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FINANCIAL CONCEPTS, INC. – QUARTER 3 - 2009.

MARKET RESEARCH & INVESTMENT COMMENTARY 8:

Dear Clients:

The road to economic recovery this year certainly has experienced challenges, and while the state of affairs still remains under pressure, many leading indicators are showing signs of improvement. The overall sentiment from the investment community has been relatively positive during the past several months, and we have been monitoring several key areas:

GROWTH –

Economists have greater expectations for the end of the year and have raised overall growth forecasts to 2% to 3% going into 2010, a pace that could lift earnings and heighten the chances for a sustainable recovery. Much of this relies on both consumer payrolls and government spending programs helping to prop up top line revenues and revive corporate profits.

In each of the past four economic recoveries, overall output measured by real GDP was the first catalyst to accelerate followed by fundamental improvements in the labor markets. If economists are correct with these estimates, this could be enough to generate at least modest employment gains followed by improvements in consumer spending. *(See End Note 1)*

PRODUCTIVITY –

In the second quarter, U.S. productivity rose at the fastest pace in nearly six years as businesses focused on massive cost cutting as a way to boost profitability. According to the Labor Department, productivity, measured by how much an employee adds value for each hour worked, rose at an annual 6.4% pace following a 0.3% gain the prior quarter. Consumer confidence levels also returned to positive territory in August, rising to a solid 50.3 from 46.3. *(See End Note 2)*

HOUSING –

One encouraging sign that a housing recovery is starting to take shape are distressed sales figures that have helped to increase demand among existing homes and cleared out excess inventories. This recent upturn, especially among foreclosure and short transactions, has also benefited from stable prices, lower rates, and first time incentive programs.

Home builder confidence rose in August to its highest level in more than a year, according to the latest reading of the National Association of Home Builders and the Wells Fargo Housing Market Index. Sales of previously owned U.S. homes rose more than expected over this past summer, fueling hopes of a real end to the housing crisis. *(See End Note 3)*

WEALTH –

For the first time in nearly two years, households grew wealthier in the second quarter, with advances in home values and investment portfolios contributing to gains in personal net worth. Several reports indicate that families are saving more and borrowing less, and have begun to embrace a more modest and frugal lifestyle. Household assets rose by \$ 2 trillion dollars in the first half of 2009 to \$ 53.1 trillion, marking the first major gain since the second half of 2007. (See End Note 4)

MONEY FLOW –

According to Trim Tabs, the second quarter of 2009 was a record breaker for mutual fund inflows, as close to \$ 40 billion in cash was poured into equity funds making it their best period since the beginning of 2007. The current amount still parked in money funds stands at \$ 3.43 trillion, down 12.5% from the peak level reached back in January. Net cash levels for individuals fell 18%, compared to a 10% drop for institutions, as some money has come off the sidelines. (See End Note 5)

DEBT LEVELS –

According to Moody's Investors Service, delinquency rates are down for most consumer debt such as retail loans and individual credit cards. Troubled accounts, those more than 30 days past due, declined in July for the fourth month in a row, to just 5.7% of outstanding accounts receivables. Charge-offs (uncollectible accounts) also decreased in July, for the first time since September 2008, a notable sign that consumers are borrowing much less than in years past. (See End Note 6)

TRADE GAP –

During the summer season, the U.S. deficit shrank as exports rose and imports declined, with autos and industrial supplies leading the way. This came as a direct result of a weaker dollar and quicker recoveries in a whole host of overseas countries. Higher oil prices caused a drop in imports, coupled with weakness in U.S. demand. (See End Note 7)

GOVERNMENT –

It is no secret to investors worldwide of last year's massive bailout package implemented by our government and those of other nations. This global rescue plan has been considered by many to be a major success in the short term, and offers the potential for additional benefits in the long term. We have seen a real pattern emerge as a result of meetings between government officials and political leaders, such as the G-8 and the G-20, who are focusing their energy on this recovery.

While it is true that many long distant issues still exist, the actions and decisions of several world governments did help to stabilize the credit markets, and prevent a widespread crisis. Several leading experts believe that the recession here and abroad is potentially coming to an end, and that global policy making can be effective when done correctly. (See End Note 8)

In closing,

We must never forget that opportunities for creating wealth are constantly evolving within the financial landscape, and as part of our commitment to managing assets, we are always looking for new ideas and the best way to implement them.

Thank you,

Michael S. Standridge

Portfolio Analyst
Financial Concepts, Inc.

FINANCIAL MARKET DATA AND STATISTICS FOR OCTOBER 27, 2009
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Year to Date Statistics	Current Rates	Current Yields
DOW – ▲ 12.40%	Oil Price @ \$79 barrel	Federal Funds @ 0.25%
NASDAQ – ▲ 35.80%	Gold Price @ \$1042 ounce	30 Y Mortgage @ 5.24%
S&P 500 – ▲ 18.10%	Euro per Dollar @ 0.6727	10 Y Treasury @ 3.55%
Russell 2000 – ▲ 18.90%	Core Inflation – ▼ 1.29%	5 Y CD'S @ 2.70%
CBOE VIX – ▼ 39.20 %	Unemployment @ 9.5%	Money Market @ 1.07%

End Note Source Disclosure:

End Note 1 – Alpha Magazine, September 2009
 End Note 2 – The Washington Post, October 2009
 End Note 3 – Fortune Magazine, September 2009
 End Note 4 – Schwab Research, October 2009

End Note 5 – Bloomberg, August 2009
 End Note 6 – Yahoo Finance, September 2009
 End Note 7 – Business Week, October 2009
 End Note 8 – The Economist, August 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.