GS INVESTMENTS, INC.
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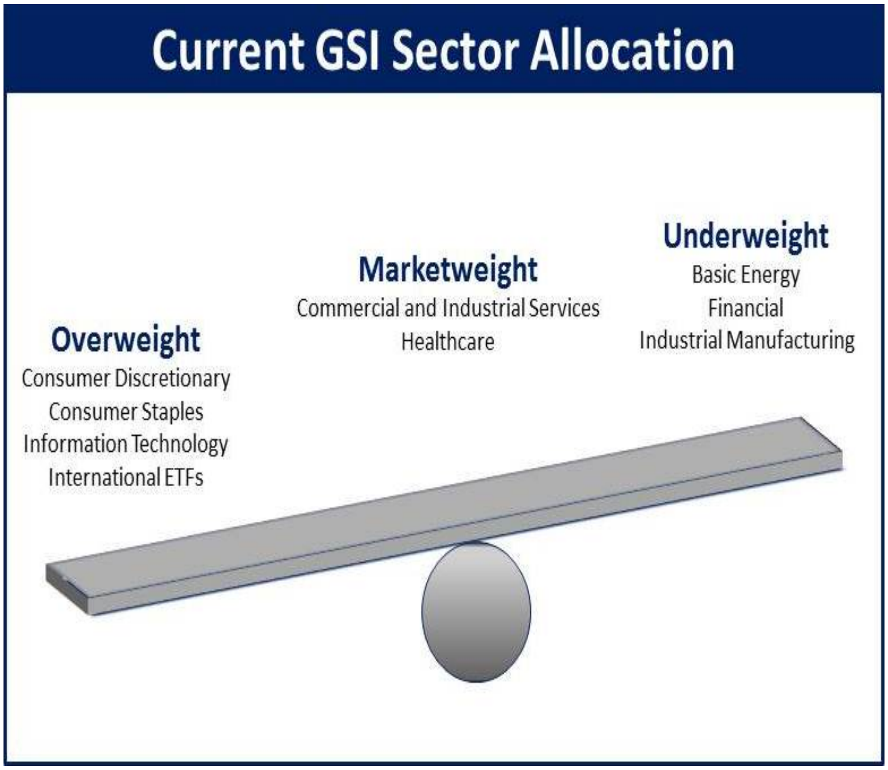
MarketView

Fourth Quarter 2010



Welcome to our Newest Member

GSI welcomes its newest member, Greg Cunningham. Greg joins GSI as a Managing Principal, coming from Minneapolis-based Ameriprise Financial, a national leader in financial planning with over 2 million retail clients and $300 billion in assets.

During his 15 years at Ameriprise, Greg worked with the Chief Investment Officer in support of the international and domestic hedge funds and with the President and General Manager of Riversource mutual funds. Most recently, Greg spent time in the company's asset management group.
Greg is a graduate of Gustav Adolphus College in St. Peter, MN.

We are excited to add Greg to our team and leverage his broad industry knowledge.

Managing Investment Portfolios in Uncertain Times

The third quarter of 2010 produced excellent investment returns in nearly all categories. Interestingly, they were unexpected by well-known prognosticators. The stock market timing game often backfires on those who play it.

Standard & Poor's has an enormous statistical base due to the lengthy history of its S & P 500 stock index. In its publication, "The Outlook" dated July 28, 2010 they noted that stock market history pointed to a second half decline, because they suggest whenever the first half of a year is down the stock market is down for the entire year, 77% of the time. Two weeks prior, their strategy committee reduced exposure to the stock market. This was their second such reduction this year. Ned Davis Research also reduced suggested stock exposure at the end of the second quarter.

Of course, caveats are mentioned whenever such actions are taken. The common words slipped in are possible or may. Also, it is not unusual to use a statistical estimate (like 77% of the time) when trying to zero in on the possibility of a future event. We hear such language

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GS Investments, Inc.
Largest Stock Holdings

9/30/2010

Securities	Pct.
iShares MSCI Emerging Markets Fund	3.42%
iShares BRIC Fund	3.37%
Apple Computer Incorporated	3.32%
McDonalds Corporation	2.04%
Hasbro Incorporated	2.03%
Exxon Mobil Corporation	2.00%
Costco Wholesale Corporation	1.83%
International Business Machines	1.82%
Nestle Sponsored ADR	1.80%
PepsiCo Incorporated	1.78%
General Mills Incorporated	1.76%
Wells Fargo and Company	1.59%

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Notable Quotes

"The safe way to double your money is to fold it over once and put it in your pocket."
Frank Hubbard

"The real measure of your wealth is how much you'd be worth if you lost all your money."
Author Unknown

"Laws go where dollars please."
Portuguese proverb

"Money is like a sixth sense, and you can't make use of the other five without it."
W. Somerset Maugham

"Bankruptcy is a legal proceeding in which you put your money in your pants pocket and give your coat to your creditors."
Joey Adams

"Democracy means government by the uneducated, while aristocracy means government by the badly educated ."
G K Chesterton

used daily by weather forecasters stating, for example, "There is a 77% possibility of rain." Sometimes we have found it to be true that it is already raining when that forecast is made. These forecasts could still be correct, but third quarter results certainly defied asset allocation changes (reduction in stock emphasis) due to an upward move in prices.

The real point here is how does a manager handle portfolios when bright and knowledgeable people start to apply the brakes? One important thought that crosses our mind is that often forecasters do not manage portfolios. They merely provide estimates.

Making asset allocation changes can penalize or enhance both short and long term investment results. In these cases, the suggested shift was slightly out of stocks into cash to preserve principal. We all know that cash returns are close to 0%. If one tries to achieve higher returns, either stocks or bonds must be used, and high quality bonds provide but meager returns. So, stocks that pay a reasonable dividend (say, 3% plus) become a tempting alternative. Shifts within the stock portfolio to higher dividend paying stocks classifying them as bond substitutes may be a successful strategy rather than shifting to cash. This is one of the steps we took this year.

Another fixed income strategy this year was to position portfolios in high yielding preferred stocks. We have used preferreds mostly in tax exempt accounts where taxes are not applied currently and will not be affected by changes in any tax bill.

To place these shifts in perspective we have a strategic allocation of 5% in preferreds and 5% in utility common stocks in the fixed income allocation for portfolios that are (1) balanced and (2) where the fit is in line with investment objectives.

	Quarter to Date			Year to Date
Categories *	**3/31**	**6/30**	**9/30**	**9/30**
GSI Domestic Equities	8.61%	-7.04%	9.19%	10.25%
GSI International Equities	1.41%	-10.78%	18.20%	6.94%
GSI Fixed Income	2.32%	1.73%	4.56%	8.84%
GSI Preferreds	9.81%	-0.29%	6.81%	17.47%
GSI Utility Equities	-2.63%	-1.78%	15.67%	14.68%

* These returns are net of fees for our universe of accounts. Individual account returns may vary for a variety of reasons.

Another point is that we have emphasized broad diversification this year. Above we have commented on shifts within fixed income and common stock portfolios. To accomplish additional diversification in the common stock portfolio, we have an important position in international stocks and will continue to increase this position to 10%.

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ECONOMIC FORECASTS	
↑	**GDP** Averaging 2.8% growth in 2010; picking up to 3.1% in 2011.
↑	**Interest rates** Prime, 3.25% until late 2011; 10-year T-notes, 3.5% at late 2011.
↓	**Unemployment** Heading to 9.4% by year-end; a bit lower in 2011.
↓	**Inflation** Falling below 1% this year; rising to 1.5% in 2011.
↓	**Crude oil** Ending the year at $65-$75/bbl.
↑	**Trade** Edging up to $450 billion in 2011, from $404 billion in 2010.

1 Kiplinger Letter, October 1, 2010.

With all this said, we thought it would be interesting to review the returns achieved this year in all major categories. It may be surprising to view the differences in returns for all listed categories for each 2010 quarter and for the nine month period this year through September. These are shown to the right:

What is interesting:

- The wide divergence in returns among the above categories.
- The importance of being diversified among major categories (especially during these uncertain times).
- The difficulty of shifting quickly among major categories to maximize returns.
- The risk of making a major shift among listed categories based on estimates of experts when the estimates are wrong.
- The importance of remaining within individual account objectives and guidelines in order to avoid excessive risk.

When looking to the future, then, we should expect to experience varied returns among major categories. Preferred stock returns will probably shift downward to their dividend returns (currently about 7%), because price appreciation will be limited. We would offer the same rational for fixed income returns, because interest rates are so low. As for international, domestic and utility equities, it is possible that these categories will experience positive returns in the fourth quarter due to both political and economic issues being better defined. The November election will no doubt be important in this regard.

We believe the tax issue is important for the marketplace. It will determine after tax returns on dividends and capital gains. It may not be voted on this year, but we should have a good sense which direction it will take post-election.

Also, health care and "cap and trade" issues may be given clarity so corporations can do a better job of planning so they may make capital investments and add employees.

The good news is that Brody sold our entire position of XYZ Corporation.
The bad news is that Smith, here, bought all the shares from him.

What we would like to see is action taken by the Federal government to encourage corporations to return the huge pools of cash to this country that are held overseas. It is estimated that over $1 trillion of corporate cash is held outside of the United States. Cisco alone has nearly $33 billion overseas. John Chambers, CEO of Cisco, has publically stated that if the tax rate on returning profits to the United States were dropped to low double digit rates from the current 35%, Cisco would bring the money back, invest it in this country and increase its huge work force by 10% (roughly 7,100 jobs). Other corporations would undoubtedly follow his lead, and their actions would help reduce our unemployment rate. Such a positive move would constitute a huge lift for our country.

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Despite what may be felt about lower corporate taxes to incent repatriation of US company earnings, most agree that business investment, not additional stimulus, will be a key driver to sustained future economic growth. Federal Express CEO, Frederick Smith agrees. "The only thing that virtually tracks jobs creation almost 100 percent is private business investment. And private business investment today is down about 8 percent from its peak a couple of years ago. If you take structures, buildings, into account, it's down 15 percent," said Smith. "If you cannot get business investment up, it will not create jobs. It doesn't make any difference what the Fed does in terms of easing [quantitative easing], it's business investment that's the driver." Strong words but the message is sound; corporations need to invest and spend in order for economic activity to pick up. How this pans out in the next 6 to 12 months will be key.

Regardless of the market turbulence and economic uncertainty facing investors, opportunities do exist. We will continue to explore these but will remain focused on the long-term account objectives, paying close attention to the asset allocation parameters for each of our clients.

"Our greatest compliment is your referral."

GS Investments, Inc.

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GSI Tenets

Who is GSI?

GS Investments, Inc. is an investment management company specializing in individual and institutional asset management. Privately owned and operated, GS Investments, Inc. is run by its two principals, Glenn H. Steinke, C.F.A., and John G. Steinke, M.B.A.

Glenn Steinke, CFA brings over 45 years of investment management experience to the business. Previous capacities include Vice President and Senior Investment Officer with a major pension fund ($1.8 billion under management) and Senior Vice President with a major Minneapolis-based financial institution ($3 billion under management). Glenn is a graduate of the University of Minnesota.

John Steinke MBA offers a broad financial services background with 18 years of portfolio management experience and 7 years of banking experience including capacities as a Vice President of a $50 million bank and as a private banking officer for a large, Minneapolis-based financial institution. John received his BA from Concordia College (Moorhead) and his MBA from the University of Minnesota.

Greg Cunningham comes to us from Minneapolis-based Ameriprise Financial, a national leader in financial planning with over 2 million retail clients and $300 billion in assets. Greg spent 15 years at Ameriprise, most recently in the asset management group. In this role he worked with the Chief Investment Officer in support of the international and domestic hedge funds and with the President and General Manager of Riversource mutual funds. Greg is a graduate of Gustav Adolphus College in St. Peter, MN.

Sheri Ritchie brings over 20 years of financial services experience to the business. Previous capacities include client service and support positions with Dean Witter and Kemper brokerage firms and a Minneapolis-based investment management firm. Sheri is a graduate of the University of St. Thomas.

GSI Investment Philosophy

GS Investments, Inc. utilizes a balanced approach for the majority of its accounts although each account is tailored to the individual needs of each client. Taxable or tax-exempt bonds are used along with a common stock component. The division between bonds and stocks is determined by the personal objectives of each client. A need for income and a willingness to assume risk are also determinants of an account's bond/stock mix.

GS Investments, Inc. emphasizes the purchase of quality securities and employs a long-term investment style as market timing, frequent shifts in asset allocation and interest rate forecasting are not consistent with the firm's philosophy. In depth market analysis and many years of experience support this approach.

GSI Fixed Income Strategy

GS Investments, Inc. emphasizes a staggered maturity approach when purchasing bonds. Individual security investment grades and call protection are considered when making these investments. Quality grades of "A" or higher are favored with tax-exempt issues. Government bonds are dominant among taxable securities.

GSI Equity Strategy

GS Investments, Inc. favors stocks emphasizing quality and growth. Appropriate cyclical growth stocks and small capitalization growth stocks are used periodically as well. Additionally, GS Investments, Inc. believes that a growth oriented philosophy tends to result in less frequent trading and lower tax payments (for taxable accounts) on realized capital gains. This provides a lower cost approach for the client.

GS Investments, Inc. emphasizes client communication. Written investment objectives as well as periodic oral and written reports are used to heighten the understanding between the client and investment manager. In addition, easy to read, detailed reporting is provided by state of the art investment software in order to inform the client of portfolio progress.