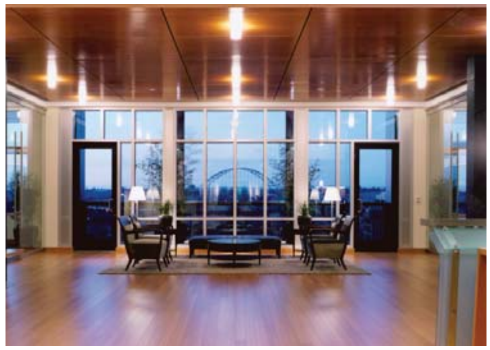


M Holdings Securities, Inc.™

Fourth Quarter 2010

Quarterly Economic News

Much of 2010 didn't feel like a winning year: worrisome market gyrations, high unemployment and disappointing housing market news consistently made headlines. But history repeats itself in that nothing remains the same for too long – consumer confidence has improved, the housing market appears to have stabilized and stock markets posted solid gains late in the year. Despite being strewn with caveats, expectations for economic growth in 2011 are generally upbeat.

Other side of the coin

According to the American Association of Individual Investors' (AAII) Sentiment Survey, bullish sentiment has been above its historical average for 17 consecutive weeks (as calculated at year-end). One thing to keep in mind, however, is that investor sentiment has long been considered a contrarian indicator of market performance. Is this a bad omen for the stock market in 2011, or is it just another stock market myth? Many time-honored "urban legends" have proved to be just that this year. Most traders will tell you that August is typically a good month, and statistics show that this is frequently true. Not so in 2010 – the Dow Jones Industrial Average (DJIA) dropped 4.3%, its worst August since 2000. September? Usually the worst month of the year. After dismal stock market performance during the summer months, positive economic reports sent stocks soaring in early September. The DJIA rose 7.9%, its strongest September performance since 1939. December stayed true to tradition with light trading between Christmas and New Year's.

Keeping tabs on the market roller coaster has become a full-time job for investors. Despite the ups and downs in 2010, stock performance in November and December posted modest gains. The DJIA closed off December at 11,577.51, a solid 11% gain for the year. The S&P, often referred to as a gauge of the overall market because it includes the shares of 500 large U.S. companies representing all major industries, posted a 15% overall gain for 2010. The following table summarizes the average annual returns for various indices:

Index	4th Qrt	1 Year	5 Year	10 Year
S&P 500 (Composite Total Return)	10.76%	15.07%	2.29%	1.41%
Russell 2000	16.26%	26.86%	4.47%	6.33%
MSCI EAFE (Net)	6.61%	7.75%	2.46%	3.50%
Barclays Aggregate Bond	-0.47%	6.67%	5.89%	5.67%

The S&P 500 is a commonly used measure of common stock total return performance, the Russell 2000 is a commonly used measure of small capitalization stocks, the MSCI EAFE is a commonly used measure of common stock total return performance of international markets, and the Barclay's Aggregate Bond Index is a commonly used measure of the bond market.

All referenced indices are unmanaged and not available for direct investment.

Past performance is not a guarantee of future results.

TARP Recovery Plan

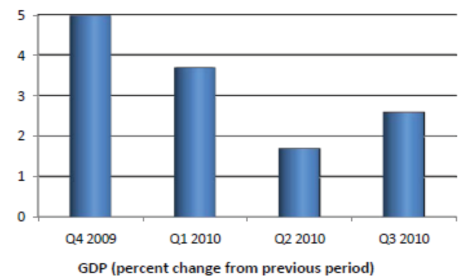
The U.S. Department of Treasury orchestrated the biggest initial public offering in U.S history in November with General Motors' IPO raising $20 billion in response to strong investor interest. On November 17, the Treasury agreed to sell 358,546,795 shares of GM common stock, which reduced the government's interest in the company to 33% from 61%. The transaction was part of the Treasury's plan to recover TARP funds and remove the U.S. government from owning stakes in private companies. Of the money raised, the Treasury received $12 billion in net proceeds. Another $1.8 billion from the sale of additional shares was received on December 2 after an over-allotment option was exercised by the underwriters in the offering. The exercise of the over-allotment option increased the overall amount of GM common stock that Treasury sold in the GM IPO to 412,328,814 shares. On the heels of the successful GM IPO, the U.S. Treasury sold off its reminaing shares in Citigroup Inc. on December 6, grossing a profit of $12 billion. The U.S. Treasury invested approximately $45 billion to bail out Citigroup in 2008 and 2009 during the financial crisis. The Treasury is expected to begin selling off its stake in American International Group in 2011. An agreement was reached in September 2010 to convert the government's preferred shares to common shares that could in turn be sold off to investors. This temporarily increased the government's ownership in AIG to 92% up from its current stake of 80%.

New Order

Republicans scored notable victories in the 2010 midterm elections, setting the stage for changes in the congressional agenda. The GOP gained 6 Senate seats and reclaimed control of the U.S. House of Representatives with a net gain of 63 seats (for a total of 242). John Boehner (R–OH), the house minority leader since 2007, assumed the role of Speaker of the House on January 5. In the race for House minority leader, Nancy Pelosi (D-CA) defeated North Carolina Rep. Heath Shuler, winning 150 votes to Shuler's 43. On John Boehner's agenda as new Speaker of the House — making lower tax rates for all taxpayers permanent, holding back federal spending, repealing the health-care overhaul enacted in March 2010, and reducing the federal deficit.

GDP

The GDP grew at a rate of 2.6% for the third quarter, following a 1.7% increase in the second quarter. According to the Bureau of Economic Analysis' news release, the increase in real GDP in the third quarter primarily reflected a sharp deceleration in imports and an acceleration in private inventory investment. Economists expect even more growth in the fourth quarter of 2010 and have even been raising projections for growth in 2011.



Tax-Cut Compromise

"I'm proud to pay taxes in the United States; the only thing is, I could be just as proud for half the money." ~Arthur Godfrey

A controversial tax agreement that extended Bush-era tax cuts was announced in early December. The deal marked a significant reversal on President Obama's part, which angered many Democrats, as he had long argued that income tax cuts on the wealthy should be left to expire. The bill breezed through the Senate, and passed the House vote with a bipartisan majority. The tax agreement, among other things, provides a two-year extension of current tax rates, a temporary reinstatement of the estate tax at 35%, and extends unemployment benefits for the long-term unemployed.

Growth in Manufacturing

The Institute for Supply Management's 2010 Semiannual Economic Forecast concludes that the manufacturing sector has great expectations for growth in terms of revenue. Revenues for the manufacturing sector in 2011 are expected to increase in 16 of 18 industries. A forecasted increase in business expenditures in the manufacturing sector projects optimism about the U.S. economy in 2011. An increase in business expenditures could mean a lower unemployment rate and a boost to the economy, but not all companies are willing to part with their cash. According to an article published in the Wall Street Journal on December 10, 2010, corporate America seems more interested in holding on to cash than investing in growth. Citing numbers from the Federal Reserve, cash as a percentage of all coporate assets reached a 51-year high in the third quarter of 2010, at 7.4%. Companies have the potential to stimulate the economy by increasing their levels of capital spending in new plants, equipment and employees; however, many companies are taking a more conservative approach and waiting for the right opportunities to arise.

Housing Recovery?

Existing-home sales, which are completed transactions that include single-family homes, townhomes, condominiums and co-ops, rose 5.6% percent in November, and pending-home sales rose 3.5%. According to the National Association of Realtors' chief economist, Lawrence Yun "the relationship recently between mortgage interest rates, home prices and family income has been the most favorable on record for buying a home since we started measuring in 1970". Housing inventory at the end of November fell 4.0 percent to 3.71 million, which represents a 9.5-month supply at the current sales pace, down from a 10.5-month supply in October. In a blog post entitled *"Peering into 2011: Five Features of Next Year's Housing and Mortgage Markets"*, Freddie Mac's chief economist Frank Nothaft states that low mortgage rates, house-price recovery, increased affordability for buyers, fewer mortgage originations and lower delinquency rates will characterize the housing market in 2011. He evens suggests that the current macroeconomic backdrop is ripe to support a gradual recovery in the housing and mortgage markets.

Conclusion

At the close of 2010, the economy has marked a return to growth and with it, positive stock market returns. With corporations exercising caution and holding on to their cash, hiring will be slow and the persistently high unemployment rate will likely continue into the New Year. A number of economic indicators suggest it is reasonable to have an optimistic outlook for 2011; however, investors would be wise to keep a watchful eye on the changing economic landscape.

DODD CONSULTING, LLC

One Landmark Square
8th Floor
Stamford, CT 06901-2603
203.504.3633

info@doddconsulting.net
www.doddconsulting.net