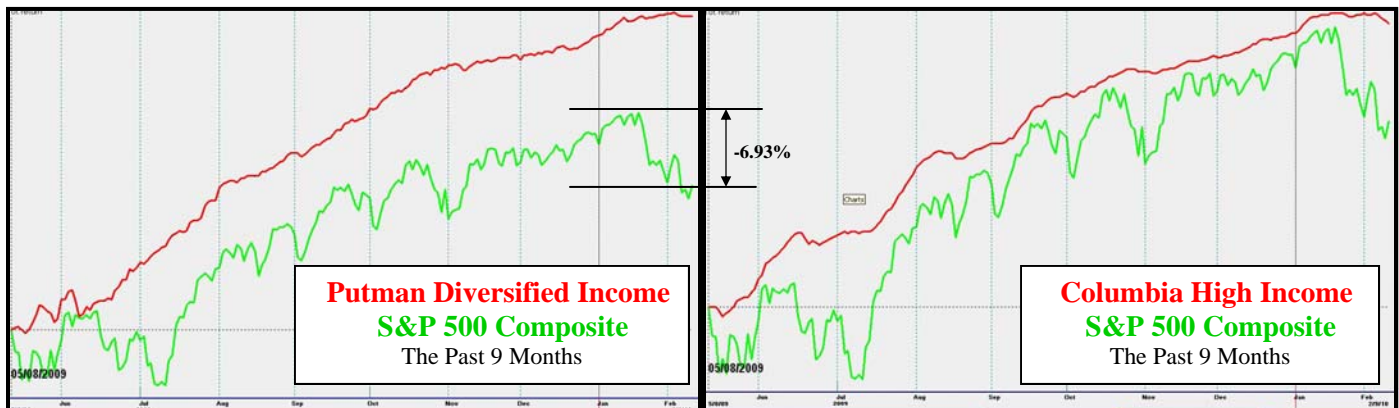


## 2010—HOW THE START IS LOOKING MARKET COMMENTARY



A new year, a new beginning? As we approach the halfway point in the first quarter of 2010, I feel it is important to step back and look at where we are and where we came from. Above are the two major holdings we have across most accounts. The red lines represent Putnam Diversified Income (PDVYX or PDINX) and Columbia High Income (NYPAX). Both are high yield bond funds. The green lines represent the S&P 500 Composite Index. Since May 8, 2009, PDVYX is up 36.12% and NYPAX is up 24.13% in the same time period. These compare to an increase of 15.21% for the S&P500.

While everything has enjoyed a nice run, it is important to note two things. First the difference in volatility of the two funds we hold compared with the overall market as represented by the S&P 500. There really is no comparison to the low volatility returns that we have enjoyed in the high yield bond sector. Second, it is important to note that the S&P 500 has fallen 6.93% in the two weeks since its high on January 19, 2010. This is compared to a drop of only 0.79% for NY-PAX and 0.13% for PDVYX in the same time period.

These numbers reflect the nature of the high yield bond sector at this time and while these funds will eventually follow the market if it continues its downward move, the lag as exhibited above underscores how we can avoid the day to day risk in the market and still benefit from the overall trend. While we may suffer some minor loss, we will have avoided this major pullback.

**We will continue to monitor all holdings and if they fall through the stops we have established, we will sell and accumulate cash for the next buying opportunity.**

When you have a moment, please visit our updated website. ([www.coastal-wealth.com](http://www.coastal-wealth.com)) There are a number of useful resources available including direct secure access to your client account. Also on February 27 we will begin a series of financial seminars. If you are interested in attending please email me. A full calendar of dates will be available soon.

### PRIME NUMBERS — Current Facts from Around the World

**3M** The number of US homes that are expected to be repossessed this year by lenders—a record. Last year, there were 2.82 million foreclosures, the most since Realty Trac began compiling data in 2005.

**76%** The percentage of marketing professionals who would cancel, reduce or suspend their business relationship with Tiger Woods if he were endorsing a product for on of their clients.

**12%** The percentage of households in Las Vegas that defaulted, were auctioned off or were repossessed in 2009, the highest foreclosure filing rate of any city in the US. Second was Fort Myers, FL at 11.87%.

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Kirk Zickler  
 P.O. Box 131646  
 Houston, Texas 77219

[www.coastal-wealth.com](http://www.coastal-wealth.com)

Phone: 713-621-9898  
 Fax: 713-621-2007  
[kirk@coastal-wealth.com](mailto:kirk@coastal-wealth.com)