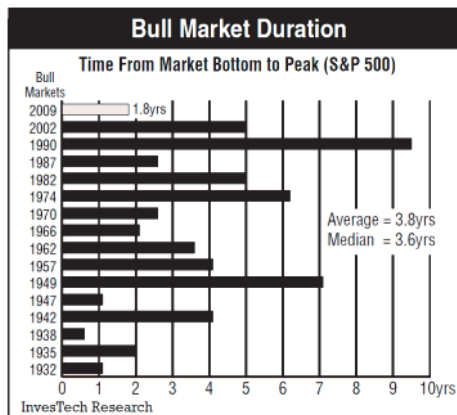
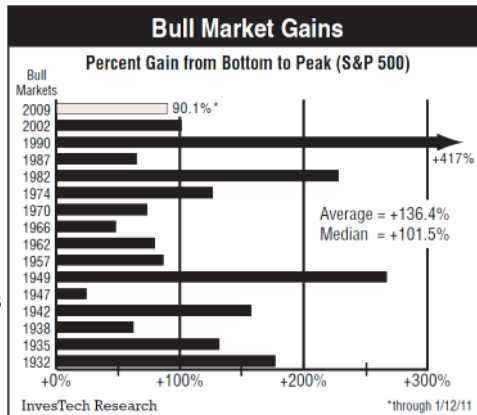


GENERAL MARKET COMMENTARY

In spite of a volatile first half, 2010 was another good year for the stock market and for most of our investment accounts. It was a very nervous year when the “double dip” recession threat nearly became reality.

Going forward, we need to look at where we are on the Wall Street roadmap, and what we might expect for this upcoming year. In historical terms, this bull market might still be young. At the age of 22 months, it will not celebrate its 2nd birthday until the middle of March. 80% of the bull markets during the past 80 years have lived beyond their 2nd birthday. However, the survival rate starts dropping after that. Barely half of these past bull markets lived to



see their 3rd birthday, and only a third extended much beyond four years.

In size, this bull market is already approaching the “median gain” of the past 15 bull markets since 1932 (90.1% vs. 101.5%), however this bull market followed the biggest bear market since the 1930s.

Although it is the third and most profitable year of the presidential cycle phenomenon, the market has already covered a great deal of ground as seen on the chart, as it has already surpassed the 36-month gains of all but one bull market of the past 80 years. While we never attempt to predict the markets, we think conditions may favor more gains this year, but investors should temper their expectations after the recent two-year bull run.

PERSONAL PERSPECTIVE by Ralph Doudera

Last year’s resolution about not judging others was, and still remains, quite a challenge. Am I ready to step up to the next level and pick a more difficult subject? Yes, here is my riddle: what issue does everyone know about you, but of which you are completely unaware?

C.S. Lewis’ classic book *Mere Christianity* has a chapter on the subject entitled “The Great Sin”. He states

“There is one vice of which no man in the world is free; which everyone in the world loathes when he sees it in someone else; and of which hardly any . . . ever imagine that they are guilty themselves . . . There is no fault which makes a man more unpopular, and no fault which we are more unconscious of in ourselves. And the more we have it ourselves, the more we dislike it in others. The vice I am talking of is Pride... and the virtue opposite to it is called Humility. Unchastity, anger, greed, drunkenness and all that are mere fleabites in comparison: it was through Pride that the devil became the devil: Pride leads to every other vice: it is the complete anti-God state of mind.”

I am guilty. And who isn’t?

I received a T-shirt last year which had printed in large letters the word HUMBLE. Now what was I supposed to do with this? If I wear it, I disqualify myself, or I wear it without integrity. It sits in my drawer—waiting.

I see its shadows continually around me: every argument is rooted in it, interrupting before you finish your sentence, my feelings if someone snubs me, the tyranny of someone’s opinion of me, getting the queen of spades when playing hearts, anger when a driver cuts me off, when I am nervous speaking before a group of people, or when I mock anyone . . . my list can go on forever. In fact, I realized occasionally I was proud of being proud. A humble person is someone who takes an interest in what you said to him.

The Bible teaches us that *“He who exalts himself will be humbled, and he who humbles himself will be exalted”* (Luke 18:14). In either event, I will choose humility or it will be forced upon me. So I need to become more aware about this subject. C.S. Lewis ends his chapter on this note:

“The first step to acquire humility is to realize that one is proud. And a biggish step, too. At least, nothing whatever can be done before it. If you think you are not conceited, it means you are very conceited indeed.”

Look for my T-shirt on E-Bay.

“Steady plodding brings prosperity; hasty speculation brings poverty” (Proverbs 21:5, LB)

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