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FINANCIAL CONCEPTS, INC. – QUARTER 4 - 2008.

MARKET RESEARCH & INVESTMENT COMMENTARY 5:

Dear Clients:

In the distant future as history books are written and statistics well documented, we will be able to look back and conclude that the past 12 months proved to be one of the most challenging years in all of Wall Street. The world began to feel the pain of a widespread liquidity crunch, massive deleveraging of hard assets, the bankruptcy of several leading financial institutions, while also experiencing the numbing effects of a recession here in the United States and on other continents.

All of us here at Financial Concepts, Inc. want to thank you for the trust you placed in us and reaffirm our commitment to serving you each and every day. As we begin the New Year, allow me to share with you some notable facts and figures:

OIL PRICES:

The world's largest crude oil producers continue to be faced with falling prices as demand continues to drop due to a stalling world economy. To the benefit of consumers and corporations alike, the price of oil has drastically fallen this past year to around \$40 a barrel, from a historical high of around \$140 this past summer. Many forecasters now predict that the global demand for oil next year and into 2010 will be the weakest in more than two decades.

The U.S. Energy Department's forecasting arm put global oil demand next year at just over 89 million barrels a day, which comes to roughly 3.7 million barrels a day less than present consumption levels. In response to this and as a way to keep prices relatively stable, OPEC members have been reducing daily output over the past several months. *(See footnote 1)*

BANKRUPTCIES:

Close to one million people in the United States filed for bankruptcy this past year, which is a 37% increase compared to last years applications. The recession has forced more and more companies and individuals to seek protection from creditors and the courts with filings for companies rising to 64,318, while individual filings rose to 1.03 million. *(See footnote 2)*

HOUSING:

Home values tumbled to record lows for much of the past year, while millions of Americans struggle with the excesses of the mortgage boom and face several obstacles in affording overpriced homes bought with loose credit requirements. Standard and Poor's Case-Shiller index of 20 large metropolitan markets recently concluded that nationwide housing prices fell across the board roughly 20%, and the number of unsold existing homes reached 4.2 million, an 11 year high.

The government has been proactive in recent months to help combat this problem, by enacting legislation and passing the appropriation of funding programs to assist homeowners in all income categories. The central bank said it will begin the process of buying up large quantities of toxic debt issued by Freddie Mac and Fannie Mae over the next few months, and this has helped to push 30 mortgage rates lower to around 5.00%, levels not seen in over 40 years. *(See footnote 3)*

EMPLOYMENT:

Employers eliminated nearly two million jobs this past year, as the Labor Department reported the worst job market in decades as the unemployment rate has risen to 7.2% compared to just 4.3% a year earlier. The number of people filing for temporary assistance benefits toward the end of the year jumped to a 26 year high, with monthly job loss figures averaging half a million positions being eliminated as the demand for U.S. goods and services keep dropping. (See footnote 4)

INTEREST RATES:

During its last meeting on December 16th, the Federal Reserve once again lowered the benchmark federal funds rate from 1.00% to a range of 0.00% to 0.25% in an unprecedented move to help stimulate the economy by injecting more liquidity into our banking system. The hope is to unthaw frozen credit markets and offer incentives for businesses to borrow again.

In other parts of the world, many leading nations have also lowered their respective rates in hopes of reviving markets and setting the stage for economic expansion. Leading the way, the European Central Bank cut its rate by 0.50% to 3.25%, while the Bank of England cut its rate 0.50% to 1.50%, and South Korea also lowered its rate 0.50% to 2.5%. (See footnote 5)

WEALTH EFFECT:

Estimates from several leading sources put the total retirement wealth loss at around \$4 trillion dollars, with \$2 trillion in lost income coming from 401K plans and IRA's, and the other \$2 trillion being lost in traditional defined benefit plans, combine this with households losing another \$3.6 trillion in non pension assets, the total comes very close to \$7.5 trillion.

Outside of retirement assets, the collapse in America's net worth from its peak has fallen about \$13 trillion, almost a year's output for the entire U.S. economy. Not since the Great Depression nearly 80 years ago have we seen a simultaneous housing and stock market depreciation, back when only a relative handful of Americans owned assets, whereas in today's world, nearly two-thirds of us own houses and nearly half of us own stocks. (See footnote 6)

AUTOMOTIVE:

In efforts to prevent the big three auto makers from being forced into bankruptcy, the government has intervened by announcing a emergency loan package totaling \$17.4 billion to come from the Troubled Assets Relief Program (TARP). Chrysler will get \$ 4 billion in aid, General Motors will get \$ 13.4 billion in aid, while Ford declined assistance. (See footnote 7)

MONEY FLOWS:

On an annualized basis, equity mutual funds experienced outflows totaling \$215.68 billion versus inflows of \$91.04 billion a year earlier. Domestic funds shed \$143.5 billion versus \$38.6 billion in outflows compared to last year. World equity funds saw draw downs totaling \$72.2 billion in outflow versus inflow of \$129.6 billion a year earlier. (See footnote 8)

In closing,

While the coming year may contain some challenges, we like what we see on the horizon. The government and private sector are starting to work in unison to help lift our markets out of these trying times and get business flourishing again. If you examine historical bear market cycles, almost all of them were followed by sustained periods of economic recovery.

Thank you,

Michael S. Standridge

Portfolio Analyst

Financial Concepts, Inc.

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| FINANCIAL MARKET DATA AND STATISTICS FOR JANUARY 28, 2009 |
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| Year to Date Statistics | Current Rates | Current Yields |
|--------------------------------|-----------------------------|--------------------------|
| DOW – Down 6.90% | Oil Price - \$41 a barrel | Federal Funds – 0.25% |
| NASDAQ – Down 4.60% | Gold Price - \$899 an ounce | 30 Year Mortgage – 5.71% |
| S&P 500 – Down 6.40% | Euro per Dollar – 0.7582 | 10 Year Treasury – 2.52% |
| Russell 2000 – Down 8.80% | Core Inflation – 3.85% | 5 Year CD – 2.80% |
| Volatility – UP 5.6 % | Unemployment – 7.2% | Money Market – 1.85% |

Foot Note Source Disclosure:

Footnote 1 – The Wall Street Journal, December 2008; Footnote 2 – Fortune Magazine, November 2008; Footnote 3 – Investors Business Daily, December 2008
 Footnote 4 – Equities Magazine, October 2008; Footnote 5 – Stocks and Commodities Magazine, November 2008; Footnote 6 – Trader Monthly, November 2008;
 Footnote 7 – Bloomberg, November 2008 ; Footnote 8 – Financial Times, December 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.