

April 30, 2015

Dear Esteemed Clients,

I would like to announce the renaming and rebranding of my company. Heroic Capital LLC will now be working under the assumed name of Parker Logan Advisors.

In the first quarter of 2015, our investments returned 6.85% with a total return of 26.85% since March 2013. I believe our results provided an adequate return based on our 25% cash position and a fundamentally expensive market. Caution and patience will heed greater long-term returns than chasing the market.

Why all of the cash? I believe we are in uncharted territory with the current state of domestic and global economics. I still find most companies expensive, and passively investing along side this market will work, until it doesn't. I am currently weighing our options and will do my best to provide an adequate return. Patience and conservatism are the pillars of our wealth development. When the market gives us the opportunity to buy companies that I would like to own, we will be ready.

Parker Logan's US Macro Outlook

The Greenspan regime (Greenspan/Bernanke/Yellen) is famous for creating asset bubbles with their monetary policy. We still have historically low interest rates (seven years and counting), which in theory, encourages consumption and discourages savings. While this may work in the short term, the opposite could prove to become true in the long term. The law of diminishing returns deserves a close look by Fed policy makers. GDP growth under this policy has been slow and arguably effective. However, wages have stayed stagnant while expenses such as healthcare, education, and energy have increased. Employment has recovered but could be due to a major pool of workers having left the workforce. I believe this to be the primary reason why wages have not grown. The income gap has widened which is why I remain very cautious in our investment activities, the economy is recovering slowly yet our markets are at all time highs.

Parker Logan's significant winners

- Nintendo: The shares of Apple (NTDOY) gained 70% in the first quarter of 2015, an outstanding win for us as I allocated a 10% portfolio position early this year. My investment thesis was fully realized in two short months as Nintendo announced a change in strategy and the market applauded. I sold the full position because it went over my one-year price target. Nintendo will be holding their annual meeting in the second of quarter and I will reevaluate.

Parker Logan's most significant misunderstood position (Update)

- Nuance Communications (NUAN): I reduced the allocation of our Nuance position shortly after their last earnings call. (Early February) They again did not meet my expectations in certain areas of their business and I reallocated that capital to Nintendo, which proved to be a great move. I believe I made the correct allocation in Nuance based on risks and fundamentals. We still hold a significant allocation and I believe my long-term bull thesis is still intact.

The market has severely punished commodity-based businesses, making their stocks very cheap. Most of the companies deserve their low prices based on their undisciplined spending and meager profits. I have spent a great deal of time picking through the wreckage of the collapse. I have done two significant moves:

1. Rebalanced our positions in off-shore drilling companies like Transocean (RIG), Diamond Offshore (DO), and Ensco (ESV)
2. Bought positions in miners Vale (VALE), the largest producer of iron ore and Freeport-McMoran (FCX), a diversified miner tilted in gold and copper.

Another area where I have been focusing my attention is the mega-trend that has emerged as the quality of life has improved worldwide. Feeding the world population requires highly efficient farms and water supply. Unfortunately, the concentration of the earth's fresh water supply belongs to (ranked in order per capita) Canada, Russia, Brazil, Australia, and US. Feeding the world will take resources and investments. We want to buy great companies at fair prices in this sector. Based on this premise, I started positions in Archer Daniels Midland (ADM), the largest processor of agricultural products, and Deere & Co (DE), the market leader in farm equipment.

Parker Logan Advisors and I are now registered investment advisors in the state of New York. This means I am now open to solicit as many clients as I desire. I have a short-term goal of raising 10 million dollars for portfolio management services. The minimum account we are looking to open is \$100,000 and we would be grateful for any business sent our way.

"You can't connect the dots looking forward; you can only connect them looking backwards."
– Steve Jobs

Sincerely,

Ted Rasa
Chief Investment Officer
Parker Logan Advisors