



MARKET SUMMARY

We believe that 2015 will be remembered as the year that broke the multi-year bull market streak of the S&P 500 Index. The buzz word of the year was volatility as macroeconomic, corporate, and commodity related factors influenced stocks.

The macroeconomic front was dominated by the timing of when the Federal Open Market Committee ("FOMC") would start raising interest rates after years of keeping rates low to stimulate the economy. Citing strong economic conditions, the

FOMC raised interest rates in December 2015 signaling the start of a rising rate environment.

While the FOMC was contemplating the rate rise, the European Central Bank was doing the opposite by increasing quantitative easing. Emerging markets, such as Brazil, whose growing middle class were sources of major economic growth were big losers with Brazil Real currency losing almost half its value vs the U.S. Dollar, accompanied by a declining stock market. A slowdown in Chinese manufacturing and frenetic speculative trading in the Chinese stock market led to some extreme volatility in the Shanghai stock index which finished the year +9.41% as compared to +60% during the summer period.

On the corporate front, the focus was on stock buybacks. 2015 saw a record amount of stock buy backs as record low borrowing rates encouraged U.S. companies to issue debt to buy back stock in an effort to increase their stock price. The risk in adding to corporate debt is that a slowdown in the overall economy or business makes it more difficult to service the debt.

In 2016, we believe U.S. markets may likely experience more volatility as the FOMC has embarked on a rate rising campaign and investors focus on valuations. Lee Financial Group will seek strategic investment opportunities with a focus on risk management.



*Aloha,
It seems that every year passes a little faster than the previous, and 2015 was no exception. It's hard to imagine that we are in our 28th year*

of business. Thank you for the trust you have placed in us to serve your investment needs.

Looking back on the year...

2015 was one of those years that reminds us of what a roller coaster ride investments can be.

The stock market had its first negative year in 6 years.

The Federal Reserve raised interest rates for the first time in 10 years.

China's economic downturn had a resounding effect on the global markets.

The impending threat of an ISIS attack changed the way we view our safety.

Looking forward, Lee Financial Group's forecast and outlook...

The U.S. economy is expected to continue on its slow growth path.

The Federal Reserve is likely to continue to raise interest rates in a slow moving pattern.

Global uncertainty, a presidential election year and interest rate

increases will likely increase volatility in the stock market.

Risk management will continue to be an important component in portfolio management.

We continue to believe in our mantra that "portfolio losses hurt more than equivalent gains help." This is even more prevalent in an increasingly volatile market environment.

Personal thoughts...

I have spent the last 35 years of my career in wealth management (I can't believe I've done anything for that duration of time). Basically, that means I have tried to help people meet their financial objectives. One of the things I have learned on my life's journey is that wealth can take many forms – some more valuable than money. Family and friends, for example are irreplaceable. To paraphrase an old saying "the greatest wealth is our health". In this New Year, let's all try to eat a little better, be more active (mentally and physically), get more rest, and have a little less stress.

On behalf of the employees of Lee Financial Group Hawaii I wish all of our valued clients and shareholders a safe, happy and healthy New Year.

Mahalo,

Terry Lee



Please join us...

ALTERNATIVE INVESTMENTS

A Free Educational Seminar presented by
Summer Lee, Wealth Manager AIF®



Summer will discuss the role of Alternative Investments in a diversified portfolio.

Thursday, February 18, 2016

11:00 a.m.

Lee Financial Group Hawaii, Inc.

3113 Olu Street (Kapaehulu)
Honolulu, HI 96816

About Summer...

Summer has been with Lee Financial Group since 2005. She is a series 6, 63, and 65 FINRA registered representative, and a State of Hawaii Life and Health Insurance producer.

Born and raised in Hawaii, Summer graduated with honors from Punahou School. She earned a Bachelor of Arts degree from the University of Hawaii. Summer also has a Master of Science in Personal Financial Planning from the College for Financial Planning®.

Registration Deadline:

Wednesday, February 10th

Call 988-8088 to reserve your seat

Limited Seating

Educated Investor Series

Lee Financial Group's Educated Investor Series seminars will be held throughout the year for smaller groups and focus on various investment topics.

TEAM MEMBER UPDATE

Lee Ann Matsuda, VP-Operations, serves on the Morningstar™ Advisor Solutions Board, a group of 11 representatives from investment advisory firms across the nation. Through her participation, LFG is able to provide insights to Morningstar™ leadership and exchange ideas with other industry leaders on topics such as product and service enhancements, technology trends, investment research and implications of regulatory developments on the financial services industry. Morningstar™, Inc. is a leading provider of independent investment research with operations in 27 countries.



Summer, her teammate Irene, and coaches Denis, John, & JT.

In her free time, Summer enjoys competing in Kettlebell Sport and currently has a Rank 1 with the 20kg kettlebell, and is also a level 2 certified coach with the Orange Kettlebell Club. Summer took 1st Place in her weight division at the 2015 NorCal Open Competition in Oakland, California.

Another area of interest for her is participating in student mentoring programs at the University of Hawaii.

This newsletter may contain certain forward-looking statements about factors that may affect the portfolio performance in the future. These statements are based on the predictions and expectations of Lee Financial Group Hawaii, Inc., concerning certain future events, such as performance of the economy, changes in interest rates and other factors that may impact the performance of the portfolios. Lee Financial Group Hawaii believes that these forward looking statements are reasonable, although they are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed.