

DAVIDSON WEALTH MANAGEMENT
of Wells Fargo Advisors, LLC

In 2009 we looked into the abyss.
Together, we made it to the other side.
We are intact and committed to you and your financial future.

2009 was a year of economic survival for many.

The economy looked abysmal early in the year. Remember layoffs, foreclosures, fears of bank nationalization, auto industry bailout, government proposals floated by untested political leaders and a media feeding frenzy that made it worse every morning? Have we already forgotten? Investors were right to be nervous, even rattled. The people of Charlotte lost more than most, as banking was at the heart of the crisis and recession.

In his book, Deep Survival, Laurence Gonzales writes what we believe to be a basic truth. *“It’s not what’s in your pack that separates the quick from the dead. It is not even, what is in your mind. Corny as it sounds; it is what’s in your heart.”*

As the markets reflected the daily onslaught of first quarter news and speculation, it took both heart and mathematics to stay grounded. As your team, we worked with you to either stay the course or adapt as required by your situation. Together, we worked to restore balance sheets through debt reduction, refinancing mortgages, and helping family members and others in need. Our communications and meetings were more frequent and often more intense as unemployment increased, home prices declined, unexpected needs arose, and passions simmered. Yet, we both have come to the other side. Together, we are resilient. We discovered that when the chips were down in early March, we both had *heart*.

2010 offers a transition from stabilization in 2009 to sustainability.

Aggressive economic stimulus of government spending and simple money printing is often the catalyst of recovery according to economics textbooks. While different from previous recoveries, some consistent themes will likely play out and we plan to be ready. Historically, stock prices rise long before unemployment falls. This is why they call it a “business cycle,” not a “consumer cycle.” Do not be confused by the appearance of mixed messages. We believe the recovery will prove to be sustainable.

2010 is unlikely to be easy, however.

At some point, investors may fear both the end of the stimulus and possible interest rate hikes leading to what we call a “transition correction,” meaning stock and bond prices temporarily decline as investors question the sustainability of the recovery. It will not seem temporary and will require patience and some heart. We cannot microwave it for you. We will wait it out, grit our teeth, and control what we can control.

Be prepared for overreaching forecasts on subjects such as inflation, currency challenges, interest rates, credit risk, and new tax codes. Fortunately, by meeting with us on a regular basis, you will continue to have a plan. EnvisionSM is our planning tool which helps us look beyond the present uncertainty toward a more certain future. Our counsel continues to be fundamentally grounded to your goals and objectives.

Continued on reverse side

We are here to stay.

We believe we are affiliated with a strong business partner. In 2009, Wells Fargo acquired Wachovia making Wells Fargo Advisors the 3rd largest brokerage in the US and was also ranked #1 in a client survey of all the nation's brokerages, reflecting a corporate culture that mirrors our own high ideals of client service.

BARRON'S, an independent investment magazine, ranked us 8th in NC among all financial advisors in 2009, based on strict guidelines. Our practice again was in the top 1% of all Wells Fargo Advisors (over 16,000) in important measures you would expect from a holistic wealth manager. We were a leader in lending as clients used our dedicated specialists to refinance debt. Our dedication to fee based planning, asset management, and reliance on Envision were noted as best practices.

Together, we weathered the storm in 2009. Assets under advisement were "recession stressed" by income needs of a mature clientele taking increased income distributions to help children and grandchildren. Lost jobs and other lost sources of income required younger clientele to rely on their investment assets for income. Yes, we even lost a few clients in 2009. Even so, our investment assets under advisement and management through November stand at \$328 million, up 12.3% from \$292 million a year ago. (Additionally, we advise retirement plan assets, such as 401(k)'s in excess of \$200 million dollars). This rise was due to our clients' positive investment results, as withdrawals netted \$11 million, or 4.8%. The bottom line is that existing clients withdrew more money from their portfolios than we received in new client assets, but positive investment returns of over 17% offset withdrawals. Our business revenue was down, but our balance sheet is intact and poised for a recovery. We continue to report your managed account performance quarterly and true progress measurement during our annual reviews. While customized for each client, we were pleased with the progress, thus far, of your recovery. But, we will never be satisfied.

We continue to believe this is an honorable vocation and will rely on a true team effort of commitment, diligence, and experience to payoff for you in 2010. Our years of experience continue to grow and now total 131 years; Michael Davis (4), Celeste Renaldo (16), Christopher Senvisky (17), Mickey Thomas (19), Karen Kight (23), Harriet White (24), and Chris Davis (28).

We encourage you to visit our website – www.davidsonwealthmgt.com – and to remember that we do not market to the public at large. Please feel free to suggest our services to a friend, family member, or business associate.

In 2010, we plan to continue to be a leader as our industry moves from legislation written in 1933 toward new fiduciary standards. 2010 will be a fresh start for us all. You and your family continue to give us motivation to turn the doubts and uncertainty of the past into solutions, bringing a brighter future for you and our country. Your dreams still inspire us. We are grateful for the opportunity to be a part of your financial journey.

"To help clients make smart decisions about their money so they can spend their time doing that which they value most."

Christopher W. Davis, CFP®, CIMA
Director – Investments

Christopher M. Senvisky, CFP®
Financial Advisor

Harriet R. White, CRPC
Financial Consultant

Celeste I. Renaldo, MBA
Financial Consultant

Karen B. Kight
Financial Consultant

Michael C. Davis
Financial Advisor

Michael L. Thomas, III CIMA
Financial Consultant