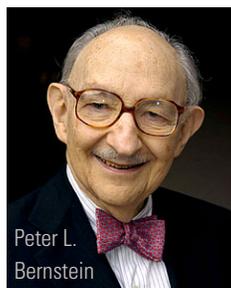
We generally have no control over when and how we meet our maker, but I consistently encourage Members to prioritize their focus on matters over which they control. Focus where you make a difference. What we accomplish while living should ease how our eventual passing affects those we love and who depend on us. In five simple steps, you can confidently address estate issues thereby allowing you to live with the peace of mind that comes with control.

Step one, think out loud. Gather with loved ones to openly discuss and share issues that you consider relevant. Inquire of your loved ones for an honest accounting of their needs and expectations. Describe your wishes so they understand how to honor your life. For example, St. Petersburg Times reports that Mr. Mays' infomercials will resume following his funeral. An emotional conference call among Mays' family and associates concluded, "(Mays) would have wanted them to keep the ads going after his funeral and burial," as the Mays family discussed previously.

Step two, write it down. Develop formal documents with an attorney who specializes in estate planning. Hawk100 recommends that your estate plans include at least the following five documents: last will and testament, living will, living trust, and durable healthcare and financial powers of attorney. Holes in Mr. Jackson's estate leave confusion allowing for protracted legal battles over his children's custody and his estate's valuation, control and distribution. Well conceived estate planning documents should preemptively remedy avoidable disputes.

Step three, record the documents. Insist that your attorney files your estate documents with the courts and assists you to properly title assets. Consider how to hold assets and to name beneficiaries on all accounts. Balance your need for secure access and control over assets with common objectives that reduce the tax burden on your estate.

Step four, communicate instructions. Share your estate plan with interested parties. For your loved ones and heirs, explain the plan and documents. There should be no surprises since you involved them early. Provide detailed, written instructions to those you hope will execute your plan—named and alternate executors, trustees, and advisors. Maintain easy to follow records while keeping in mind that you will not be available to answer any questions.



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Step five, revisit the plan. Life happens and change is constant. Through this, our needs, demands, and personal circumstances shift as do the applicable laws. Make sure your plan reflects your most recent situation by reviewing the plan with those who play a role in crafting and executing the plan. Repeat this process periodically.

Take these simple steps and start making your estate plan. While often complex, a plan alleviates unquantifiable risks that your legacy leaves unintended consequences on those you love. Hawk100 would be delighted to help facilitate your plan to align with your life.

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