

ARS Insights

Anderson, Riley, & Spoor, P.A.

Registered Investment Advisor

Index Returns

Fourth Quarter 2010

• S&P 500	10.8%
• Dow Jones Industrial	7.3%
• Russell 2000	16.3%
• EAFE (Int'l Index)	6.2%
• Barclays Cap Agg. Bond	-1.3%
• DJ-UBS Commodity Index	15.8%

WE ARE MOVING!!

Effective January 31, 2011 both Anderson, Riley & Spoor, P.A. and Spoor & Associates, P.A. will be relocating to the following address: 111 2nd Avenue NE Suite 1600 St. Petersburg, FL 33701 Our phone numbers will remain the same. Please bear with us if we experience some glitches during the move.

Changes in 2011 — Tony Anderson, President

We at ARS are excited to let you know about the pending move of our office. Effective January 31st both ARS and our affiliated CPA firm Spoor & Associates will be relocating to **111 2nd Avenue NE – Suite 1600 St. Petersburg, FL 33701**. Our phone numbers will remain the same. If you are in the area, we would love to have you come by and see our new office.

In our quest to keep clients up to date, I thought it would be beneficial to answer a few frequently asked questions.

How did my account perform during 2010?

It is prudent to periodically look back and check how your investments have performed relative to your in-

vestment objectives, goals and risk tolerance. To help answer this question, we've included a Portfolio Performance report, in addition to the Asset Allocation and Portfolio Review reports we usually send. The Portfolio Performance report is packed with useful information. The components of the report are; beginning balance, contributions, withdrawals, capital appreciation, income/expenses, and ending balance. The report displays your investment gain, which includes the change in price (or capital appreciation) plus income (i.e. dividends & interest received) minus expenses (i.e. fees paid). The investment gain is then displayed as a percentage

labeled (TWR net). This figure represents your rate of return.

Going forward the Portfolio Performance report will be included with our regular quarterly mailings. The report will show how your account has performed over the preceding 12 month period.

Do I need to make any changes to my account?

Part of what you pay ARS to do is to actively manage your portfolio and make changes as needed. We work diligently to monitor and adjust your portfolio to give you the highest probability of meeting your goals and objectives. The changes we make are based on our understanding of

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What About 2011? – Kurt Ulrich, CFA

That is the million dollar question especially after another successful year in the markets. 2010 witnessed interest rates falling to unprecedented lows until the Federal Reserve stated its intention to implement Quantitative Easing 2 (QE2) in late August. At that point interest rates on long-term Treasuries rose and the stock market rallied strongly through the end of the year. QE2 involves the Federal Reserve purchasing US Government debt securities in the open market to keep interest rates on intermediate-term Treasuries (mostly 10 year

stable. These purchases in combination with its policy to keep the Fed Funds rate low (rate that member banks borrow from the Fed) incentivizes borrowing. As big institutions borrow, a portion of this excess liquidity finds its way into stocks, commodities and other risk assets. This was, and continues to be, one of the primary fuels behind the stock market's rise.

The Fed hopes the perceived wealth created from this market rise will have the effect of increasing consumer sentiment and ultimately, consumer demand leading to economic

improvement. Fortunately, or unfortunately, the Fed's purchases of US debt will stop in June of this year. Hopefully by then the economic recovery will be well underway and self-sustaining. This, however, is the biggest question and concern. Right now, leading economic indicators are strengthening. The economy must continue to improve for a real recovery to be self-sustaining once the Fed ceases to provide additional liquidity through QE2.

For the next few months we suspect the stock market uptrend will continue (albeit a

correction is probably overdue and healthy at this point) as a result of the Fed's easy money stance. Beyond the 2nd quarter it is a much tougher call to make.

There is still the potential for European sovereign debt problems to resurface and China's tightening to lead to a bigger slow-down than expected. Either or both of these factors could pressure equity prices as the year progresses. Food and energy inflation may cause worldwide economic growth to slow and is another factor that bears watching.

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Anderson, Riley & Spoor, P.A. has made a strong commitment in talent, resources, and technology to address the financial needs of affluent individuals and their families. ARS is committed to finding solutions for building and preserving wealth for our clients. ARS offers objective, independent fee-only investment advice to our clients. We are able to offer choices and flexibility that many other investment managers can't even consider. ARS has been managing assets for our clients since 1997. Our affiliation with Spoor & Associates, P.A., a CPA firm with over 30 years experience, means we have the knowledge and expertise to handle our clients' unique financial needs.

If you would like additional information about the services offered by Anderson, Riley & Spoor, P.A., please contact us at (727) 322-7681.

We're on the Web! www.arsinvestments.com

Changes in 2011 (cont'd. from pg. 1)

your investment goals and risk tolerance. It is vital that we have an accurate assessment of your current investment objective. This requires that we have an open line of communication and that you update us as circumstances in your life change. There are many events that could impact the way your portfolio is positioned, such as, a pending retirement or job loss. It is important that you let us know when anything happens that might have an impact on the way we are managing your account. Communication is Key.

As a firm, our commitment this year is to increase the amount of communication we have with our clients. Recognizing that every client has unique needs, we will focus on scheduling more frequent meetings to confirm and review your investment objectives. If you would like to schedule a meeting please contact us directly at 727-322-7681.

We strive to provide each of our clients with personalized service and are always open to any feedback or suggestions you may have for how we can improve. Thanks again for the trust you have placed in our firm.

God Bless, Tony Anderson

IMPORTANT TAX INFORMATION

Many of our clients owned Williams Pipeline Partners (WMZ) and/or Williams Partners (WPZ) in 2010. These are master limited partnerships and require some additional information in order to complete tax returns for 2010. Please go to www.williamslp.com and click on the "Investor Relations" option along the top of the page. On the "Investor Relations" page click on the "K-1 Information" option on the left side of the page.

What About 2011? (cont'd. from pg. 1)

Strictly from a market-strength perspective most indicators still point to higher stock prices, even after the tremendous rally from the market low back in March of 2009. Bull markets typically last more than 2 years but most don't make it to 3 years. Also, the 3rd year of the Presidential Election Cycle is historically the most profitable although the strong rally during the fourth quarter of 2010 may have borrowed some of this year's gain.

Though positive and negative surprises are certain to emerge over the course of 2011, our investment discipline of being well diversified combined with a strategy to identify attractively priced securities should enable us to navigate the investment landscape.

Happy New Year,

Kurt

IMPORTANT TAX INFORMATION (cont'd)

The tax information you will need for WPZ and WMZ is there and will be available March 3, 2011. Do not file your taxes until you gather the necessary information from this website. While we recognize this creates some additional work, we believe the returns we have received from these investments have been well worth it. If you have any questions please call us.

If you would like a copy of the most recent version of our Form ADV Part II, one is always available to you upon written request.