

# DAVIDSON WEALTH MANAGEMENT

*of Wells Fargo Advisors, LLC*

As we move through the first quarter of 2011, we are pleased to share with you the performance of our practice during the past year, exciting new developments within our firm, and our thoughts about the future ahead.

In his book, Investment Policy, Winning the Losers Game, Charles Ellis reminds investors of the importance of an annual accounting by their asset management firms. Davidson Wealth Management cherishes the investment you have made in us, and it is our trusted duty and honor to keep you informed of the status of our practice.

## **Our condition is always tied to your condition.**

When 2010 began, the pessimistic hangover from 2009 remained strong. As we neared year-end, investors saw recovery in their portfolios and ended the year more optimistic going into 2011. As over 85% of our revenues are tied to assets under advisement, our recovery is directly tied to your progress.

Assets under advisement at year-end were \$357 million, up \$28 million or 8.5% from \$329 million at year-end 2009. (This does not include almost \$300 million in 401(k) plans.) However, this does not tell the whole story. Painfully, we lost 11 clients to death in 2010, reminding us how personally precious every relationship is. Many have been with us since the early 1980's. In recovery, there was also mourning.

Assets under advisement in 2010 continued to be "recession stressed" by income needs of clients helping family members in need and a mature clientele taking increased income distributions.

At Davidson Wealth Management, our goal is to help our clients build strong balance sheets through both asset and liability management. We often referred you to our lending services through our banking affiliates. We are pleased to report our success of this referral relationship, resulted in recognition for Celeste Renaldo, who was asked to speak on our process at a Wells Fargo Advisors conference in St. Louis.

We see a better 2011 for investors as economic recovery also encourages optimism and growth. Corporate profits are up and expected to grow. Companies are increasing dividends and capital spending. Historically, the stock market anticipates and moves ahead of the economy. This can, in turn, lead to investor optimism, complacency or "surprise" market sell offs. Thus, we are encouraged, but vigilant. Through it all we will continue to encourage you to be more focused on what we call "the purpose of the money" and less on the "wiggles" of the market.

## **We are committed to your future.**

Again, in 2010, *BARRON'S*, an independent investment magazine, ranked us 8<sup>th</sup> in NC among all financial advisors. Our practice was in the top 1% of all Wells Fargo Advisors (over 15,000) as of December 31, 2010 as you would expect from a holistic wealth manager. In addition, for two years, we have served on Wells Fargo Advisors ten-member Advisory Council. Our dedication to fee-based planning, asset management, and reliance on Envision were noted as best practices. We are pleased that our proprietary income planning process is being appreciated as a confidence builder by you.

While retirement is far from Chris Davis' mind or plans, every business must plan to strengthen its foundation and engage in succession planning. In an important step to secure the future of Davidson Wealth Management, we are pleased to inform you that Chris Senvisky has both earned the right and accepted the responsibility to formally share in the leadership of Davidson Wealth Management. We believe this important step should assure you that we would continue to keep our focus on your financial future.

We continue to believe financial advising is an honorable vocation and will continue to rely on our true team commitment, diligence, and experience to payoff for you in 2011. Our years of experience continue to grow and now total 121 years. We are renewing our commitment to provide you with industry-leading service, though leadership and innovation.

While we work hard to improve our internal processes, we rely on your feedback. The world will continue its path toward progress, but complexity and obstacles appear daily. We want to do better and need your insights. We are a stakeholder in each other's future. Please let us know your thoughts, concerns and ideas so we can work together to constantly improve the outcome for us all.

We are grateful for this opportunity to be a part of your financial journey. Thank you.

*"We help manage your family's financial life."*



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We encourage you to visit our website – [www.davidsonwealthmgt.com](http://www.davidsonwealthmgt.com)

The rankings are based on data provided by over 4,000 of the nation's most productive advisors. Factors included in the rankings: assets under management, revenue produced for the firm, regulatory record, quality of practice, and philanthropic work. Institutional assets are given less weight in the scoring. Investment performance is not an explicit component, because not all advisors have audited results and because performance figures often are influenced more by clients' risk tolerance than by an advisor's investment-picking abilities.

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