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FINANCIAL CONCEPTS, INC. – QUARTER 2 - 2009.

MARKET RESEARCH & INVESTMENT COMMENTARY 7:

Dear Clients:

The first part of 2009 has been a period of significant changes and events on behalf of Congress and the Federal Reserve as a way to restore confidence in the financial markets. The fiscal stimulus programs and monetary policies of the last several months have begun to show signs of stabilization and optimism in our nation's ability to once again generate economic growth. In the near term, we like what we see on the horizon, and wish to share with you some thoughts:

BUDGET PLAN –

In the final week of April, Congress passed a detailed \$3.5 trillion budget outline for 2010, proposing to eliminate or consolidate 121 domestic and defense programs to save \$17 billion, with emphasis placed on cutting overall defense spending. This detailed plan also places great emphasis on sweeping changes with regard to education, healthcare, energy, and the environment. The White House continues to maintain its pledge that the \$787 billion stimulus package should create 3.5 million jobs by the fourth quarter of 2010, with 1 million jobs produced by the end of 2009. *(See End Note 1)*

TECHNOLOGY –

After bearing the brunt of the economic downturn at the beginning of this decade, the technology sector looks as if it may be among the best positioned to benefit when the global economy recovers from the current recession. This innovative and leading sector has taken a number of steps to position itself to assist in the economic recovery by cutting costs, building cash reserves, consolidating operations, enhancing infrastructure, and eliminating redundancies. *(See End Note 2)*

SAVINGS RATE –

The Commerce Department recently reported that the U.S. personal savings rate has climbed to nearly 7% and this shift has had a predictable impact on the economy. We should expect a more conservative consumer for years to come as individuals concentrate on repairing their personal balance sheets and work to pay down household debt. *(See End Note 3)*

PRIVATE EQUITY –

Armed with close to a \$1 trillion dollars of investable assets, the private equity sector is beginning to crank up its deal flow, which should provide an added layer of liquidity into the financial system. Known for its selective business practices and genuine focus on above average investment returns, this cottage industry is reemerging, to take full advantage of opportunities being created by the recession and becoming an integral part of the economic recovery. *(See End Note 4)*

INTERNATIONAL –

China, the world's third largest economy, appears to be on track for 7.5% GDP growth in 2009, helping to offset global contraction. Real growth has been created via expanding work forces and increasing productivity. This resurgence in Asia and other emerging markets could possibly help to stabilize the U.S. economy and assist with the global recovery.

The Chinese government has a strong positive trade balance and current account surplus, which provides flexibility to use aggressive fiscal policies to jumpstart growth. In order to be less dependent on exports several programs have been created, such as lending increases for business capital & consumer goods, plus nationwide infrastructure spending.

The European Central Bank, which sets interest rates for the 16 nation euro zone, recently held its key benchmark rate steady at 1%, and stated it will launch a program to purchase \$85 billion of its own debt in an effort to heal credit markets. Policymakers haven't ruled out further rate cuts and or an expansion of this asset purchase program, but hinted that decision makers are likely to sit tight for a while to assess the effect of the steps they have taken. *(See End Note 5)*

REAL ESTATE –

Several leading indicators have recently shown that the gradual decline in housing prices has been contained, as new tax credits have increased confidence and encouraged first time buyers to come off the sidelines. Excess inventories in key markets across America are shrinking and building permits, a gauge of future construction activity, have started to rise.

Housing affordability remains near a 40 year high, as mortgage rates remain relatively low, and prices have fallen dramatically. Any housing revival will most likely follow the path of prior recoveries, where improving sales will lift new construction, then a solid firming in prices occur, which has historically marked the final stage of the cycle. *(See End Note 6)*

VALUATIONS –

Amid the challenges that our economy faces, the stock market is relatively inexpensive by historical standards and valuations are quite attractive on a dollar for dollar basis. On an absolute basis, the S&P 500 trailing price earnings ratio is trading in the high teens, right in line with historical averages. If you compare this against next year's estimates, this multiple actually drops even lower, making a strong case that stocks represent attractive values right now. *(See End Note 7)*

In closing,

I wanted to take a moment to thank you for your continued support and state that we remain confident in the enduring power of the financial market's ability to create wealth over the long term, despite the present challenges surrounding the investment landscape in the short term.

Thank you,

Michael S. Standridge

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Financial Concepts, Inc.

FINANCIAL MARKET DATA AND STATISTICS FOR JULY 24, 2009

Year to Date Statistics	Current Rates	Current Yields
DOW – ▲ 3.30%	Oil Price @ \$67 barrel	Federal Funds @ 0.25%
NASDAQ – ▲ 25.10%	Gold Price @ \$955 ounce	30 Y Mortgage @ 5.38%
S&P 500 – ▲ 8.10%	Euro per Dollar @ 0.7045	10 Y Treasury @ 3.71%
Russell 2000 – ▲ 9.30%	Core Inflation – ▼ 1.43%	5 Y CD'S @ 2.59%
CBOE VIX – ▼ 41.40 %	Unemployment @ 9.5%	Money Market @ 1.21%

End Note Source Disclosure:

End Note 1 – Wall Street Journal, June 2009
 End Note 2 – Business Week, July 2009
 End Note 3 – Bloomberg, June 2009
 End Note 4 – Yahoo Finance, May 2009

End Note 5 – Charles Schwab, July 2009
 End Note 6 – Investors Business Daily, June 2009
 End Note 7 – Ned Davis Research, May 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.