

January 2012 1st Quarter Investment Update

We faced many Investing challenges in 2011. Japan, Greece, Euroland and the list goes on. The moves in the market (volatility) were dramatic.

The up and down swings were quick and ruthless and the number of days that these types of market movements took place was unprecedented. Never the less, when it was all said and done our broad market, the S&P 500, started the year at 1257.62 and ended the year at 1257.60. In other words, we went nowhere.

If you look at what the smart money has been doing throughout the year they have been much like us in the fact that they do not trust the markets to be fully invested. Comments from top managers and industry icons have expressed their frustration with the challenges presented. Daily we review our research and read what the top minds in our industry have to say. There has been, and continues to be, a cautious tone. We continue utilizing managers that have shown an ability to maneuver in these types of markets.

Currently we have had four straight months of "no buy" signal with the iTraq (our proprietary buy/sell process). Our other system (VPM) is basically consistent with the iTraq and validates that conclusion. So from a process standpoint there has been nothing that indicates or warrants a high percentage of equity investment at this time.

We are maintaining high levels of cash in the portfolios at this time. The key thing to remember is that money market funds (Cash) in an investment portfolio are there primarily to take advantage of an unencumbered move into other funds at the moment risk levels justify such a move.

We continue to be vigilant in managing the downside risk of the portfolios. However, buy signals can appear quickly and when they do we are prepared to act. We look forward to finding these opportunities in the coming weeks and throughout 2012.

Yours Truly,

Brian T. Kelso

**These are the views of Financial Concepts, LLC and are based on information from sources believed to be reliable. However, these opinions may change as information becomes outdated. Past performance is no guarantee of future results.