

OVERVIEW OF THE MARKET ENVIRONMENT

The S&P 500 gained every day during the first full week of the New Year. With such a good start, what could possibly derail this rally? The answer, Earnings Season!

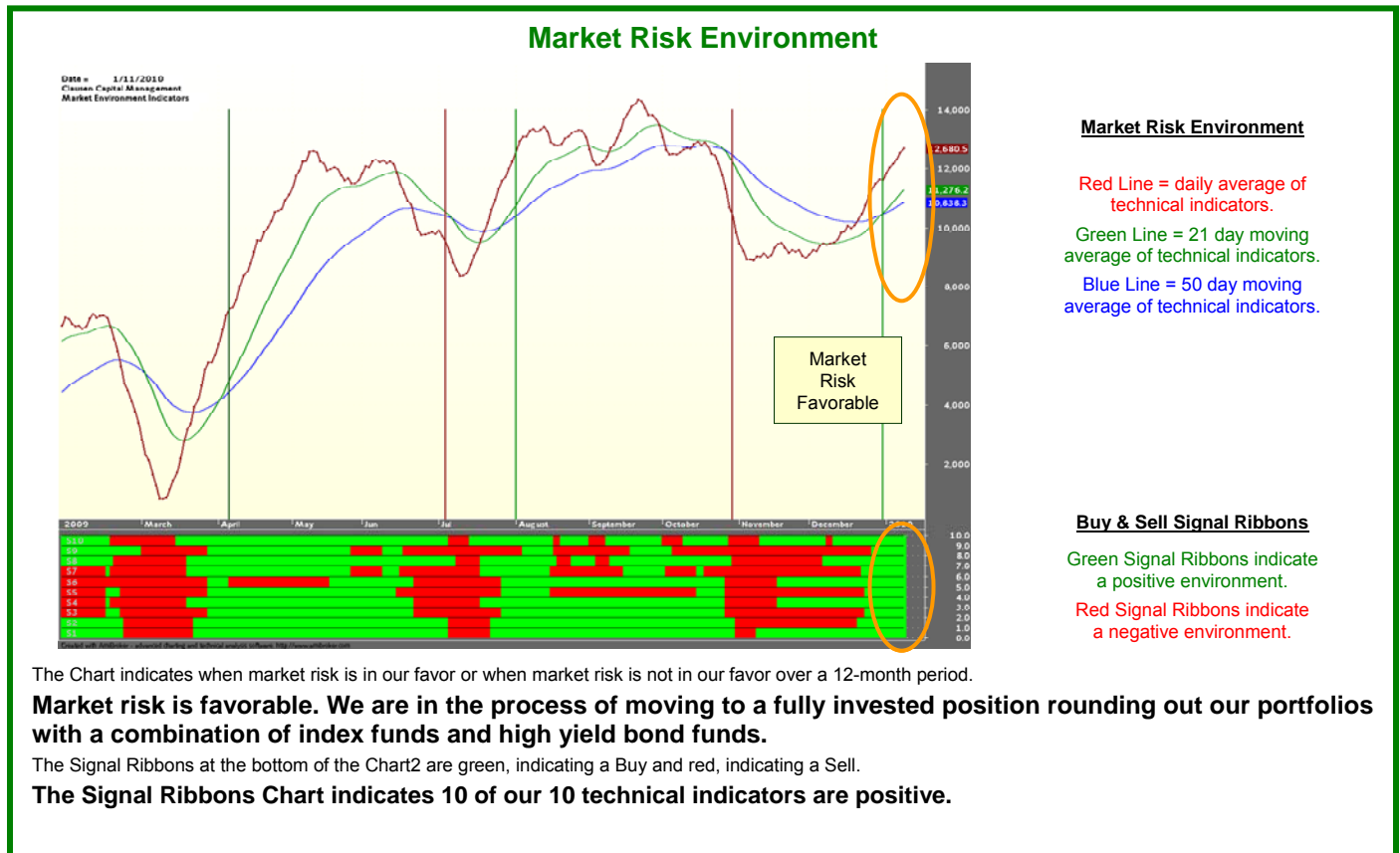
Alcoa, the world's largest producer of aluminum is always the first corporation to report its quarterly earnings. Monday evening, after the close of the markets, Alcoa (AA) reported earnings which fell well short of Wall Street's expectations. Alcoa reported profits and revenues both fell during 4Q09. In after hours trading, the resulting sell off was so strong, trading of Alcoa shares was halted. Why did we see this type of market response? Alcoa is considered a bellwether global company with a presence in major economies as well as emerging markets. It can be said, so goes Alcoa, so goes the world economy.

Frankly, we don't think Alcoa is going to set the stage for Earnings Season. Sectors such as technology, energy and health care did quite well last quarter. Overall, the markets have been resilient to bad news and the rally which started last March has found new momentum to push its recent trading range. If there is an economic Achilles heel, it will be in the continued high unemployment numbers.

Statistically, the S&P 500 is due for a pullback. Whether Alcoa reported great earnings or the disappointing report it released, no index can go up indefinitely. At some point, investors will take profits.

While we don't know what lies around the corner, the markets look surprisingly good. Volatility is in check and both the equity and bond markets are participating with gains. For the most part inflationary concerns continue to sit on the back burner. That said, 2010 could be a tough year to make the easy profits made in 2009. The second year of a Presidential Administration historically is challenging for the markets. During this time period, we often see a major market downturn mid year; however, historically the year typically ends with a strong fourth quarter finish. While history rarely repeats itself, it often presents similar market cycles.

Summing it Up: Our Market Risk Model is positive. We are moving our portfolios into a more aggressive mode. Earnings Season will bring its own set of surprises and market drama but for now, the odds of the markets moving higher are in our favor.



BANK OF AMERICA 401K FUND RECOMMENDATIONS

We made portfolio change recommendations on Thursday October 29, 2009. Our current recommendations are listed at the bottom of this page. Please consider your risk tolerance when making these investment choices. We continue to recommend you hold 20% in the **Vanguard Inflation Protected Securities Fund** with the remaining 80% in the **Stable Fund**.

It is a new era for Bank of America with a new Chairman. Those we know who work for BAC have told us they feel a new sense of momentum.

For those participants of the BAC 401K, we are completing our recommended fund selection in both the Conservative and More Aggressive Portfolios. We will roll them out shortly. Historically, the first week of the New Year is quite volatile. With the first week behind us and market direction easier to gage, we are ready to move our subscribers back into an equity-based portfolio rather than a defensive posture.

Year to Date, the Conservative Portfolio has gained 0.21%. The More Aggressive Portfolio has gained 0.36%. The benchmark S&P 500 has gained 1.89%.

Market Risk is in our favor.

BofA 401K Fund Review

Vanguard Inflation Protected Securities Fund - This fund has responded to the subtle interest rate increases seen in intermediate term treasuries. It has moved higher over the past two weeks.

Let us know what you are thinking at 401K@clausencap.com.

RECOMMENDED FUND POSITIONS

CONSERVATIVE INVESTORS Recommended Fund Positions		CONSERVATIVE Buy and Sell Performance		
		Buy Date	Sell Date	Buy Date Gain / Loss %
Stable Fund (Money Market)	80%	06/10/2008	Holding	1.86%
Vanguard Inflation-Protected Securities Fund	20%	10/29/2009	Holding	1.51%
MORE AGGRESSIVE INVESTORS Recommended Fund Positions		MORE AGGRESSIVE Buy and Sell Performance		
		Buy Date	Sell Date	Buy Date Gain / Loss %
Stable Fund (Money Market)	80%	06/10/2008	Holding	1.86%
Vanguard Inflation-Protected Securities Fund	20%	10/29/2009	Holding	1.51%

TECHNICAL ANALYSIS OF AVAILABLE BOFA 401K FUNDS

The table below represents the gain or loss of funds available to participants in the BofA 401K for the past month, past year, and year-to-date. The most important column in the chart is the Trend Rating. When the majority of funds begin to pass through 55 and 60, we will most likely have a sustainable rally and risk can be considered in our favor. The Trend Rating is scored on a scale from 0 to 100. A good rule of thumb is to hold funds with a Trend Rating of 65 or better.


One Month and One Year Gain/Loss

Gain or Loss over the past 21 Market Days and 252 Market Days


Year-To-Date Gain/Loss

Gain or Loss since January 1, of this year


Trend Rating

0 – 50 


























Indicates a generally negative trend.

50 – 65 

Indicates fund is in a transitional period between a positive and negative trend. Direction is important and needs to be monitored.

65 – 100 

Indicates a generally positive trend.

Bank of America 401K Fund Performance	YTD Gain / Loss %	One Year Gain / Loss %	Trend Quality	One month trend	
Fixed Income Fund Ratings					
Stable Capital Fund – Money Market	0.00	0.53	95.5		Money Market
Columbia Core Bond Fund	0.66	9.43	58.3		Trading Range
Legg Mason Western Asset Core Bond	2.46	23.85	72.3		Trending Up
Vanguard Inflation-Protected Securities	0.50	10.38	46.5		Trading Range
Equity Fund Ratings					
American Fund Growth Fund of America	2.78	37.42	81.9		Trending Up
Dodge & Cox Stock Fund	3.67	35.43	81.9		Trending Up
Fidelity Diversified International Fund	3.14	38.23	73.1		Trending Up
Fidelity Real Estate/303	0.45	45.71	63.5		Trading Range
Legg Mason Batterymarch U.S. Small Cap	2.76	35.81	81.2		Trending Up
Columbia Marisco Focused Equity Z	3.37	35.98	76.3		Trending Up
Columbia Multi-Advisor International	3.86	36.33	69.3		Trending Up
Columbia LargeCap-Z	2.88	31.81	81.3		Trending Up
Columbia LargeCap Value	4.11	29.96	81.9		Trending Up
Columbia MidCap Index Fund-Z	3.46	43.91	82.8		Trending Up
Columbia SmallCap Index Fund-A	2.52	34.62	81.6		Trending Up
Vanguard Total Stock Market/85	3.02	34.13	82.3		Trending Up
Blackrock Retirement Income	1.57	19.37	76.3		Trending Up
Blackrock LifePath 2020-I	2.19	26.22	81.4		Trending Up
Blackrock LifePath 2030-I	2.48	30.20	80.8		Trending Up
Blackrock LifePath 2040-I	2.81	33.54	80.8		Trending Up
Blackrock Lifepath 2050-I	3.09	31.69	57.2		Trading Range
Market Index					
NYSE	3.68	30.63	78.6		Trending Up
S&P 500	2.86	28.82	80.8		Trending Up
OTC – NASDAQ Composite	1.91	47.14	81.1		Trending Up
RUSSELL 2000	2.97	33.80	81.9		Trending Up

LIST OF AVAILABLE BANK OF AMERICA 401K FUNDS

BofA 401K Fund Selections	BofA 401K Fund Objectives
Legg Mason Batterymarch U.S. Small Cap Equity	Small-Cap Blend
Columbia Core Bond Fund	Intermediate-Term Bond
Columbia Large Cap Index Fund	S&P 500 Index
Columbia Large Cap Value Fund	Russell 1000 Large Cap Value
Columbia Marisco Focused Equity Fund	Large-Cap Growth Blend
Blackrock LifePath Retirement Income	Income
Blackrock LifePath 2010 ... 2050	Large-Cap Blend, Targeted Retirement Date
Columbia Multi-Advisor International	International Large-Cap Blend
Columbia Mid Cap Index Fund	Mid-Cap Index (S&P 400)
Columbia International Stock Fund	International Large-Cap Blend
Columbia Small Cap Index Fund	Small-Cap Index
Dodge & Cox Stock Fund	Large-Cap Value
Fidelity Diversified International Fund	Foreign Large-Cap Growth
Fidelity Real Estate Investment Portfolio	Real-Estate Index
Legg Mason Western Asset Core Bond Portfolio	Intermediate-Term Bond
Stable Capital Fund	Money Market
American Funds Growth Fund of America	Large-Cap Growth
Vanguard Total Stock Market Index	Large-Cap Blend
Vanguard Inflation-Protected Securities	Inflation-indexed US Govt. Bond

BANK OF AMERICA 401K CONTACT INFORMATION

Bank of America Benefits Center
(800) MYKPLAN (695-7526)

Transfer deadline is 4:00 pm Eastern time or market close.
Distribution deadline is 2:00 pm Eastern time or market close.