South Atlantic Capital Management Group, Inc.

Investment Management

March 31, 2015 Portfolio Review

COMPOSITE PERFORMANCE SUMMARY

South Atlantic Capital (SACMG) versus S&P 500

Annualized as of 3/31/2015

	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	Since Inception*	Total Return Since Inception*
SACMG Core Equity[1] (Net)	(0.24%)	4.61%	12.14%	11.24%	11.30%	8.13%	12.06%	12.61%	1,484.00%
S&P 500[2]	0.95%	12.73%	16.13%	14.47%	8.95%	8.01%	9.39%	9.32%	685.70%

**Inception date of South Atlantic Capital's composite is 1/1/1992.*

South Atlantic Capital is an independent investment adviser registered with the State of North Carolina and the Commonwealth of Virginia. South Atlantic Capital claims compliance with the Global Investment Performance Standards (GIPS®). The firm maintains a complete list and description of composites, as well as GIPS® compliant presentations, which are available upon request by calling (910) 763-4113, or emailing info@southatlanticcap.com. Ashland Partners & Co., LLP, our independent verifier, has verified South Atlantic's compliance on a firm-wide level for the period of January 1, 1992 to March 31, 2015. All returns are net of management fees and include reinvested dividends and interest. Past results are not indicative of future investment results.

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Our returns for the first quarter were -0.24%, trailing the 0.95% return for the S&P 500. Longer term returns have significantly outperformed the total return for the S&P 500 as seen in the above table.

Our top five and worst five performers are outlined below.

Bottom Five Performing Positions	
Twenty First Century Fox	-11.89%
Bank of America	-8.84%
Franklin Resources	-7.31%
Enterprise Product Partners	-7.89%
Phillip Morris	-7.51%

Top Five Performing Positions	
Chicago Bridge	16.99%
Markel	12.61%
Lyondellbasell	9.84%
Phillip 66	9.54%
Moody's	8.34%

We are not content with shorter term underperformance. However, we believe our performance "through the cycle" is by far the best measure of whether clients have been well served. A cycle can be defined as a period that contains a price decline of at least 15% from the previous market peak, followed by a rebound that establishes a new, higher peak.

Our performance can be measured through two major cycles as seen below; from December 31, 1999 through December 31, 2007 and from December 31, 2007 through today. Some managers may perform well in an up market and some may perform well in a down market. Selecting a manager that includes only a discrete type of market (up or down) could prove costly. We strive to outperform through the cycle which we feel we have done primarily by paying attention to the price we pay, investing defensively and investing in resilient companies.

Annual Net Returns "Through the Cycle"**

	12/31/1999- 12/31/2007	12/31/2007 -3/31/2015	Through both cycles
South Atlantic Capital (Core Equity Composite)	8.63%	9.65%	9.11%
S&P 500 Total Return	1.66%	7.15%	4.24%

***Past performance is not indicative of future returns*

We don't think the S&P 500 at approximately 18x forward earnings is grossly overvalued, especially considering the level of interest rates. However, as prices rise, risk increases. Fear has given way to complacency and complacency will most likely give way to greed. We have no idea when but we are moving closer to another peak in the cycle and another 15% downturn. We believe we will be better positioned than most when this occurs.

Many times peaks are caused by excessive credit and the downturns by excessive credit unwinding. In 2000-2001, investors who had thrown money at internet companies by extending credit and buying stock at crazy valuations saw that frenzy unwind as internet companies defaulted and the demand for their services, including services provided to companies that when viewed realistically had no future, declined precipitously. In 2008-2009, the unwinding of widespread, grossly irresponsible mortgage credit decisions led to systematic problems for the financial system, downturns in housing prices and consumer balance sheets and a severe contraction in lending and the general economy.

We don't invest by predicting these events but feel the best response to an uncertain world is to invest in exceptional, resilient companies. To do otherwise; to see a risk and extrapolate it across everything and avoid stocks altogether brings another risk into play that we worry about a lot. Howard Marks has referred to it as the risk of coming up short. **That means falling short of the money you need to maintain your lifestyle after taking inflation into account. If you don't invest at all or try to time the market, we feel this risk is brought more into play and a good outcome for patient investors is missed.**

We feel another example of excessive credit creation that investors should be aware of today is a bubble in low quality bonds, since it will probably end badly as interest rates rise. This bubble has been fueled by unprecedented actions taken by the Federal Reserve, holding short term interest rates at zero for six years and massive purchases of bonds. This has led to corporations issuing $1.1 trillion in low quality bonds from 2013-2014 to investors hungry for yield. This compares to only $700 billion of low quality bonds issued during 2006-2007 which, obviously, was not a risk averse period. Of the recently issued bonds, 71% were B rated or below compared to only 28% in 2006-2007 and 60% were covenant lite versus 20% in 2006-2007. If interest rates rise as expected, many of these companies won't be able to service debt which, in many cases, they can currently only because interest rates are artificially low.

A great deal of these bonds, approximately 18% and typically unsecured, have been issued by less credit worthy energy exploration companies. Many of these companies also have bank lines which use the value of their oil reserves as collateral. As banks mark down the value of collateral during fall reviews, bank lines will be reduced, particularly since the Office of the Comptroller Currency recently increased the heat on banks to declare these loans delinquent. Additionally, this year's cash flows for oil exploration companies are fairly well protected by hedged production sold at above market prices. Next year's production is not nearly as well protected.

Finally, if the bubble pops for low quality bonds there will be less liquidity to soften the downturn due to the Dodd Frank legislation which has forced the large banks to reduce their corporate bond trading desks. The corporate bond market has doubled since the credit crisis to $4.5 trillion but banks hold only $50 billion of corporate bonds versus $300 billion in 2007. In other words, they are willing to hold 1% of corporate bonds outstanding to trade for profit as well as support their corporate clients as opposed to 14% of corporate bonds that they held in 2007, creating a potential void if large scale selling occurs. To some degree, this has already started as several lower quality energy exploration companies have defaulted and bond yields for this sector have risen to over 9%.

If these risks unfold, how will it affect my portfolio?

It could take years for interest rates to rise but that or rising defaults for energy related companies could be the catalyst for a significant sell off in corporate bonds. In the past, we have focused on giving resilient companies high portfolio weighting which we feel has led to good results in downturns. We have no idea when a downturn might occur or what it might do to client portfolios in the short term but reviewing six of our top seven holdings, all of which we think are reasonably/attractively priced illustrates our belief that we are well positioned for future downturns.

1. Berkshire Hathaway owns many durable, advantaged and growing companies that won't lack for necessary funding to further strengthen their businesses due to the support of Berkshire's balance sheet. In fact, we expect Berkshire will generate approximately $19 billion in after tax operating profit this year in addition to having more than $50 billion in excess cash. In the past, during market dislocations when attractive opportunities are created, they have aggressively used their excess cash to increase long term shareholder value.

2. Wells Fargo has one of the simplest business models of the large banks, avoiding large derivative, commodity, and investment banking businesses. A conservative management culture typically finds them with both excess capital and liquidity. They have today despite large increases in required capital and liquidity in the current regulatory environment. In fact, even after acquiring $11.5bb in commercial real estate loans from GE, earnings and funding Blackstone's purchase of another $6bb from GE, they still have approximately $30bb in excess liquidity and more deposits flowing in every quarter. These recent purchases have not really shown up in their income statement since they were down at the end of the second quarter.

   Due to Because of increased capital requirements, GE's lending business is no longer generating adequate returns and is not sustainable in the current environment and they have more ssets to sell. This due partly to funding cost disadvantages and partly to not having non-interest income products, which Wells and many other banks have, that make the lending relationships profitable enough to justify the capital outlay required in the current environment. Besides opportunities to profitably grow their loan portfolio, we believe rising interest rates will increase net interest margins for Wells Fargo more than most large banks due to the strength of their deposit base which includes a significantly higher degree of non- interest bearing checking accounts.

3. Phillips 66 currently has $5.3 billion in cash and equivalents and a modest debt load of 1.4x our expectation for pre-tax profit. They need to keep about $1bb of cash on hand for the large oil purchases needed for their refinery business. Despite the sell-off in their stock price since oil prices began to fall, refining is their largest business and is benefiting not suffering from lower oil prices as gas demand has risen and prices

have held up much better than oil prices. Longer term we believe the US petrochemical business, and energy midstream businesses that Phillips 66 has the where withall to expand will benefit from continued growth in U.S. shale production of oil, natural gas, and natural gas liquids and will add to shareholder value for Phillips 66. Many U.S. industries including Petrochemicals, a business Phillips 66 is in, and fertilizer manufacturres are planning large expansions to take advantage of cheap, abundant natural gas being produced in the US. Compared to many stand- alone mid -stream energy companies who are taking significant commodity risk and have significant leverage, Phillips 66 is in a strong position to fund expansion despite the sharp downturn in oil and natural gas liquids prices. They have the strong cash position mentioned earlier, as well as cash flow from the refining, petrocehmical and mid-stream businesses to fund expansions. In addition, they are the general partner of a well- financed publicly traded partnership MLP, Phillips 66 Partners. They can sell mid- stream projects developed at the parent company to the MLP at a significant profit because of the MLP's tax advantages once the projects ramp up. Most stand alone mid-stream companies don't have that luxury.

4. Twenty First Century Fox has ten billion in excess cash versus a market value of $70bb. Given the recurring nature of much of their cash flow,subscription fees versus advertising, we are very comfortable with their debt levels of just over three times pre-tax profit.They also have very strong news and sports assets which are less vulnerable to cord cutting and skipping commercials than other types of programming.

   We also think subscription rates for one of their largest assets, Fox News, are underpriced versus other cable networks and should show increases as long term contracts come up for renewal. They have a large international presence in cable programming where penetration rates are increasing as opposed to cord cutting in the U.S. While Fox Broadcast network's audience is lagging competitors, they should still show healthy subscription rate increases since broadcast networks represent about 35% of the television audience but they receive about 15% of subscription fees paid by TV providers. We feel they are well positioned and that much of the decrease in viewership is due to an inability to measure their content viewed on mobile phones or streamed, we are watching the situation closely.

5. Enterprise is one of the largest midstream energy companies in the U.S. providing transportation, processing and fast growing export services to energy producers as well as the industrial end users of their products. The company has traded off considerably from around $42 prior to the sell-off in oil and natural gas liquids prices to $27.5 as we write this update. However, 85% of their business is fee based and a large amount protected by contractual volume commitments. As a result, their distributable cash flow per share was basically flat in the first quarter despite the large commodity sell off.

   Most of their business is transporting, processing, storing, and rapidly growing export services to help producers of natural gas and natural gas liquids find good markets. Over the next few years, there are questions whether production volumes that they depend on will stay healthy given unprofitable pricing for many exploration companies and potential financing problems. The basins where they have the strongest presence, the Eagleford and Permian basins have among the lowest break even rate for producers in the country. Enterprise also has one of the industry's strongest credit ratings, BBB+, due to the quality of their integrated assets, lack of commodity exposure, debt levels, and no general partner to whom they are required to pay a percentage of excess cash flow. Their debt has an average maturity of over 14 years with little due in the next three years and 96% of the debt is fixed at a rate of 4.5% showing the confidence the bond market has in their business model. Their dividend coverage of 40% is one of the highest in the industry and provides excess cash flow to fund future projects along with the support of the founding family that still owns 37% of the limited partner interests and reinvests much of the dividends they receive to fund future growth.

   Excess supply has lowered prices and led to excess storage levels for most energy related commodities and could pressure short term volumes of natural gas liquids and oil that run through their pipelines and processing plants. However, the inventory levels increase the demand for their rapidly growing export services to work off the excess inventories. Despite risks to production volumes in the next few years, longer term we think demand growth will lead to higher volumes. Fertilizer companies are expanding in the U.S. to take advantage of low cost natural gas. Pipelines are being built to transport US gas to Mexico. Coal fired generation plants are being replaced with natural gas. LNG plants are being built to export natural gas and petrochemical companies are being built in the U. S. that should consume an additional 500,000 barrels per day of ethane compared to current consumption of apprixmatly 1.2mm barrels per day, plus some ethane will be exported(by Enterprise). Lastly, propane production which has grown from 500,000 barrels per day 5 years ago to approximately 1mm today will see an increase in export capacity of 300,000 barrels per day by the end of 2016 with about 233,00 barrels per day resulting from enterprise expanding their well positioned Mt. Belvieu facility.

6. Oaktree is a money management firm founded by Howard Marks and Bruce Karsh with approximately $79bb under management where they are currently charging a fee and an additional $9bb in commitments which they are waiting to put to work. Much of their assets under management are in distressed debt. They have an excellent long term record and a defensive bias which gives us comfort with some of the pitfalls we see that other less conservative investors may suffer from. They have recently received the previoulsy mentioned $9bb in commitments to take advantage of potential opportunities when credit excesses unwind and have plans to try to raise at least $11bb more in commitments. Currently, they trade for approximately 10x annualized earnings if you include economic income which includes unrealized gains on investments they haven't yet sold to earn their incentive fees. Their excellent reputation in distressed situations helped them increase assets under management by approximately 50% from 2008-2010, the last time there was significant distress in the debt market.

In summary, while there are risks we worry about, we think client portfolios are well positioned and want to stay invested to the extent we can find investments that meet our criteria.

Please feel free to contact us if you would like to learn more about our services.

Best regards,

Eddie Nowell

DISCLOSURES

[1]***Core Equity Composite*** *contains all fully discretionary accounts invested in equities excluding accounts that use significant leverage. For comparative purposes it is measured against the total return for the S&P 500. It includes accounts managed for capital appreciation as well as accounts managed for a combination of capital appreciation and current income. The equity securities are typically mid cap and large cap value oriented U.S. equities and ADR's of similar capitalization. The portfolios also include equity securities that provide higher current income such as master limited partnerships, real estate investment trusts and similar securities that "pass through" most of their cash flow as distributions. The portfolios may from time to invest in fixed income securities and various hedges such as gold backed ETF's as conditions warrant. The portfolios are typically invested in 15-25 positions but have held fewer than 15 positions in the past.*

[2]***S&P 500 Index*** *has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over U.S. $4.83 trillion benchmarked, with index assets comprising approximately U.S. $1.1 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities and includes the reinvestment of dividends of companies in the S&P 500.*

Returns are presented net of management fees and include the reinvestment of all income. The U.S. Dollar is the currency used to express performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request, as is GIPS compliant presentations and lists and descriptions of South Atlantic Capital's composites, by emailing Info@SouthAtlanticCap.com or calling (910) 763-4113. Portfolio composition is subject to change at any time and references to specific securities, industries, and sectors referenced in this letter are not recommendations to purchase or sell any particular security. Current and future portfolio holdings are subject to risk.

The discussion of our firm's investments and investment strategy (including current investment themes, the portfolio managers' research and investment process, and portfolio characteristics) represents the firm's investments and the views of the investment adviser, at the time of this letter, and are subject to change without notice.

Past results are not indicative of future investment results. An investor should further understand that future results may result in losses for account holders.

ASHLAND VERIFIED

EDWARD D. NOWELL
Edward D. Nowell is President, founder and sole portfolio manager of South Atlantic Capital Management Group, Inc.

Mr. Nowell has over thirty years of experience in the finance business. Prior to founding South Atlantic Capital he worked in the structured finance department of Bankers Trust Company, New York as an Assistant Vice President. His primary responsibility was arranging bank financing for leveraged buyouts led by Kohlberg Kravis Roberts & Company. During graduate school, he interned with Merrill Lynch's Capital Markets Group in New York. Later, he served as an institutional fixed income sales representative for Carolina Securities/Prudential Bache Securities and worked with Fox, Graham, and Mintz, Securities. Mr. Nowell graduated from the University of North Carolina with a B.S. in Economics and received his M.B.A. from the University of Virginia.

SOUTH ATLANTIC CAPITAL MANAGEMENT GROUP, INC.

CORE EQUITY COMPOSITE

ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (millions)	Composite Assets (USD) (millions)	Number of Accounts in Composite	Annual Performance Results Composite		S&P 500	Composite Dispersion	Three Year Annualized Ex-Post Standard Deviation	
				Gross	Net			Core Equity	S&P 500
3/31/2015	40.8	25.8	66	0.01%	(0.24%)	0.95%	0.47%	9.27%	9.45%
2014	40.7	26.8	68	8.20%	7.14%	13.69%	1.12%	7.99%	8.97%
2013	37.2	23.1	56	26.97%	25.76%	32.39%	2.23%	9.88%	11.94%
2012	28.6	17.3	47	13.02%	11.93%	16.00%	1.83%	11.19%	15.09%
2011	25.3	15.2	43	3.60%	2.56%	2.11%	2.54%	15.55%	18.71%
2010	22.0	14.4	40	20.20%	19.02%	15.06%	3.42%	17.94%	21.85%
2009	18.6	13.0	36	46.22%	44.77%	26.46%	5.32%	17.26%	19.63%
2008	12.4	8.4	38	(25.99%)	(26.68%)	(37.00%)	2.30%	12.59%	15.08%
2007	17.4	11.9	37	(1.89%)	(2.83%)	5.49%	3.03%	9.31%	7.68%
2006	22.4	12.6	36	12.08%	11.11%	15.79%	2.52%	8.75%	6.82%
2005	12.4	10.8	33	0.79%	(0.16%)	4.91%	3.12%	11.08%	9.04%
2004	12.3	11.1	30	20.37%	19.24%	10.88%	3.37%	12.60%	14.86%
2003	9.2	8.5	23	35.31%	33.95%	28.68%	4.38%	13.67%	18.07%
2002	6.9	6.4	21	(3.21%)	(4.20%)	(22.10%)	6.43%	14.21%	18.55%
2001	7.6	6.7	17	5.18%	4.14%	(11.89%)	2.36%	14.06%	16.71%
2000	7.1	5.9	14	13.91%	12.87%	(9.10%)	3.77%	13.65%	17.42%
1999	6.4	5.4	13	8.94%	7.90%	21.04%	10.61%	12.67%	16.52%
1998	6.5	5.4	13	6.09%	4.93%	28.58%	5.60%	12.07%	16.01%
1997	5.1	4.7	11	41.04%	39.60%	33.36%	5.15%	11.12%	11.14%
1996	3.6	3.3	8	23.66%	22.42%	22.96%	3.34%	11.76%	9.58%
1995	2.9	2.7	6	48.47%	47.03%	37.58%	3.31%	10.46%	8.22%
1994	2.0	1.9	5	7.76%	6.69%	1.32%	8.02%	11.05%	7.95%
1993	1.8	1.7	4	23.29%	22.07%	10.08%	3.33%		
1992	1.3	1.2	3	13.86%	12.85%	7.62%	0.00%		

Core Equity Composite* contains all fully discretionary accounts invested in equities excluding accounts that use significant leverage and for comparative purposes is measured against the total return for the S&P 500. It includes accounts managed for capital appreciation as well as accounts managed for a combination of capital appreciation and current income. The equity securities are typically mid cap and large cap value oriented U.S. equities and ADR's of similar capitalization. The portfolios also include equity securities that provide higher current income such as master limited partnerships, real estate investment trusts and similar securities that "pass through" most of their cash flow as distributions. The portfolios may from time to invest in fixed income securities and various hedges such as gold backed ETF's as conditions warrant. The portfolios are typically invested in 15-25 positions but have held fewer than 15 positions in the past. The minimum account size for this composite is $50,000.

South Atlantic Capital claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. South Atlantic Capital has been independently verified by Ashland Partners & Company LLP for the periods January 1, 1992 to March 31, 2015.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Core Equity Composite has been examined for the periods January 1, 1992 to March 31, 2015. The verification and performance examination reports are available upon request by calling (910) 763-4113, or by emailing info@southatlanticcap.com.

South Atlantic Capital is an independent registered investment adviser registered with the State of North Carolina and the Commonwealth of Virginia. The firm maintains a complete list and description of composites, as well as GIPS® compliant presentations, which are available upon request by calling (910) 763-4113, or by emailing info@southatlanticcap.com.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite policy requires a three month, temporary removal of any portfolio incurring a client initiated external significant cash inflow of at least 25% of portfolio assets. The temporary removal of such an account occurs at the end of the prior month in which the external significant cash flow occurs and the account re-enters the composite at the end of the second full month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request. Composite returns represent investors domiciled primarily in the United States. As of December 31, 2014, less than 1% of composite assets represent non-fee paying accounts. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Returns are presented after trading expenses but before any applicable taxes. Actual management fees were used to calculate composite performance for each year presented. The annual composite dispersion presented is a size-weighted standard deviation calculated for the accounts in the composite the entire year. The annual dispersion and the standard deviation are calculated based on net returns. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request, as is GIPS compliant presentations and lists and descriptions of South Atlantic Capital's composites, by emailing info@southatlanticcap.com or calling (910) 763-4113.

South Atlantic Capital's management fee schedule for accounts with assets up to $500,000 is 1.25%. For accounts with assets between $500,000 and $5,000,000, the management fee schedule is generally set at 1.0% per annum, and is negotiable for accounts with assets over $5,000,000. Actual investment advisory fees incurred by clients may vary.

South Atlantic Capital recently engaged Ashland Partners & Company LLP to extend the examination period of our composite back to January 1, 1992 versus the previous begin date of January 1, 2002. During the examination process, an error was discovered in an account where an inflow of securities was mistakenly included in the account's return. This issue caused gross composite returns for 2001 to change to 5.18% versus a previously reported return of 6.92% and net returns that year to change from 5.86% to 4.14%. Changing that account's return along with eliminating an account that was in liquidation from the composite caused our dispersion to narrow in 2000 from 4.48% to 3.77% and from 6.23% to 2.36% in 2001.

The Core Equity composite was created on March 1, 2011.

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Independent Accountant's Verification Report

Mr. Edward D. Nowell, President
South Atlantic Capital Management Group, Inc.:

We have examined whether (1) South Atlantic Capital Management Group, Inc. (the "Firm") has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS® standards) on a firm-wide basis for the periods from January 1, 2002, to March 31, 2015, and (2) the Firm's policies and procedures are designed to calculate and present performance results in compliance with the GIPS standards as of March 31, 2015. The Firm's management is responsible for compliance with the GIPS standards and the design of its policies and procedures. Our responsibility is to express an opinion based on our examination.

Scope of Work
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Firm's compliance with the previously mentioned requirements; evaluating the design of the Firm's policies and procedures previously referred to; and performing the procedures for a verification required by the GIPS standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Opinion
In our opinion, in all material respects,

- the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from January 1, 2002, to March 31, 2015; and
- the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards as of March 31, 2015.

This report does not relate to any composite presentation of the Firm that may accompany this report, and accordingly, we express no opinion on any such performance.

Ashland Partners + Company LLP

Ashland Partners & Company LLP
August 6, 2015