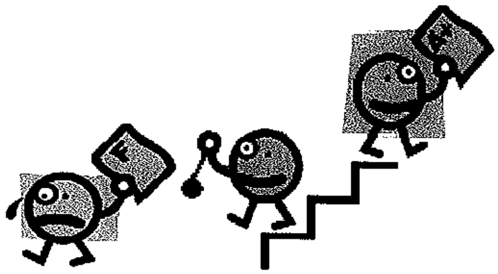
Colley Asset Management, Inc.

REGISTERED INVESTMENT ADVISOR



Not all stocks will rebound, but some will rally with tremendous gusto! Some will be late-stage "bloomers" while others will make three or four "pops". Some stocks will "stall", some will "stutter-step" and still others will be "yo-yos". The trick is to know the difference. It's becoming a "show me" market and CAM is concentrating our focus on spring loading the right stocks and industry sectors (where earnings momentum is strong and total returns are solid) **to garner the safest and best results.** In terms of fixed income, CAM will always want to design a **customized portfolio** for each individual client while **emphasizing safety, principal protection and yield.**

In terms of **stock selectivity**, understanding the major themes that are playing out on the global and domestic front is the key "macro" analysis to do first. Qualitative and quantitative analysis is very valuable in developing this thesis and a broad economic model takes shape, but many variables are identified. Next comes the psychological component...investor sentiment, consumer confidence, company opinions and trends all get their due respect in this analysis process. The distillation process turns "micro" as certain sectors become "favored" or "out of favor" (dull and lackluster); then the microscope comes out and picks the best of the best in stocks and turnaround situations. The risk/reward opportunities and limitations are studied, and peer group comparisons are done (relative to trailing and forward P/E's, PEG's, ROA's ROE's, EPS inertia, financial ratings and internal cash flows). Overall, we have a keen selection and sorting process that identifies "Outperform Ratings" over various unfolding scenarios (denoted by three future price goals):

Industries/Mfg.	**Current Price**	**Goals**		**Natural Resources**	**Current Price**	**Goals**
General Electric (GE)	$15	19/25/31		Joy Global (JOYG)	$52	62/75/85
Caterpillar (CAT)	$55	60/72/85		Mueller Water (MWA)	$5	8/10/13
Manitowoc (MTW)	$10	13/19/25/42		Southern Copper (PCU)	$32	37/44/60
Textron (TXT)	$18	22/26/36		BHP Billiton (BHP)	$66	72/82/110
Precision Castparts (PCP)	$98	105/122/148		US Steel (X)	$34	41/50/62
Minn. Mfg. (MMM)	$72	80/90/105		Alcoa (AA)	$12	16/19/23

THE GRANITE PALACE, 358 BROADWAY, SUITE 304, SARATOGA SPRINGS, NY 12866
(518) 581 0500 • (800) 581 0501 • FAX (518) 581 0525

Agriculture & Fertilizer	Current Price	Goals				
Mosaic (MOS)	$47	55/66/80		Potash (POT)	$89	110/135/160
Terra Nitrogen (TNH)	$101	120/133/160 (9% div.)		Monsanto (MON)	$67	80/94/140
				Agrium (AGU)	$51	60/73/89

Railroads and Shippers	Current Price	Goals		Infrastructure	Current Price	Goals
UPS	$56	62/75/83		Jacobs Engineering (JEC)	$43	50/62/81
CSX Railroad	$44	50/59/66		Shaw (SHAW)	$25	29/34/48
Frontline (FRO)	$23	28/34/42		Fluor (FLR)	$45	54/65/90
Ship Finance (SFL)	$12	16/19/23		Fastenal (FAST)	$35	40/48/63

Telecommunications and Tech	Current Price	Goals		Spec. Tech	Current Price	Goals
Century Tel. (CTL)	$31 (8% div)	34/38/44		E-bay (EBAY)	$22	30/41/56
AT&T (T)	$25 (6% div)	27/30/36		Apple (APPL)	$188	200/250/300 (split)
United Tech (UTX)	$64	70/84/96		IBM	$120	140/165/188 (split)

ETF's and Blue Chip Funds/REIT's	Current Price	Goals			Current Price	Goals
XLF (Financials)	$14	17/22/29		QQQQ (Index)	$40	46/50/55
XHB (Homebuilders)	$14	18/23/31		XLB (Materials)	$30	39/48/55
HCN (Health Care REIT)	$43 (9% div)	48/55/60		KOL (Coal)	$31	40/50/55
BRK (Berkshire Hathaway)	$100,000	115/126/150	*Note: expect a 50:1 split in the 'B' shares in first Quarter 2010*			

Energy	Current Price	Goals			Current Price	Goals
BP Prudhoe Bay Royalty Trust (BPT)	$78 (10% div)	90/105		Conoco Phillips (COP)	$51	59/66/72
Enbridge Energy (EEP)	$46 (8% div)	50/55		Chevron (CVX)	$76	84/89/96

Energy (continued)						
Enterprise Holdings (EPE)	$32 (7% div)	35/39		Permian Basin Trust (PBT)	$13 (6% div)	15/17/21
Duke Power (DUK)	$15 (5% div)	16/17/19		First Solar (FSLR)	$118	136/158/200

Food and Beverages	**Current Price**	**Goals**			**Current Price**	**Goals**
Hersheys (HSY)	$36	40/48/56		PepsiCo (PEP)	$59	65/72/81
Kraft Foods (KFT)	$26	30/36/40		Whole Foods (WFMI)	$28	34/39/50

Pharm. and Health Care	**Current Price**	**Goals**			**Current Price**	**Goals**
Merck (MRK)	$31	35/39/42		DaVita (DVA)	$56	60/72/84
Pfizer (PFE)	$16	19/23/26		Johnson & Johnson (JNJ)	$60	68/75/82

Consumer Goods	**Current Price**	**Goals**			**Current Price**	**Goals**
Procter & Gamble (PG)	$58	64/69/74		Microsoft (MSFT)	$25	30/34/40
Clorox (CLX)	$58	62/69/76		Toyota Motors (TM)	$79	88/105/134 (split)
Ford (F)	$7	10/13/20		JM Smuckers (SJM)	$51	59/66/74

For Fixed Income: This is a special area that is about to go through rate-sensitive changes (as rates increase in 2010-2011) and hopeful rating upgrades (CAM looks for insured T-E Muni's, breakable (brokered) FDIC-insured CD's and closed-end bond funds like the ACG Income Fund with its current 7.4% yield and monthly payout). **CAM is known for customized fixed income portfolios and draws your attention to a one-page chart in this newsletter dedicated to rate watch, "The Rule of 4%".**

We are reminded of Darwin's "survival of the fittest" theory that promotes emerging markets and global penetration of products and services, benefitted by a weaker US dollar. Companies without cash reserves will be hampered and lose leveraging opportunities, just as companies lacking the management team or agility to move quickly to adjust to dragging markets and choppy business conditions.

Demand vs. supply will play off one another and the need for commodities, metals, materials and other natural resources, as well as special technology, mining and building equipment, increases.

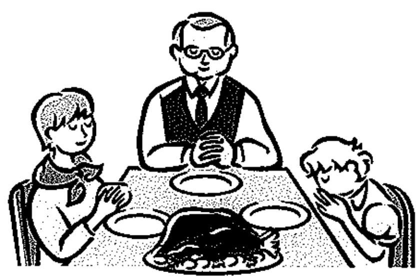
Dismissiveness about good GDP numbers seems a bit unfair. Gradual though it may be, one cannot ignore the fact that the fundamentals are improving. The optimistic undertone does seem for real, but we will need confirmation of improving numbers as we get to year's end. If the unemployment woes improve in the first quarter of 2010 and the consumer "comes back", the upside for stocks will have more forward and sustainable momentum.

The tougher the economic times, the more important it is to focus on investments which are in tune with the unfolding economic and political environment. Since nothing is completely certain or a given, this evolving recovery requires close monitoring and a "check-in" mentality. As we all know, in good times you can be less selective because a wider swath of investments will tend to do well. In times like today, however, you need an extremely well crafted portfolio; where your investments benefit from the identifiable trends while matching your objectives (i.e. for growth and income). CAM also wants to protect you against the most likely risks and variables.

One statistic and logical deduction makes the case for investing in blue chip stocks that do considerable business abroad and therefore derive considerable revenues from global markets. While the world's economic output is currently divided pretty evenly between the developed world and the developing (emerging) world, population in the developing world is easily five times greater than in the developed world (which includes the US). Thus, per capita GDP is 80% lower in the developed world, translating into sharply higher growth potential for areas outside the US. In fact, this growth underscores the explosive growth potential for natural resources (including food and beverages, consumer staples, metals, wood, cement, water and agriculture related products). So, while the developed countries continue to conserve resources, the developing world is "hungry", even ravenous at times. Hopefully any cost-effective and "clean" solution to develop alternative energies on a large enough scale could help the whole world.

Also important will be the ability to shift your investment focus from one of stock dominance to fixed income orientation for those of you so inclined or preparing for retirement. **The attached chart ('The Rule of 4%') is technically hinting at how rising inflation will eventually lead to a much higher interest rate, hence making your bond yields very attractive as this plays out.** CAM is especially cognizant of this development, and how it will improve income returns.

In closing, I would like to pay tribute to the Thanksgiving holiday, which reflects both its New England roots and a Victorian nostalgia for a time when hearth and home, family and community were valued over progress and change (or anything else for that matter). While many elements of the modern holiday menu are very different from the foods actually eaten at Plymouth, Massachusetts back in 1621, the bounty of the New England autumn was clearly the basis for both...and we can all take part by sharing hospitality with others, celebrating life and giving thanks. My best regards to you over this Holiday season.



JC
11/09

Disclosure Information
CAM may currently own shares, options, rights or warrants and/or execute transactions in the securities mentioned in this report. The views and opinions expressed in this newsletter (which may include recommendations) can reflect the analytical and intuitive advice of the writer. Research reflects many sources and CAM derives no compensation or fees for recommending certain securities from these sources.

Rule of (About) 4%
[Accurate Precursor Sign]

Inflation Scenario	Bond Yield (Return) *	Notes:
Last Quarter '08: - 2% *Deflation*	+ 2.11%	*[- 2 and + 2 = 4%]*
Current (11/09): + 1.1% *Inflation*	+ 2.57% ↑ *(Trend is decidedly up.)*	*Upward pressure on rates begins.*
1980: + 14.4% *Inflation* *Note: '78 was 8% and '79 was 10% →*	18.2% - 18.8% *(money mkt yields were 15/16%)* *5 & 10 Yr Ylds: 11.5% & 15%*	*Last year of Carter's Administration.*
1988 (full yr.): + 6.4% *Inflation* *Note: Most of inflation came in second half, which led to →*	9.5% - 10.2% - - - - - - - - - - - - - - - - - - *1989: 10.5% - 11% Peak*	*Another 4% differential.*
1993: + 5.5% *Inflation* *(4.8% - 5.6% range)*	9.0% - 10.3% *(rates peaked at 10.6%)*	*Rates stayed about 4% higher for 2 years.*
2000: + 2.2% *Inflation*	5.5% - 6.3% *(rates hovered around 6-7% for 5 quarters)*	*Corp (A+) Bond rates were 7 - 8.25%*
Post 9/11/01: 3.2% - 3.5% (U.S. $ weak) *Pre-recession*	**Rates Decline from 7.8%** *as a pop in oil prices made inflation hypersenstive --- signaling a rate decline.*	*Another 4% correllation and then rates fell back.*

*** Guidepost: 5 Year Average Maturity - U.S. Treasuries (AAA)/A+ Corporates***

1) **Summary Remarks and Projections**
   - The correllation between inflation and bond yields is uncanny. It is a keen projection tool.

2) **What will recovery bring? (2010 - 2013)**
   - **Higher Inflation** → **leading to** → **Higher Rates**

4, 5, 6, 7% CPI	7.5, 8.5, 9.5, 10%+	Yields for US Treasuries & Gov't Bond (more yield for A+ Corporates)

JC 11/09