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Investment News

as of January 22nd, 2010, the Dow closed at 10,170, S&P 500 at 1,092

Portfolio Supplement Report

Enclosed is our annual commentary on your investments monitored by our firm. The write-up is our way of providing you with a current assessment of the mutual fund family and investments you are invested in, plus the asset allocation and performance for each fund. We want you to be assured your investments are being continuously monitored.

We encourage you to read the enclosed report and call us with your questions or concerns. If the fund's description or asset allocation does not fit what you believe makes the most sense for your situation, please contact us (by email or phone) for advice and/or direction regarding your situation. There are no costs, charges, or fees when moving money from one fund to another within the same family of funds and we will advise you of tax consequences, if any, related to portfolio revisions.

Thank you for the trust and confidence you've shown to our firm! We are most grateful and don't take your trust lightly. We are committed to providing you with the best advice and direction we know how.

2009 Investment Commentary

2009 was the end of what some have called the "lost decade" as the S&P 500 stock market index *lost* an average of 1% per year over the past decade (see Financial Benchmarks table), *the worst decade on record (including the 1930's)*. While the past decade had two significant bear markets, fortunately, for those who withstood the volatility and challenges, had patience and globally diversified their investments with sound money managers, money was made.

Market volatility can be emotional and sometimes it can seem there is little hope for any return as there are always concerns about the future (we always feel that concern). We remain firmly convinced the lower risk world stock/bond asset allocations we encourage through the management teams we recommend will provide the patient investor with significantly better returns -- over time -- than what lower volatile certificate of deposits or fixed annuities can or will provide. As evidence, we encourage you to review the 10 year performance numbers included on the enclosed Supplemental Investment report on your investments through our firm. In spite of the guaranteed ups and downs and the double bear markets over the past decade, over time the investments we regularly recommend have provided reasonable if not excellent returns.

The experience of this Great Recession has focused everyone's attention (investor and advisor alike) on risk and asset allocation. Our objective has been to re-evaluate client's portfolios and where prudent, provide lower volatile funds and asset allocations to help investors withstand the market's volatility so they will be more comfortable in staying the course. Staying the course through the rough first half of 2009 provided significant benefits for those who stayed put for the year. The lesson hopefully learned is that timing the market rarely works and the media doesn't have special insight into the future but they sure do stir up emotions. We encourage investors to think long-term (defined as 5+ year), not day to day.

If you compare your investment returns with the performances of several market indexes and investment categories in the table on the back side of this letter, we believe you will be pleased. We encourage you to put heavier emphasis towards the longer-term 5-year or 10 year performances.

Financial Benchmarks – For Comparison Purposes

The following table is a summary of how several investment indexes performed (indexes are tools for comparison) over the past few years. We encourage you to ***use the table as a rough benchmark for comparing to your personal investments.*** “-” in front of a number means that category lost money.

Index/Mutual Fund Averages	Average Annual Return				Prior Years Returns		
	2009	3 year	5 year	10 year	2008	2007	2006
Dow Jones Industrial Average Index	22.7%	-3.1%	2.0%	1.3%	-31.9%	8.9%	19.1%
S&P 500 Index	26.5%	-5.6%	0.4%	-1.0%	-37.0%	5.5%	15.8%
NASDAQ OTC Composite	43.9%	-2.1%	0.9%	-5.7%	-40.5%	9.8%	9.5%
Wilshire 5000 Index	27.0%	-5.8%	0.2%	-1.0%	-37.1%	4.8%	14.5%
US Large Cap Blend Stock Fds	28.2%	-5.5%	0.5%	0.0%	-37.8%	6.2%	14.2%
Global (US & non-US) Stock Fds	35.3%	-4.4%	2.9%	1.3%	-41.9%	11.3%	19.7%
World Allocation Funds	24.4%	-0.2%	4.8%	5.6%	-29.0%	11.4%	16.6%
Intermediate Term Bond Fds	14.0%	4.5%	3.8%	5.5%	-4.7%	4.7%	4.2%
Taxable Money Market Fds	0.2%	2.3%	2.8%	2.6%	2.0%	4.6%	4.4%
Consumer Price Index (inflation)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

What to Expect in 2010

Even after the significant rise in values during 2009, the Dow Jones Industrial Average and the Standard and Poor’s 500 Index are still 29% below their October 2007 peak 14,165 and 1,565 respectfully. We are not implying the markets will go back to those levels, but it’s nice to know we are not at those levels.

Ken Fisher, owner of one of the country’s largest investment advisory firms, states in the January 2010 issue of *Forbes*, “I’m betting 2010 will work out the way markets usually do in the second year after a big bear market, with returns not as high as 2009’s but well above average.” Another *Forbes* columnist states, “With scare headlines still hogging the financial pages, I’m sure we’re not headed into the late expansion phase of this market’s cycle. We’re just at the end of the beginning.” The point is, negative news keeps the markets in check, which is good as it means there is still upside.

While the above represents good probable news, there are no guarantees. This newsletter is being written right after we’ve experienced three days where the DJIA went down in excess of 550 points, a reminder that short-term markets are always uncertain, a reminder that since there are a number of political and economic issues to be concerned about, the ride can be bumpy, but not fool hardy. Smooth rides are for sale at your local bank. With that in mind, we are very sensitive to volatility and we will do all we can to provide you with the advice needed to invest successfully over time.

Summary Advice

Caution – but not fear – will be our encouragement as we hope the information provided will encourage you in these matters. Yes, there are concerns, *but that will make us cautious investors and that is good.* We are not discouraged and *we do not predict and very rarely can we interpret what impact various political pronouncements will have on the markets.* A balanced portfolio that includes global stocks and bonds and maybe even a small allocation to gold is what we are encouraging. If there are questions or concerns about your investments, or if you would like us to take a fresh look and have us recommend a lower volatile allocation, please contact us. ***We are grateful for your business and referrals!***

Prepared January 2010, Views by: Thomas A. Morrison, CPA, CFP®, Principal

Required Disclosure Documents

- Our **Privacy Notice** is enclosed for your reference – Annually regulators require our firm to provide this notice.
- Our **Business Continuity Plan** Summary Disclosure Statement is available – Contact us if you desire a current updated statement which includes information on how to directly contact the investments held with our firm.

- Morrison Financial Services, Ltd. is registered with the Illinois Department of Securities as an **Investment Advisory** firm. Please contact us if you desire a current copy of that disclosure statement.