



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 1 - 2009.

MARKET RESEARCH & INVESTMENT COMMENTARY 6:

Dear Clients:

If one thing can be said of the general theme that the market has conveyed during the first quarter of this year is confusion. Wall Street and the U.S. government have done a terrific job of displaying a whole host of mixed signals in the media, but have failed to provide the public with a lot of details regarding the massive bailout plan and respective policies.

The professional staff here at Financial Concepts, Inc. takes pride in our efforts to be independent and objective, while also attempting to make some sense of this massive amount of information coming from all fronts. While the powers that be may not be very clear in terms of disclosure, we are in fact diligently focused, and want to share several key thoughts:

DELEVERAGING –

For the first time since data was created in 1952, the volume of outstanding household debt shrank in the fourth quarter of last year. Efforts to pay off debt and lift savings will keep consumer spending, this year and next, well below its long run growth rate of about 3% annually. Consumers have started to substantially boost savings rates, as severe losses in home values and investment portfolios have created the imperative to save more, factors important to a recovery. *(See footnote 1)*

REAL ESTATE –

First time home buyers breathed new life into the U.S. real estate market in the first quarter, seizing on increased affordability and driving home sales to their biggest quarterly gain in five years. As part of the recently passed stimulus bill, first time home buyers can receive a credit of as much as \$ 8,000 for homes purchased before December 1, 2009.

While new homes sales fell last year due a glut of inventories and increasing numbers of foreclosed properties, several leading markets in the United States are beginning to see real progress being made in several key areas such as available credit terms, refinancing conditions, and lower interest rates on both 15 and 30 year mortgage loans. *(See footnote 2)*

VALUATIONS –

In the past year, 205 companies in the S & P 500 have increased their dividends, compared to the 88 that have been cut or suspended. With 31% of the benchmark companies trading at less than 1 times book value, or the value of assets on their balance sheets, the index's valuation has dropped to a 15 year low, offering a positive sign for stocks. *(See footnote 3)*

RETAIL SALES –

Consumer spending, which accounts for roughly 70% of U.S. economic activity, was very weak in the first quarter. Recent shopping figures clearly indicate that most consumers have become more cautious and constrained with regard to discretionary purchases. Improvements have been found in leading warehouse clubs & discount stores. *(See footnote 4)*

CASH RESERVES –

U.S. individual investors held more assets in cash than in stocks last month for the first time in more than two decades, meaning they have plenty of money to fuel the current surge in share prices. About \$ 4 trillion in wealth is currently idling in money market accounts, while several leading mutual funds are declaring cash as the best asset class to be in for right now, given the market downturn of last year. Historically, cash reaches its maximum level when the market bottoms out.

Almost 30% of diversified U.S. stock funds are keeping more than 5% in cash right now, up from 24% a year ago and during all of 2007. It is worth noting that cash levels over 5% are generally considered a lot for the average stock fund, and this can be very bullish since liquid capital can easily flow back into the market when it's on the sidelines. (See footnote 5)

In closing,

Despite the challenges that our country faces, we like the fact that a very real adjustment is well under way. Businesses and households are finally seeing the light and acknowledging the need to unwind the excesses of the past several years, and become free of the massive debt and leverage that most likely caused the recession we are in. These efforts, plus the government stimulus, offer hope and optimism that the economy may begin to stabilize in the second half of this year.

Thank you,

Michael S. Standridge

Portfolio Analyst
Financial Concepts, Inc.

FINANCIAL MARKET DATA AND STATISTICS FOR MAY 6, 2009

Year to Date Statistics	Current Rates	Current Yields
DOW – Down 4.20%	Oil Price - \$54 a barrel	Federal Funds – 0.25%
NASDAQ – Up 11.20%	Gold Price - \$904 an ounce	30 Year Mortgage – 5.15%
S&P 500 – Up 0.10%	Euro per Dollar – 0.7505	10 Year Treasury – 3.16%
Russell 2000 – Up 0.60%	Core Inflation – 0.38%	5 Year CD – 2.76%
Volatility – Down 16.6 %	Unemployment – 8.5%	Money Market – 1.38%

Foot Note Source Disclosure:

*Footnote 1 – Business Week, April 2009; Footnote 2 – The Wall Street Journal, March 2009; Footnote 3 – Yahoo Finance, February 2009
Footnote 4 – Bloomberg, March 2009; Footnote 5 – Investors Business Daily, April 2009.*

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.