



UNITED ASSET STRATEGIES, INC.

"planning for a lifetime"

January 2010

Dear clients and friends,

History has a way of repeating itself; 2009 validated that statement. The classic bounce off the March bottom caught many off guard and those who waited for a pull back to enter the markets did not get one. At United, we did not make that mistake as we committed cash previously moved to the sidelines in 2008, back into the bond and stock markets throughout the year.

Reviews of previous bear market recoveries support our theory that the stock markets will pull back at least 10% during 2010. This correction can take up to three months to fully develop and is likely to be followed by a resumption of the uptrend. We anticipate the run up in percentage terms will be smaller in scope than experienced in 2009. Trying to time the pull back seems futile, so we will rely on our disciplined sell side strategy to lock in recent gains, raising cash to reenter attractive sectors at lower levels. For our newer client accounts, we will continue to systematically accumulate positions and add at opportunistic times over the coming weeks and months.

Our prediction for positive returns in 2010 for stock markets might be difficult to comprehend with the financial gloom that emanates from the real pain of 10% unemployment and for those with debt levels and adjustable mortgages they can no longer afford. For those affected, we mean no disrespect when we point to a bullish majority of other economic trends as improved, improving or getting less bad. These trends include home price stabilization, increased new and used home sales, a shorter length of time to sell property, falling new claims for unemployment, low interest rates, low inflation, stable energy and food prices, improving manufacturing indices and improving corporate profits.

We expect to increase our equity weight to international and multinational firms to capitalize on strong foreign GDP forecasts and minimize the impact of a slow domestic recovery. Opportunities also exist in food production and infrastructure as countries struggle to meet the demands of the world's growing population. As specific changes to the income tax structure and definitive methods to pay for any passed healthcare reform become reality, we may need to revise our strategy. Our fixed income strategy will focus on increased diversification to ensure principal stability in the event of sudden changes in credit worthiness or interest rates. Expect to see a combination of CPI Floating and Step-rate Bonds, Zero Coupon Bonds, Convertible Bonds, Foreign Bonds, Traditional High-grade Corporate Bonds and Municipal Bonds as a component in the portfolios.

The Estate tax laws remained unchanged last year; currently NO estate taxes are due upon death. The estate tax returns in 2011, but how they are calculated will be a nightmare as the current step up in basis provisions are eliminated and replaced with an exemption. The beneficiaries of our estates will be expected to know what we paid for our assets (businesses, real estate, stocks, etc.) and pay income tax upon the sale. We expect Congress will amend the estate tax law before the end of the year and will keep you informed.

If you are the account holder of a taxable account (NON-IRA), your 2009 TAX INFORMATION IS ENCLOSED. Please save this important cost basis information with your 1099's and other tax-related documents.

We wish you a healthy, prosperous 2010 and encourage you to contact our office if you have any questions or financial concerns. We thank you for your continued trust.

The Professional Staff of United Asset Strategies, Inc.