1803 Research Blvd, Suite 200A
Rockville, MD 20850
Phone: (301) 315-6344
Fax: (301) 315-6343

John R. Taylor Jr., COO

Michael S. Standridge
Portfolio Analyst

FINANCIAL CONCEPTS, INC. – QUARTER 3 - 2008.

MARKET RESEARCH & INVESTMENT COMMENTARY 4:

Dear Clients:

Investor Warren Buffett is buying U.S. stocks, he wrote in an opinion column in the New York Times. "A simple rule dictates my buying: Be fearful when others are greedy, and be greedy when others are fearful, "Buffett wrote in the paper.

For the first time ever during the months of September and October, several historical market statistics were etched in stone, while leading indicators and barometers of market sentiment were put to the ultimate test. Much of this came as a total shock and surprise to those on Wall Street and Main Street alike.

Our investment philosophy here at Financial Concepts, Inc. has always been to focus on capital preservation with an expected growth component. It is this ideology that drove our firm's decision to remain heavily in cash during the past year, thus avoiding steep losses from many unforeseen events.

Our research staff is now preparing for future investment opportunities based on the following macro level themes:

BAILOUT PACKAGE:

On October 3rd, the government through bi-partisan efforts and initiatives voted for and approved an emergency plan to stabilize the financial markets, marking what could possibly be the biggest government bailout since the Great Depression. The bill grants the Treasury Department authority to buy $700 billion dollars of distressed mortgage assets.

While the true depth and breadth of the plan has yet to be fully disclosed, our legislative policy makers quickly intervened to stabilize the economy by providing the necessary capital reserves to a large number of ailing banks and financial institutions. For individual cash deposits, the FDIC specifically raised its insurance limit from 100K to 250K. *(See footnote 1)*

VALUATIONS:

The market is considered to be fairly valued when the earnings yield of the S&P 500 is on par and equal with the yield on a 10 Treasury Bond. The argument for buying and owning stocks these days is compelling despite recent volatility. If you compare both figures (S&P 500 at 6.5% vs. T-Bond at 3.8%), then stocks appear to be quite undervalued. It is worth noting that in terms of relative price, the major indices have not been this inexpensive in almost a decade. *(See footnote 2)*

ELECTION YEAR:

If you examine the past 16 presidential elections, the stock market has tended to perform best during March, June, October and December when the incumbent party won, and worst during July in each respective year. When an existing incumbent was not reelected, the months of May, July, November, and December produced the most gains. The simple fact that someone new is headed to The White House is positive for investors and the year that follows. *(See footnote 3)*

Securities offered through FSC Securities Corporation, Member FINRA/SIPC. Advisory Securities offered through Financial Concepts Unlimited, Inc., a registered investment advisor. Financial Concepts Unlimited, Inc. is not affiliated with FSC Securities Corporation.

MONEY FLOW:

With the exception of the past several weeks, trading volume for the major market averages has been light for most of the third quarter, with much of this attributed to the end of the summer travel and vacation season. If you examine net mutual fund flows, a lot of money managers are deeply concerned about putting capital at risk in a declining and/or flat market. This leads us to conclude that there is still a tremendous amount of cash sitting on the sidelines waiting to be invested.

We are closely looking at the several technical indicators such as moving averages, inflows versus outflows, positive versus negative strength, and total volume. The three major indices are below desired levels in the very short term and are somewhat bearish due to lack of institutional sponsorship. Eventually, this institutional sponsorship will resurface as a function of time and opportunity. The key is to be able to make investments before and not after trends rise. *(See footnote 4)*

SEASONALITY:

Over the past 50 to 60 years, several market studies have been done claiming that summertime (June to September) can be potentially weak for the market, and that most investors often capture a lot of their respective gains in the wintertime (October to February). Taking advantage of this long held statistical trend can help reduce risk and improve performance.

It also stands to reason that having additional monies earmarked for investment during this specific time of the year is logical as a long term investor. This view historically makes sense in order to capture the seasonal upside the market has demonstrated in terms of real gains and price appreciation during such an optimum point in time. *(See footnote 5)*

INTEREST RATES:

In response to the credit crisis here and abroad, the world's central banks launched a coordinated effort to combat the widening array of problems by lowering their interest rates in unison. The banks to recently participate via rate reductions were the U.S. Federal Reserve, the European Central Bank, the Bank of England, and the People's Bank of China.

Recently, other key central authorities including Switzerland, Japan, Australia, Sweden, and Canada have also taken an active role by pumping additional cash equivalents into their respective economies to help loosen credit despite concerns of inflation. This group action was likely prompted by the continued downward spiral of world equity markets in weeks past, and widespread fear that a global recession may have unfolded if credit markets remained frozen. *(See footnote 6)*

In closing,

To put the negative events of the past several months into perspective, it is equally important to recognize the potential for positive circumstances as investors look to the near future for opportunities. While maintaining a longer term approach to building wealth, we are reminded just how challenging this most recent stage of a stock market cycle can be in the short term. While the daily turbulence is quite unnerving, we are firmly committed to our disciplined approach to investing.

Thank you,

Michael S. Standridge

Portfolio Analyst
Financial Concepts, Inc.

Securities offered through FSC Securities Corporation, Member FINRA/SIPC. Advisory Securities offered through Financial Concepts Unlimited, Inc., a registered investment advisor. Financial Concepts Unlimited, Inc. is not affiliated with FSC Securities Corporation.

FINANCIAL MARKET DATA AND STATISTICS FOR OCTOBER 17, 2008

Year to Date Statistics	Current Rates	Current Yields
DOW – Down 32.3%	Oil Price - $70 a barrel	Federal Funds – 1.50%
NASDAQ – Down 35.2%	Gold Price - $802 an ounce	30 Year Mortgage – 6.50%
S&P 500 – Down 35.5%	Euro per Dollar – 0.7424	10 Year Treasury – 3.94%
Russell 2000 – Down 30.0%	Core Inflation – 4.94%	5 Year CD – 4.05%
Volatility – UP 200.5 %	Unemployment – 6.1%	Money Market – 2.51%

Foot Note Source Disclosure:

Footnote 1 – The Washington Post, October 2008; Footnote 2 – The Wall Street Journal, September 2008; Footnote 3 – Investors Business Daily, August 2008
Footnote 4 – Stocks and Commodities Magazine, May 2008; Footnote 5 – Equities Magazine, June 2008; Footnote 6 – Fortune Magazine, April 2008

There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio in any given market environment. The price of commodities is subject to substantial price fluctuations of short periods of time and may be affected by unpredictable international monetary and political policies. The market for commodities is widely unregulated and concentrated investing may lead to higher price volatility. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications, and other factors. Foreign investments involve special risks including greater economic, political, and currency fluctuation risks, which may be even greater in emerging markets. Indexes cannot be invested in directly, are unmanaged and do not incur management fees, costs or expenses. Investors should be aware that there are risks inherent in all investments, such as fluctuations in investment principal. With any investment vehicle, past performance is not a guarantee of future results.

Securities offered through FSC Securities Corporation, Member FINRA/SIPC. Advisory Securities offered through Financial Concepts Unlimited, Inc., a registered investment advisor. Financial Concepts Unlimited, Inc. is not affiliated with FSC Securities Corporation.