LYKE Financial Inc.

Investing Insight

LYKE FINANCIAL, INC.

Pursuing a Better Investment Experience

Everyone likes the top 10 lists, made popular by David Letterman, and this one from DFA we like as a great overall look at what it takes to have a successful investment experience.

We'll make some practical comments on each:

1—With nearly 100 million trades daily, stocks are priced efficiently and the likelihood that a manager is giving any "secret research" for 1% extra is highly unlikely. We also hear "why is everyone buying Apple stock." It's just not the case. In order for the transaction to work one party must think Apple at $800 a share is a good deal and the other party must think it's a bargain. This plays out daily in the greatest free market system in the world.

1 Embrace market pricing

The market is an effective, information-processing machine. Millions of participants buy and sell securities in the world markets every day, and the real-time information they bring helps set prices.

World Equity Trading in 2015

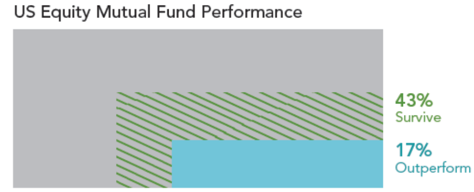
	Number of Trades	Dollar Volume
Daily Average	98.6 million	$447.3 billion

2—With so many people claiming they beat the market, 17% is not good odds.

2 Don't try to outguess the market

The market's pricing power works against mutual fund managers who try to outsmart other participants through stock picking or market timing. As evidence, only 17% of US equity mutual funds have survived and outperformed their benchmarks over the past 15 years.

US Equity Mutual Fund Performance

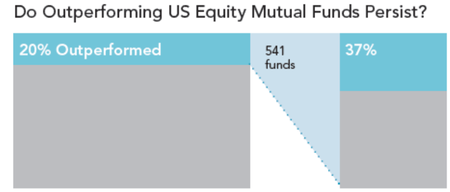


3—Of those that outperform the market, only 37% continue to outperform in the future. You still have better odds in Vegas.

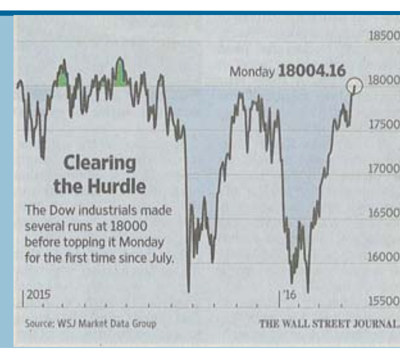
3 Resist chasing past performance

Some investors select mutual funds based on past returns. However, funds that have outperformed in the past do not always persist as winners. Past performance alone provides little insight into a fund's ability to outperform in the future.

Do Outperforming US Equity Mutual Funds Persist?



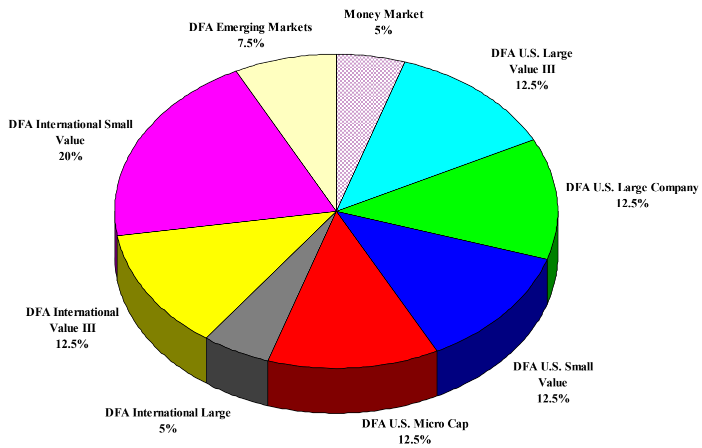
Inside this issue:



Portfolio Returns:
January 1, 2016—March 31, 2016*

AGGRESSIVE GROWTH

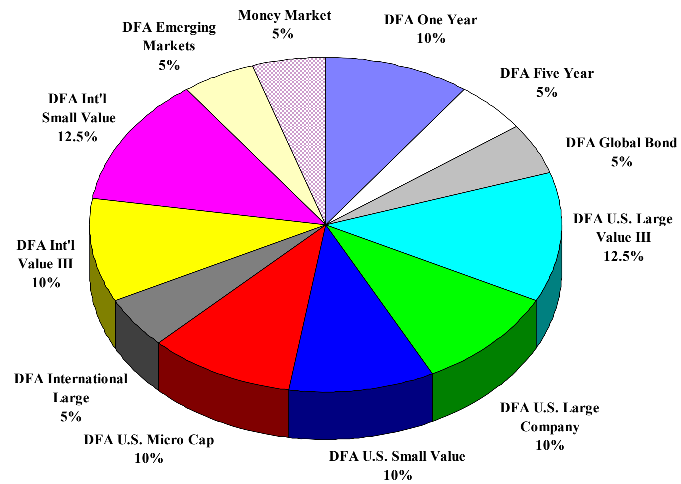
95% Equities/5% Fixed



Rate of Return 0.05%

LONG TERM GROWTH

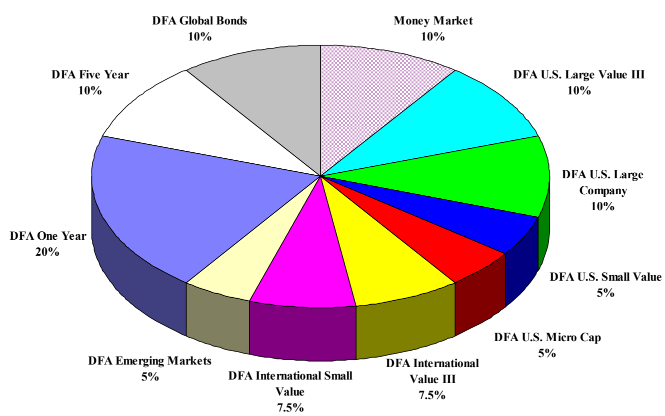
75% Equities/25% Fixed



Rate of Return 0.17%

BALANCED GROWTH

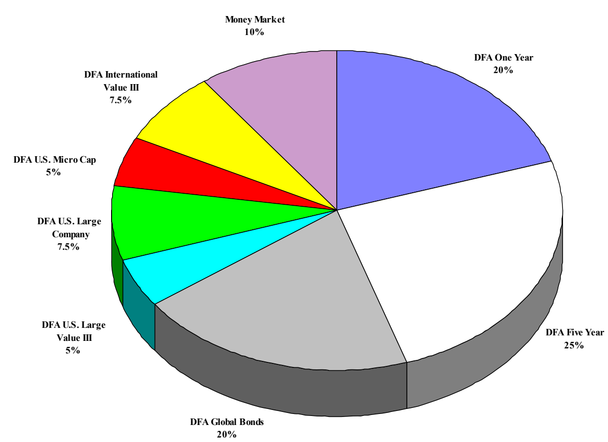
50% Equities/50% Fixed



Rate of Return 0.41%

INCOME & GROWTH

25% Equities/75% Fixed



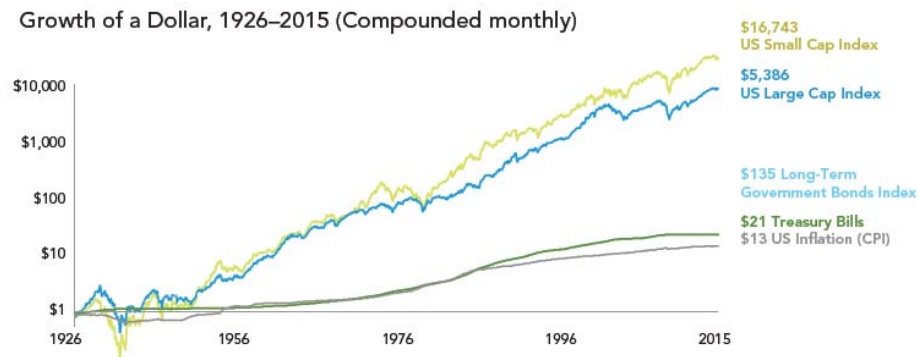
Rate of Return 0.48%

*Individual returns may vary slightly based upon assets, size and fees charged, performance shown is net of fees. Performance shown reflects the reinvestment of dividends and other earnings. The returns shown represent past performance and are not indicators of future results.

4—Large stocks have averaged 10% since 1926-2015 and small stocks 12% from 1928-2015. The S&P 500 has posted negative annual returns in 14 instances over the last half century giving it a nearly 75% chance of turning in a positive year. I like those odds!

4 Let markets work for you

The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply and, historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.



5—This is why our portfolios have added weight towards value and small holdings.

5 Consider the drivers of returns

Academic research has identified these equity and fixed income dimensions, which point to differences in expected returns. These dimensions are pervasive, persistent, and robust and can be pursued in cost-effective portfolios.

Dimensions of Expected Returns

EQUITIES	FIXED INCOME
Market Equity premium—stocks vs. bonds	**Term** Term premium—longer vs. shorter maturity bonds
Company Size Small cap premium—small vs. large companies	**Credit** Credit premium—lower vs. higher credit quality bonds
Relative Price Value premium—value vs. growth companies	
Profitability Profitability premium—high vs. low profitability companies	

6—The reason diversification helps is not for return but to lower the risk. So we are able to target the highest return with the least amount of risk taken.

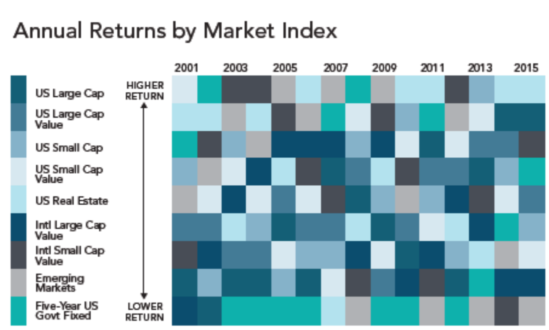
6 Practice smart diversification

Diversification helps reduce risks that have no expected return, but diversifying within your home market is not enough. Global diversification can broaden your investment universe.

7—In 2015 Emerging Markets was the worst performer and now in 2016 for the first quarter they are the best.

7 Avoid market timing

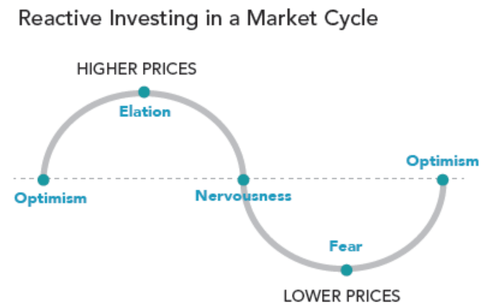
You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to seek returns wherever they occur.



8—The first quarter of 2016 looks very average in terms of return, yet it was anything but average. Through February 12, 2016 our aggressive portfolio was down nearly 10% but by March 31, 2016 it had an incredible reversal and squeaked out a positive return! For our daily market watchers they were convinced it was 2008 all over again. As of April 20, 2016 the U.S. large market is about to hit an all time high over 18,000.

8 Manage your emotions

Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions at the worst times.



9—Real Estate, Gold, Silver and oil are just a few of the commodity promises that we have heard about since 2007. What is so unfortunate is you read or hear about these “after” they have experienced a big run up and actual investors bank their life savings on these returns continuing. Worse yet, the disclaimer says they are not making any representations or recommendation.

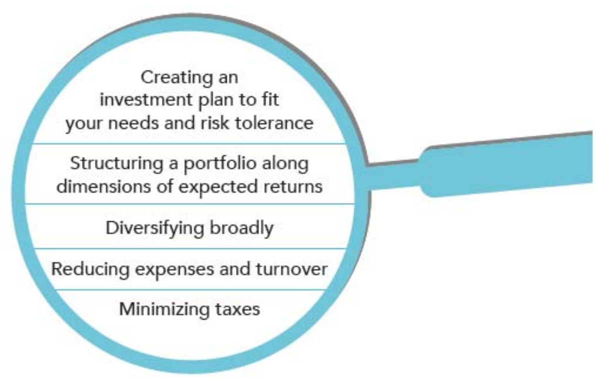
9 Look beyond the headlines

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future while others tempt you to chase the latest investment fad. When tested, consider the source and maintain a long-term perspective.

10—The best one of the bunch. We take very seriously the responsibility of helping you reach your financial goals and maintaining your

10 Focus on what you can control

A financial advisor can create a plan tailored to your personal financial needs while helping you focus on actions that add value. This can lead to a better investment experience.



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