

## HDS WEALTH SOLUTIONS

INVESTMENT THEMES FOR 2011

1. **U.S. will outperform International** – With a continued weak dollar and accommodating fiscal and tax policy we expect the U.S. economy's expansion to accelerate. This should create a good environment for U.S. stocks.
  - a. Raymond James Analyst Best Picks ® – 18.4% annualized vs. S&P 500 of 4% for past decade. \*
  - b. HDS Multi-national Dividend Achievers
2. **Emerging Markets cool off** – With inflation running hot, China, India and Brazil have to act by raising interest rates to keep things in check. This will likely result in their equity markets underperforming for a period of time. We are still very bullish on this asset class long-term as these countries continue to expand their middle classes at a torrid pace.
3. **Global food inflation becomes a major headline** – with continued abnormal weather patterns and emerging middle class economies demanding better food, crops such as corn and soybeans continue to be in very high demand causing prices to rise considerably.
4. **The “Fear Trade” is dead** – since 2008 U.S. Treasuries and “total return” bond mutual funds have proved to be a safe-haven for twice bitten investors. As the U.S. economy continues to improve and global crises are contained we feel Treasuries will grossly underperform and would avoid new investments here for the foreseeable future.
5. **Gold is not a bubble** – While we don't think we'll see gold perform as it has over the last several years we still believe investments in precious metals offer great long-term diversification for portfolios.
6. **Obamacare comes under increased scrutiny** – with changes in Congress, the ultimate decision will likely rest with the Supreme Court.
7. **Oil prices rise** – With the Gulf disaster of 2010 as a backdrop we see an increased push toward land based exploration. Combined with increasing demand we think investors should turn their attention to exploration companies and those that service them.
8. **Housing prices stabilize but inventories remain at historic levels** – with “shadow inventories” of foreclosed homes still on the rise across the country, it's still a buyer's market.
9. **Unemployment remains above 9%** - the improving economy will be offset by record high productivity resulting in an increasing number of “under-employed” workers across the country – Middle America continues to struggle.
10. **Mike Brown turns over control of the Bengals to Katie Blackburn** – after going into a slumber over Carson Palmer's retirement, Mike Brown is forced by the NFL to turn over control to Katie. To no avail however as they NFL Players Association goes on strike over the Collective Bargaining Agreement and the entire 2011 season is lost. Just wait 'til next year!

### HDS Disclosures:

The S&P 500 is an unmanaged index of 500 widely held stocks. It is not possible to invest directly in an index.

International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

Dividends are not guaranteed and will fluctuate.

Commodities are generally considered speculative because of the significant potential for investment loss. Commodities are volatile investments and should only form a small part of a diversified portfolio. There may be sharp price fluctuations even during periods when prices overall are rising. The price of gold has been subject to dramatic price movements over short periods of time and may be affected by elements such as currency devaluations or revaluations, economic conditions within an individual country, trade imbalances, or trade or currency restrictions between countries. As a result, the market prices of securities of companies mining or processing gold may also be affected.

Diversification and strategic asset allocation do not ensure a profit or protect against a loss. Investments are subject to market risk, including possible loss of principal.

\*Annual average Analysts' Best Picks total return performance (18.4%) versus the comparable S&P 500 performance (4.0%) for 2001 through 12/2/10. On a total return basis with performance averaged as if an equal dollar allocation were made to each stock at the beginning of the period and held until 12/31 of the following year. The holding period for each year's list is approximately 55 weeks from the inception date to 12/3 of the following year. Individual results will vary and transaction costs related to investing in these stocks will affect overall performance. There is no assurance that the list will achieve the results expected, and investors may incur profits or losses. The results presented should not and cannot be viewed as an indicator of future performance.