Mitchell McLeod Pugh & Williams
Investment Adviser

4TH QUARTER 2009

MITCHELL MCLEOD PUGH & WILLIAMS
INVESTMENT ADVISER

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S&P Sector Performance (YTD 12/31)	
Consumer Discretionary	*38.76%*
Consumer Staples	*11.20%*
Energy	*11.29%*
Financials	*14.80%*
Health Care	*17.07%*
Industrials	*17.27%*
Information Technology	*59.92%*
Materials	*45.23%*
Telecom Services	*2.63%*
Utilities	*6.80%*

Source: Standard & Poor's. Returns are price change only.

Points of Interest:

- The four largest domestic banks have 56% of all domestic bank assets, this compares with only 35% ten years ago. (source: Wall Street Journal)
- In the six months prior to the last time the Federal Reserve began tightening interest rates in June of 2004, the S&P 500 gained 3.4% (total return). In the six months after the rate hike, the index was up another 7.2%. (source BTN Research)
- On 12/31/09, the market capitalization of the S&P 500 was exactly three times as large as that of the Dow Jones Industrial Average, $9.9 trillion vs. $3.3 trillion. (Source: S&P, Dow Jones)

A NEW DECADE, A NEW BEGINNING

Capital Markets	*YTD*	*QTR*	*2008*	*5 YR*
S&P 500 (1,115)	26.46%	6.04%	-37.00%	0.42%
S&P 500 / Citi Growth	31.57%	7.76%	-34.92%	0.96%
S&P 500 / Citi Value	21.18%	4.22%	-39.22%	-0.27%
S&P 400 (727)	37.38%	5.56%	-36.23%	3.27%
Dow Jones Industrials (10,428)	22.68%	8.10%	-31.93%	1.95%
NASDAQ (2,269)	43.89%	6.91%	-40.54%	0.85%
MSCI EAFE (Foreign)	31.78%	2.18%	-43.38%	3.54%
Barcap Intr Govt / Credit	5.25%	0.31%	5.08%	4.66%
3 Month Treasury Bill	0.16%	0.02%	1.51%	2.95%

YTD 12/31; Source: Morningstar Principia. Returns are total returns. 5 yr return is annualized

The final quarter of 2009 saw a continuation of the market rebound which began in March. This was a positive way to end a decade which included the near collapse of global financial markets and the worst U.S. recession in generations. At the same time, there is no shortage of uncertainty about the future direction of capital markets and the sustainability of an economic recovery. There really are three primary questions that must be answered. The first is whether our economy is actually recovering. The second is what the ultimate impact of the massive and accommodative fiscal and monetary policies that were put in place last year will be. Specifically, how and when will these policies begin to be withdrawn and what impact will that have on capital markets. And third, can investors trust capital markets and count on them to preserve and to build wealth over the long term. In response to the first question, we believe that economies around the world are recovering, albeit at varying speeds. Inventories are being rebuilt; business and consumer sentiment is improving; and, as a result, job growth should come eventually. Second, global fiscal and monetary policies have succeeded in various degrees, but they now must be carefully unwound. We expect for that to begin over the next six months as the economy exhibits sufficient strength to stand on its own. The implementation of an exit strategy is crucial to the sustainability of our recovery. Finally, capital markets around the world have survived a tumultuous decade, and their infrastructure will be stronger for that experience. It is our belief, as we begin 2010, that markets are healing and that they not only will survive, but that they will prosper as vehicles for long term wealth accumulation.

MISCELLANEOUS

Required Minimum Distribution (RMD) - Investors should be aware that required minimum distributions from retirement accounts are once again in effect for 2010. In December 2008 the Worker, Retiree, and Employer Act of 2008 was signed into law. That law granted a temporary waiver of the required minimum distribution from retirement accounts for the year 2009 only. The waiver applied to individual retirement accounts (IRAs) and employer-sponsored plans (QRPs, Keoghs, 401(k)s, and 403(b)(7)s). Beginning this month, this waiver is no longer available. These required distributions should be calculated and made prior to the end of 2010. Please contact MMPW with any questions you may have about the calculation and resumption of these distributions.